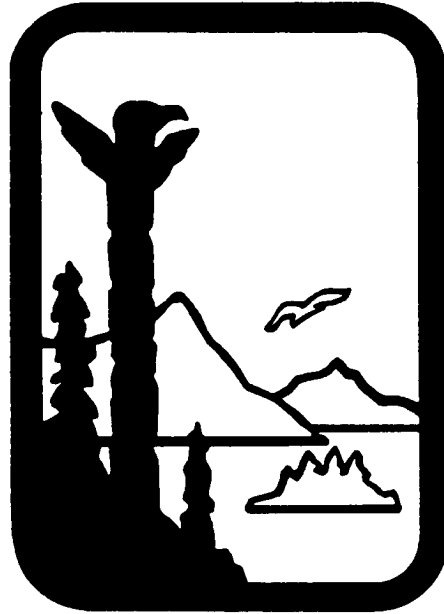


Alaska Department of Environmental Conservation



Amendments to: State Air Quality Control Plan

Vol. III: Appendix III.D.5.02

**{Appendix to Volume II. Analysis of Problems, Control Actions;
Section III. Area-wide Pollutant Control Program; D. Particulate
Matter; 5. Fairbanks North Star Borough PM2.5 Control Plan}**

Public Review Draft

November 14, 2014

**Sean Parnell
Governor**

**Larry Hartig
Commissioner**

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Appendix III.D.5.02

Initial Design Letter

Initial Design Supplemental Information

Fairbanks Metropolitan Area Transportation System (FMATS)
Intergovernmental Operating Agreement and Memorandum of Understanding
for Transportation & Air Quality Planning, dated March 28,
2003.

(This page serves as a placeholder for two-sided copying)

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION
OFFICE OF THE COMMISSIONER

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Post Office Box 111800
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December 14, 2007

Elin D. Miller, Regional Administrator
Environmental Protection Agency, Region 10
1200 Sixth Avenue
Seattle, WA 98101

Re: Alaska Governor's Recommendation for PM_{2.5} Area Designation

Dear Ms. Miller:

On behalf of Governor Palin, the Alaska Department of Environmental Conservation provides the following recommendations for designation of areas for the revised fine particle air quality standard (PM_{2.5}). Please accept this letter as an initial designation in accordance with the requirements of Section 107(d)(A) of the Clean Air Act.

Air quality measurement data was collected for the past three years in four areas of Alaska: Anchorage, Fairbanks, the Mendenhall Valley in Juneau, and the Butte area in the Matanuska-Susitna Borough. The data shows only one community that is exceeding the health based 24-hour exposure limit of 35 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) of air: Fairbanks. The Mendenhall Valley in Juneau is very close, but not exceeding the standard limit based on the 2004-2006 data. The situation in Juneau will need to be closely monitored as data collection continues into the future. All the monitoring sites showed attainment for the annual exposure limit of $15\mu\text{g}/\text{m}^3$.

Compliance with the health standard was determined by evaluating three years of ambient monitoring data in accordance with EPA's requirements under 40 CFR Part 50 Appendix N. The annual design value is the three year average of the annual means of the observed concentrations at each site. The 24-hour design value for each monitoring site is based on the 98th percentile concentration observed for each year, averaged over three years. Table 1 lists the 24-hour and annual design values for the four monitoring locations in comparison to the health standards:

Table 1. Comparison of Alaska's PM_{2.5} Design Values with the PM_{2.5} Health Standards

PM _{2.5} Design Value	Health Standard, ($\mu\text{g}/\text{m}^3$)	Anchorage, ($\mu\text{g}/\text{m}^3$)	Fairbanks, ($\mu\text{g}/\text{m}^3$)	Mendenhall Valley, Juneau, ($\mu\text{g}/\text{m}^3$)	Butte, Matanuska-Susitna Borough*, ($\mu\text{g}/\text{m}^3$)
24-hour	35	26	43	35	31
Annual	15	6.7	11.0	7.8	6.0

* Note: The data for the Butte area in the Matanuska-Susitna Valley is missing for the second and third quarters in 2004. See enclosure for additional information.

Based on this data, Table 2 provides Alaska's designation recommendations:

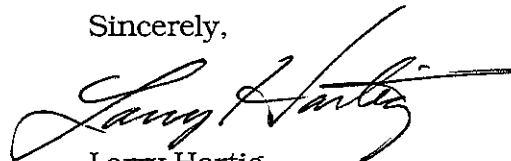
Table 2. Alaska's PM_{2.5} Designation Recommendations

Community/Area	Designation Recommendation	
	Annual Standard	24-hour Standard
Anchorage	Attainment	Attainment
Fairbanks	Attainment	Non-Attainment
Mendenhall Valley, Juneau	Attainment	Attainment
Butte, Matanuska-Susitna Borough	Attainment	Attainment
Other Areas of Alaska	Attainment	Unclassifiable

In 2004, Alaska recommended that the Environmental Protection Agency designate all areas of the state in attainment for the annual standard of 15 μ g/m³. We believe that with the retention of the standard at the same level, our original recommendation still holds true for all areas of Alaska. However, with the increased stringency of the 24-hour standard and increasing fuel costs that have renewed interest in wood-fueled heating, we cannot be certain that all areas of Alaska are in attainment. Therefore, we recommend that those areas which do not have monitoring data be designated unclassifiable. Enclosed is supporting information and analysis regarding these designation recommendations as well as our recommended boundary for a Fairbanks 24-hour PM_{2.5} non-attainment area.

Please contact Tom Chapple, Air Quality Division Director, at (907) 269-7634 if you or your staff has any questions about Alaska's recommendations for the fine particle, PM_{2.5}, air quality standards.

Sincerely,



Larry Hartig
Commissioner

cc: The Honorable Sarah Palin, Governor
Jim Whitaker, Mayor Fairbanks North Star Borough
Rod Swope, City Manager, City & Borough of Juneau

Enclosure

Supplemental Information
Alaska Department of Environmental Conservation
PM_{2.5} Designation and Boundary Recommendations

I. PM_{2.5} Design Value Calculations

Below is a table showing the calculated 24-hour and annual PM_{2.5} design values for locales represented by Alaska's PM_{2.5} monitoring network.

	Anchorage	Matanuska Susitna Valley-Butte	Juneau – Mendenhall Valley	Fairbanks
24-hour PM_{2.5} design value	26	31	35	43
annual PM_{2.5} design value	6.7	6.0	7.8	11.0

The table below shows the number of days the new standard was exceeded each year at each location. The timeframe for this designation calculation is 2004-2006. The 24-hour values in bold font for each site were the 98th percentile values averaged for the 24-hour design values. The new PM_{2.5} health standard went into effect on Dec. 18, 2006. Consequently, these locales were managed to less rigorous National Ambient Air Quality Standard (NAAQS) throughout 2004-2006.

	Anchorage			Matanuska Susitna Valley - Butte			Juneau – Mendenhall Valley			Fairbanks		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Max. 24-hr Concentration, µg/m³	43.7	55.9	34.1	27.5	45	48.6	29.8	45.1	48.5	54.2	60	51.9
2nd Max. 24-hr Concentration, µg/m³	32	33.3	30.7	23.3	25.2	40	27.5	39.9	36.7	46.2	40.6	42.2
3rd Max. 24-hr Concentration, µg/m³	31.9	17.9	26.9	20.3	25.2	39.4	26.1	35.4	33	38.1	34	41.1
Days above new standard	1	1	0	0	1	4	0	3	2	3	2	4
24-hour design value, µg/m³	26			31			35			43		
annual design value, µg/m³	6.7			6.0			7.8			11		

The data for the Butte area in the Matanuska-Susitna Valley has two missing quarters in 2004. No data was collected during the second and third quarters due to staff turnover. Higher concentrations of PM_{2.5} are typically measured during the winter months (i.e. the first and fourth quarters). Thus, the design value was calculated with the remaining data values for 2004.

II. Fairbanks PM_{2.5} Non-Attainment Boundary Analysis

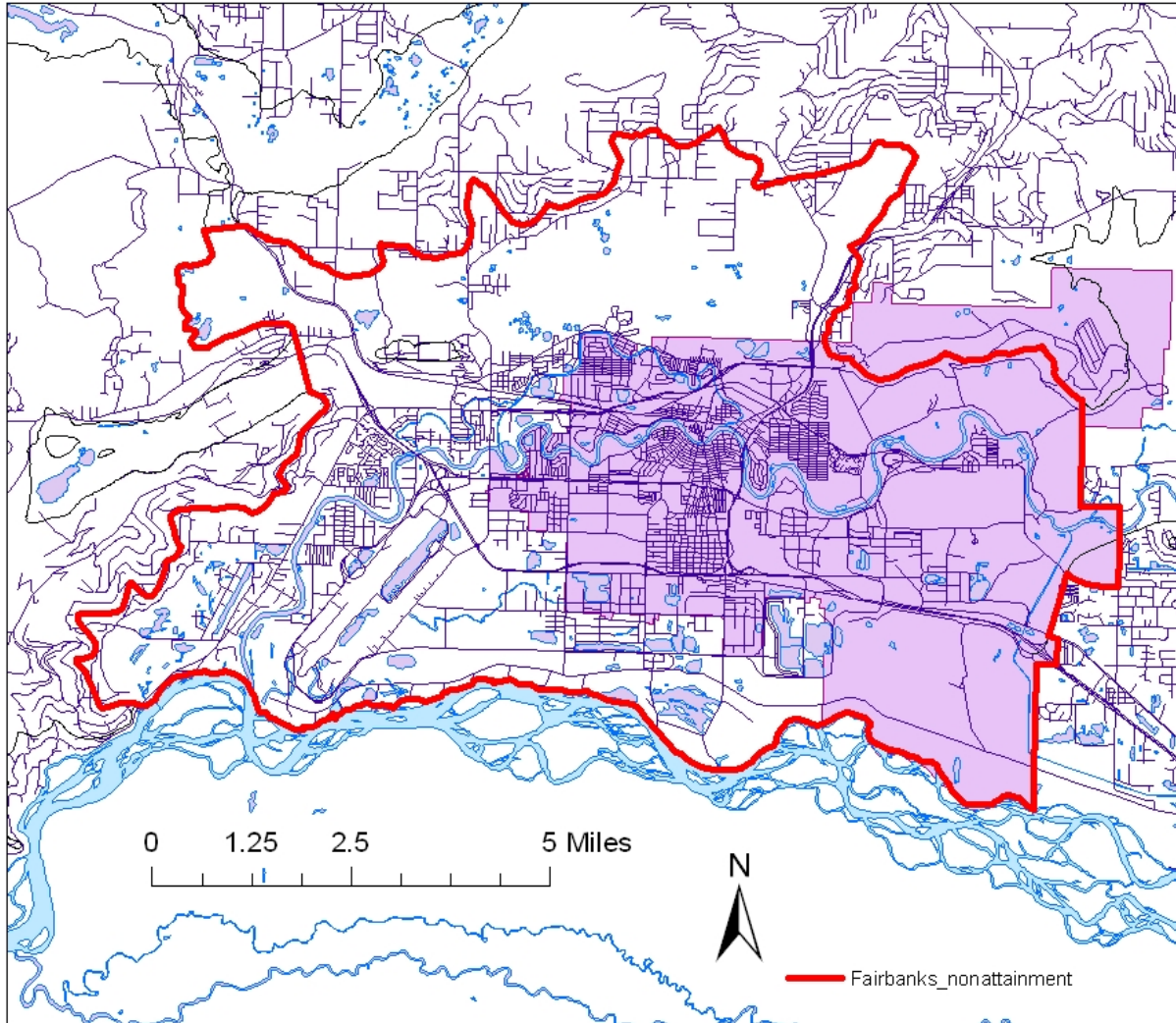
Ambient air monitoring has been conducted at one site in downtown Fairbanks since the PM_{2.5} network was established in 1999. While this site does represent the level of fine particulates in the downtown area, there is nothing to confirm that PM_{2.5} concentrations exceed state and federal fine particulate standards outside of the urban center. EPA recommends that states consider nine factors in making non-attainment boundary recommendations. These nine factors include:

- Emission data
- Air Quality data
- Population density and degree of urbanization (including commercial development)
- Traffic and commuting patterns
- Growth rates and patterns
- Meteorology (weather/transport patterns)
- Geography/topography (mountain ranges or other air basin boundaries)
- Jurisdictional boundaries (e.g. counties, air districts, reservations, metropolitan planning organizations (MPOs))
- Level of control of emission sources

Based on a number of these factors, the department, in consultation with the Fairbanks North Star Borough, has developed a recommended boundary for a PM_{2.5} non-attainment area in Fairbanks. The proposed boundary, depicted in Figure 1, captures the airshed most likely to be in non-attainment of the health standard based on existing monitoring data and other factors listed above. As supplemental information and data is collected over the next several years, this boundary could be further refined.

The proposed Fairbanks non-attainment area would be bounded on the south by the Tanana River. The western and northern boundary would occur at the 600 foot elevation on the surrounding hills and ridges. The eastern boundary would also extend along at the 600 foot elevation level until it reaches the eastern edge of the Fairbanks city boundary (also the Fort Wainwright military reservation boundary). The eastern boundary would then continue to extend south along the city boundary until it meets the Tanana River. Figure 1 shows a map of the proposed boundary.

Figure 1
Proposed Fairbanks PM_{2.5} Non-Attainment Area Boundary Map



PM_{2.5} Air Quality in Fairbanks

In 1997, the national ambient air quality standard for PM_{2.5} was 15µg/m³ for an annual average and 65µg/m³ for a 24-hour average. As of August 2007, the U.S. Environmental Protection Agency (EPA) had determined that Fairbanks was in attainment of the 65 µg/m³ standard. In 2006, the 24-hour standard was tightened by EPA^{1*} to 35µg/m³. In each of the three winter periods (Oct-Mar) from 2004–2007 Fairbanks experienced 25-30 days when the daily average PM_{2.5} exceeded 35µg/m³ (based on measurements recorded on continuous analyzers), with yearly 24-hour average maxima ranging from 65 to 88µg/m³ as measured by either federal reference monitors or continuous monitors. The 24-hour PM_{2.5} design value calculated for Fairbanks during the period 2004-2006 is 43µg/m³.

Uncertainties in Air Monitoring Data

While the state believes winter monitoring results have shown a 24 hour PM_{2.5} problem in Fairbanks, the data has some limitations that could possibly invalidate most of the winter data. First, the federal reference method samplers frequently operated at temperatures below the design range of the instruments making flow readings, particle movement, and general low-temperature operation uncertain. Problems with calibrator operations at extreme cold temperatures further impacts monitoring results. In addition, it is known that the Federal Reference Method filter-based sampling does not properly adjust for changing sample flow rates at the lower temperatures experienced in Fairbanks in winter.

At the same time, the Fairbanks North Star Borough operated a Met One Beta Attenuation Monitor to provide a more robust assessment of fine particle concentrations. Because these samplers are not federal reference methods or federal equivalent methods, they were operated to collect co-located measurements with the federal reference method samplers. During the evaluation period, the continuous sampler design was undergoing modifications and upgrade. A heater was installed in 2007 to help control humidity which may have caused readings to be subject to a positive artifact,² and measurements made after that time may be subject to a negative artifact due to loss of nitrate (which has been observed in other samplers when an in-line heater was used).³

Geography/Topography

The state's proposed PM_{2.5} nonattainment area boundary centers on the city of Fairbanks which is located in interior Alaska at 64.837780° North Latitude, -147.71639° West Longitude. The city lies on the winding Chena River near its confluence with the Tanana River, which occurs just south of town. The city is surrounded by ridges on the northeast, north, and west. The Chatinika, Chena, and Salcha River drainages define the area surrounded by rolling hills to the north, east and west of the urban centers. The Tanana River Valley flats border the city to the south and southeast.

* Superscripts denote references provided at the end of this document.

The elevation of Fairbanks on the valley floor is approximately 440 feet above sea level (ASL) with the immediate surrounding ridges rising to about 600 feet ASL and other ridges close by that reach as much as 2500 feet ASL. The low elevation of the city center with respect to the surrounding ridges causes air pollution build up within the bowl during stagnant air conditions.

The nearby city of North Pole lies to the southeast of Fairbanks on the valley floor in a less topographically confined region, with the closest hills lying to the east at a greater distance from the North Pole city center than the hills surrounding downtown Fairbanks.

Meteorology

Fairbanks winters are dominated by a pattern of cold, stable air that supports the buildup of air pollutants.^{4,5} Temperatures typically range between -20° and +20° F, with several periods of -40° F each winter. Occasionally, temperatures can extend to much colder temperatures (e.g. -66° F). A combination of high albedo and the low solar elevation that occurs in northern latitudes during the winter months, creates little heating of the ground and weak vertical mixing between the surface and overlying air. Fairbanks frequently experiences ground-based inversions of considerable strength (40° F/100m) topped by weaker inversion zones such that the layer of inverted lapse rate often reaches as high as 1-2 kilometers. This condition together with local emissions of PM_{2.5} and its precursors (especially sulfur dioxide) can cause episodes of elevated PM_{2.5} concentrations.

Location and Jurisdictional Boundaries

The Fairbanks North Star Borough is located in the heart of Interior Alaska at approximately 64.833330° North Latitude and -147.716670° West Longitude. The area encompasses 7,361.0 sq. miles of land and 77.8 sq. miles of water. The Borough seat is located in the city of Fairbanks. A less densely urbanized area extends from Fairbanks along the Richardson Highway corridor through the city of North Pole to the southeast. The Borough also contains other smaller outlying residential areas (i.e., Ester, Fox, etc.) as well as two military bases (Fort Wainwright and Eielson Air Force Base). Fairbanks has a metropolitan planning organization, FMATS, whose boundary includes both Fairbanks and North Pole and extends further into population areas within the vicinity of both communities.

Figures 2 through 4 are maps of the borough, cities, and FMATS boundaries.

Figure 2 - Fairbanks North Star Borough

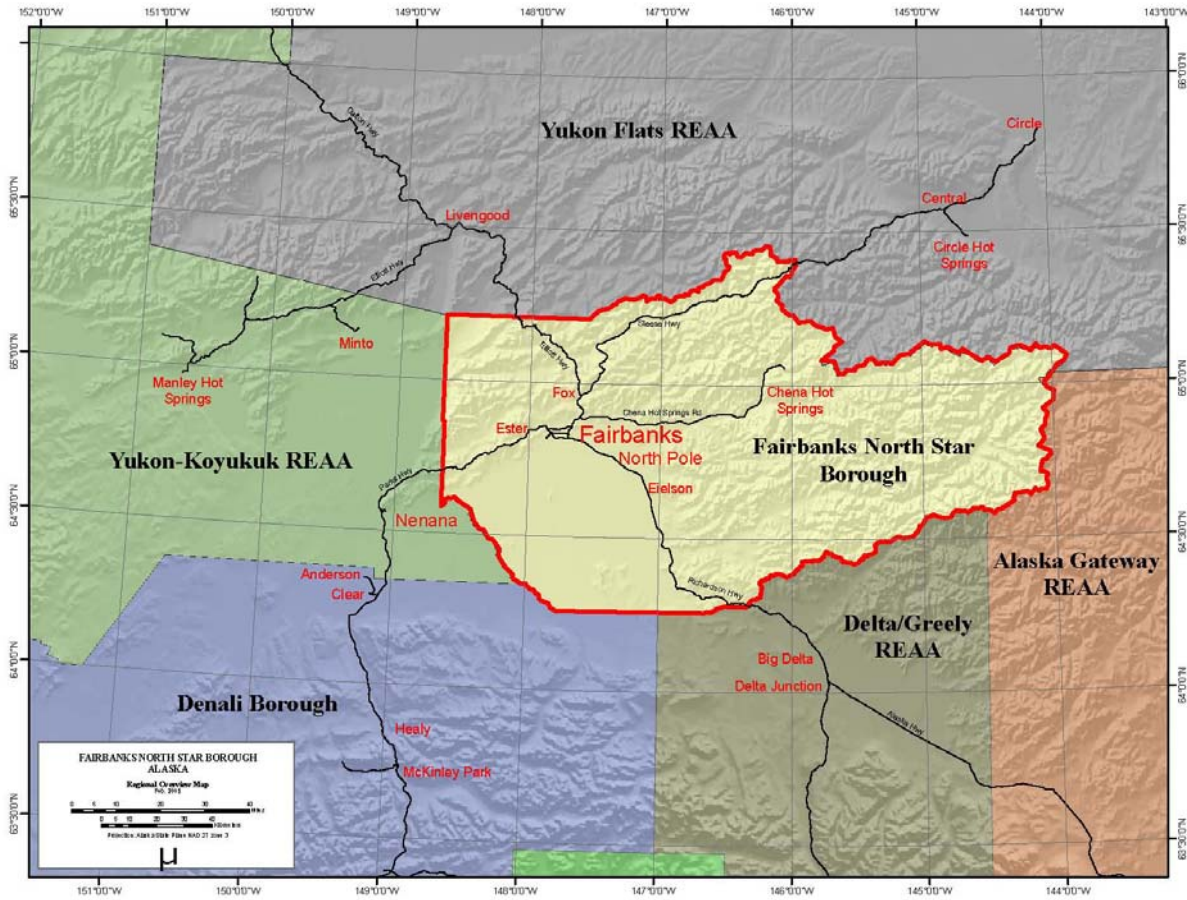


Figure 3 - City Boundaries within the Fairbanks North Star Borough

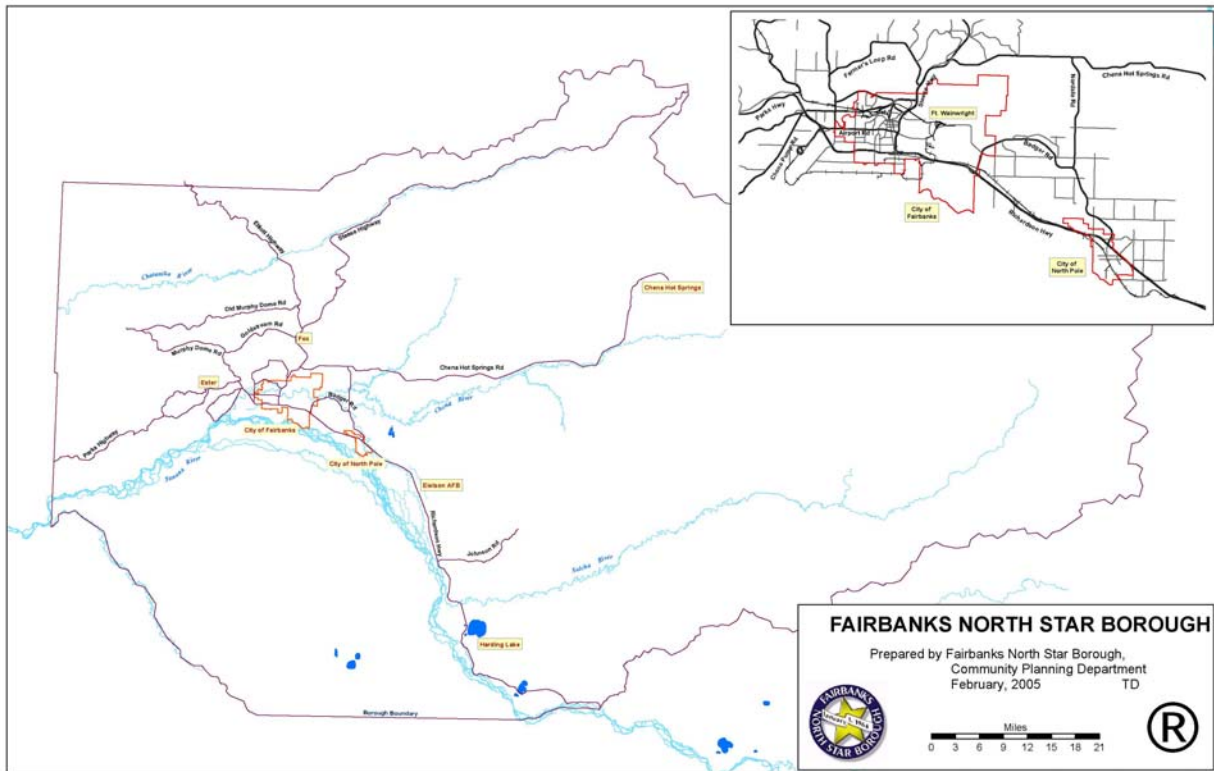
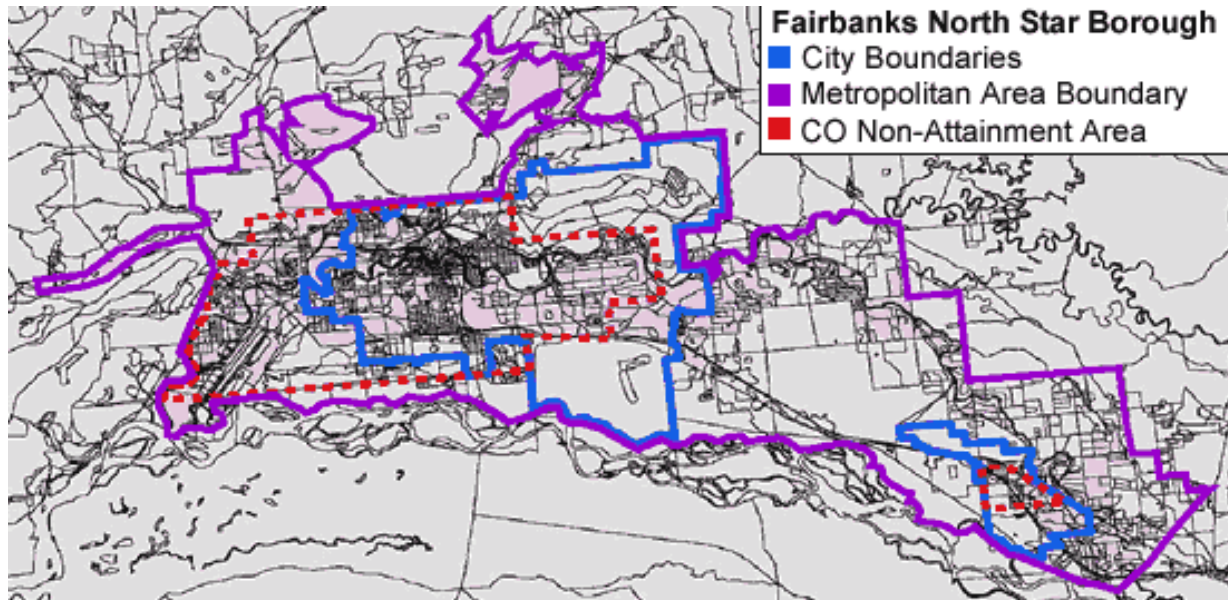


Figure 4 – FMATS Boundary



Population Density and Degree of Urbanization

The Fairbanks North Star Borough 2006 population as certified by the U.S. Census Bureau was 94,803 people and it is the second largest community in the state. Much of the Borough's population is concentrated in the urban area in and around the city of Fairbanks. A less densely urbanized area extends along the Richardson Highway corridor through the city of North Pole to the southeast. The Borough also contains other smaller outlying residential areas (i.e., Ester, Fox, etc.) as well as two military bases (Fort Wainwright and Eielson Air Force Base).

Air Quality and Sources of PM_{2.5} Emissions

Ambient air monitoring conducted in downtown Fairbanks coupled with efforts by the department and the Fairbanks North Star Borough to characterize possible sources of PM_{2.5} have identified a number of potential causes of high concentrations within the community. Much work remains to more fully understand the extent of the problem area and the sources of concern. The information provided in this section serves as a starting point for further efforts on source characterization.

In a recent study by the Fairbanks North Star Borough's contractor, Sierra Research, positive matrix factorization (PMF^{6,7}) was used to analyze the co-variance in air quality measurements in Fairbanks in an attempt to discern the number and types of contributing sources.⁸ PMF is a tool for looking at speciated air quality data to attribute source categories; however, its accuracy and effectiveness at attributing data under Fairbanks winter conditions is not fully known. Nonetheless, it can provide some initial insight into sources contributing to PM_{2.5} concentrations at the Fairbanks downtown monitoring site.

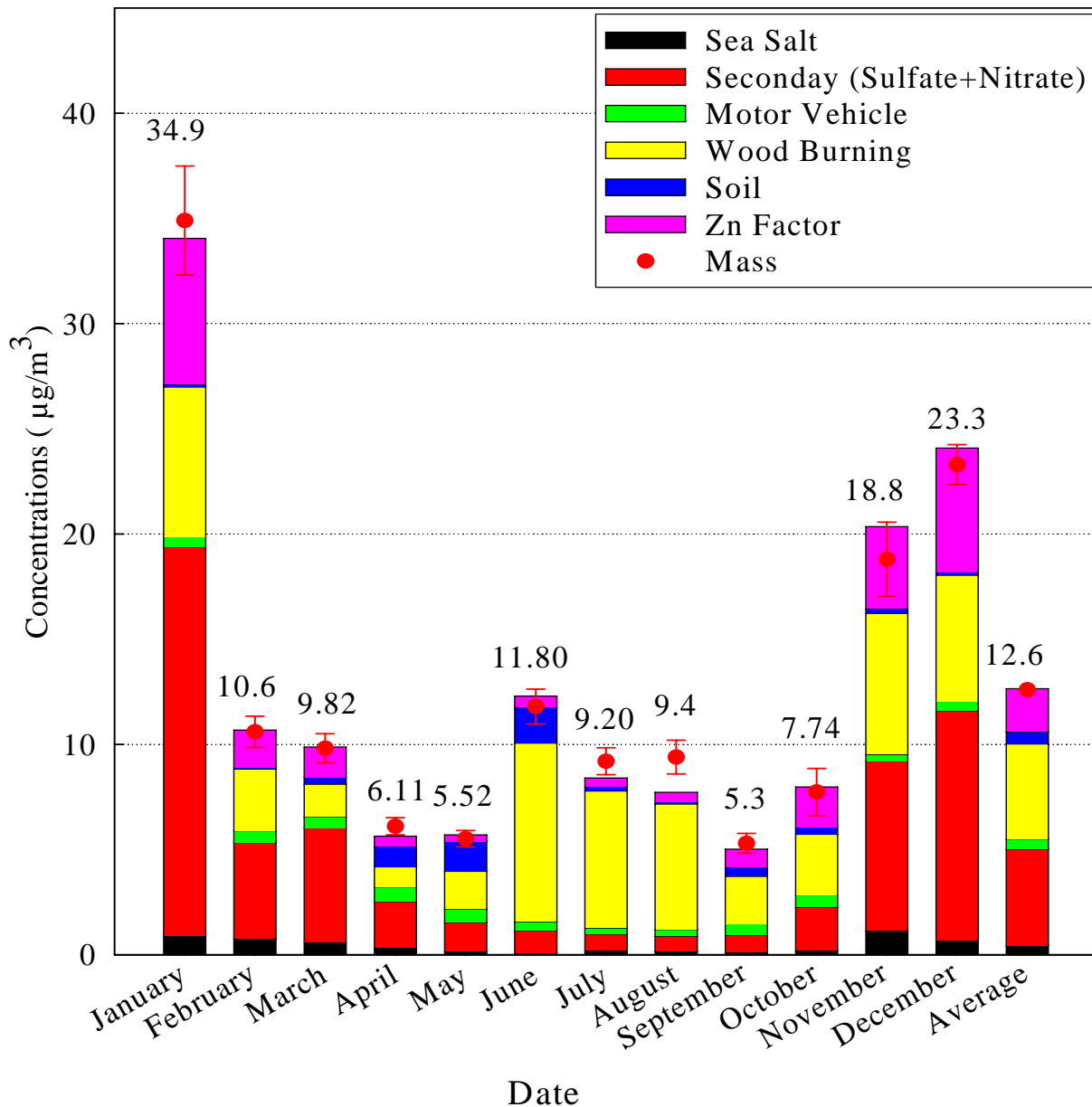
The study found that in winter months, secondary aerosol, which is primarily sulfate and nitrate, makes up about 40-55% of the monthly average mass concentrations of PM_{2.5}, with the highest percentage in January (the coldest month, with an average temperature of about -10°F). Most of the remaining aerosol mass, by this accounting, is contributed about equally by wood burning and an unknown zinc-related factor, with smaller contributions found for sea salt, motor vehicles, and soil (in that order). These results are summarized in Figure 5 (see reference 11 for additional details).

One major uncertainty in the aforementioned Fairbanks PMF analysis is that the source of the zinc factor is unknown. Possible sources include burning of waste lubricating oil in and around Fairbanks, burning of lubricating oil by motor vehicles, other local trace sources, or distant sources of zinc mining and ore handling.^{9,10} Zinc is widely used as an additive in lubricating oils for Diesel engines and, in lower concentrations, for gasoline-powered engines in motor vehicles and other machines.¹¹ Cahill has shown¹² that "Diesels and smoking cars have robust metallic tracers (Zn, P) in the very fine, ultra fine, and nano-particle modes from burned lubricating oil." If, in fact, the zinc-related factor is due to motor vehicles, the motor vehicle contribution to PM_{2.5} would be much greater than shown above from the PMF analysis.

Another uncertainty about the aforementioned analysis is whether the monthly average accurately reflects conditions during the worst-case 24-hour period that may correspond to a

PM_{2.5} design day. For example, the inventory of space heating sources, including both the burning of both wood and of sulfur-bearing fuel oil, is expected to be significantly higher on the coldest day(s) compared to average winter days or even to average January days. Furthermore, atmospheric conditions may be quite different on the coldest days, which are likely to include episodes of “ice fog,”⁵ very restricted vertical mixing, and little or no wind.

Figure 5
Source Contributions to Total PM_{2.5} in Fairbanks
(03/17/2005-01/15/2007)



Sulfates

In winter, levels of PM_{2.5} in Fairbanks are correlated inversely with temperature, as shown in Figure 6. The correlation, while statistically significant, is rather weak ($r^2 = 0.28$) and is complicated by the fact that at least two factors are confounded. First, a likely source of the sulfur dioxide emissions and atmospheric sulfate is fuel burning for space heating, which increases as temperature decreases. But in addition, atmospheric dispersion decreases with temperature due to lower wind speeds, lower mixing depths, and more extreme lapse rates (which further retard vertical mixing). Ice fog may present an additional complication. The net effect of all these factors, as shown in Figure 6, is that the daily average PM_{2.5} concentration increases by about 4 $\mu\text{g}/\text{m}^3$ for each 10 degree drop in temperature. Furthermore, as shown in Figure 7, PM_{2.5} and sulfate concentrations are highly correlated ($r^2 = 0.85$). In contrast to sulfates, nitrates are much more weakly correlated with PM_{2.5} ($r^2 = 0.38$, as shown in Figure 8).

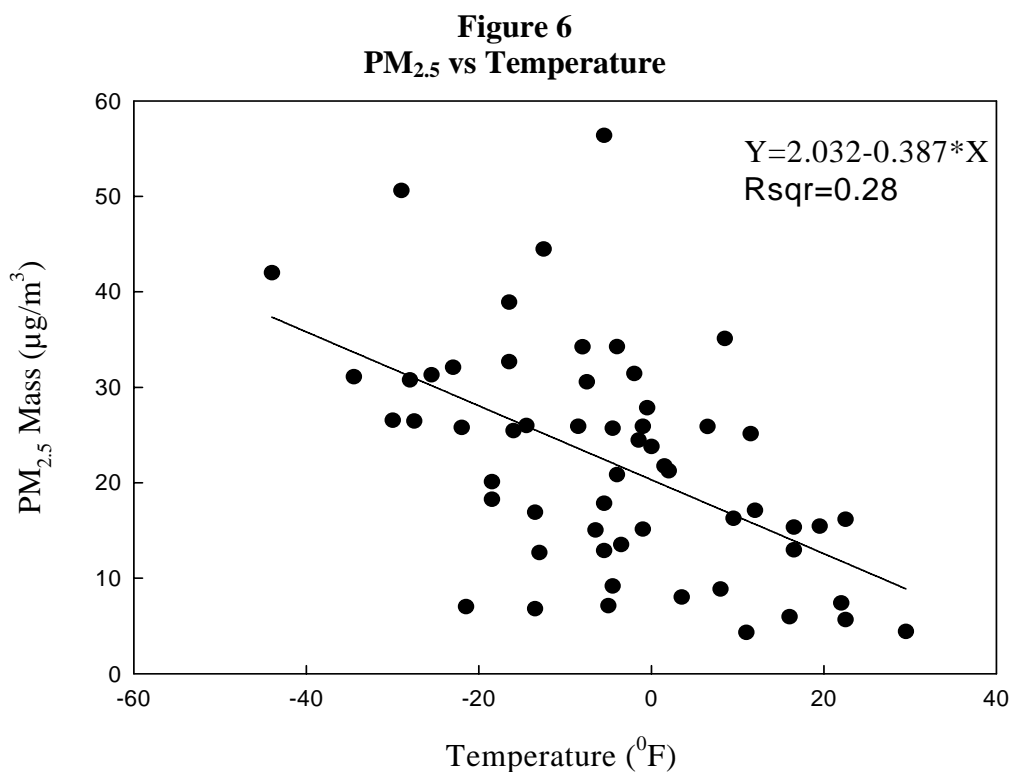


Figure 7
PM_{2.5} Mass vs Sulfate Mass

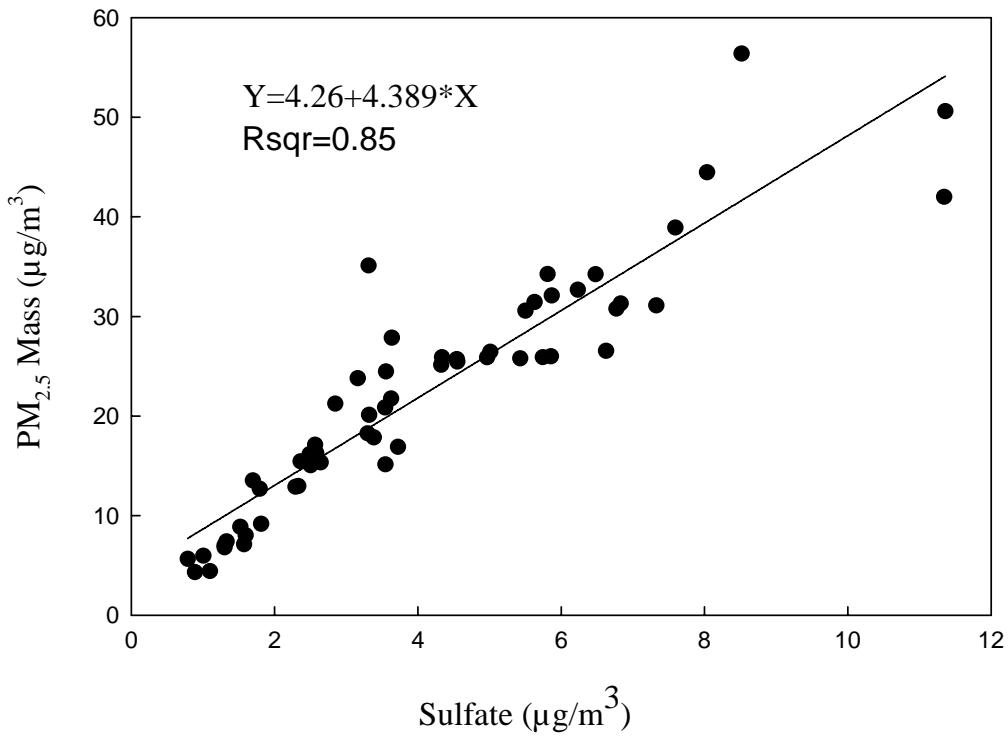
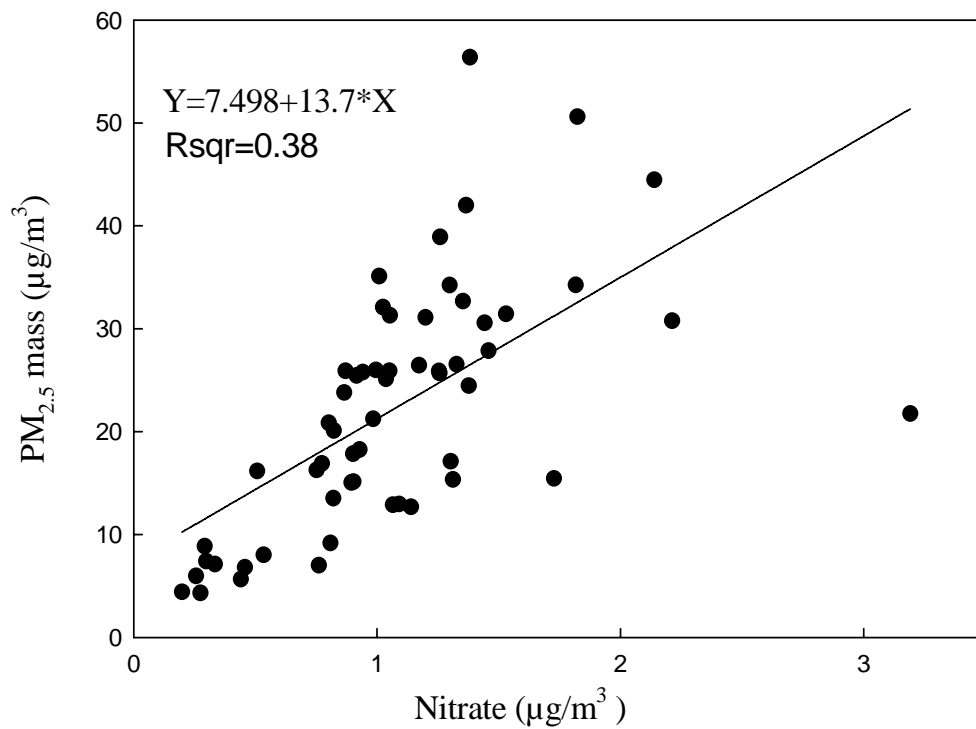


Figure 8
PM_{2.5} Mass vs Nitrate Mass



Fuel Burning

Although there is a multiplicity of sources in Fairbanks that burn fuel containing sulfur, it is possible that the distillate fuel used in space heating could be a dominant source of sulfur oxide emissions and atmospheric sulfates in Fairbanks in the winter. This conclusion follows from consideration of the inventory of fuel used, which is summarized for a recent year in Table 1 (attached)*, and knowledge of the fuel sulfur contents.

Significant amounts of gasoline and Diesel fuel are burned in mobile sources in Fairbanks, but the sulfur content of both of these fuels has been reduced dramatically in recent years, due to strict environmental regulation, to respective levels of about 0.007% and 0.08% sulfur by weight. The sulfur content of distillate oil that is used for home heating has not been so regulated, and remains at about 0.22 weight percent sulfur, resulting in about 600 tons per year of sulfur dioxide emissions. The vast majority of these emissions occur during the winter months, and the annual level is roughly six times greater than the summed SO₂ emissions contribution from the combustion of gasoline and Diesel fuel used in the mobiles source sector (estimated at 95 tons for calendar year 2002). By comparison, point sources in the Borough (some of which are elevated well above typical ground-based mixing heights) emit about 2500 tons of SO₂ per year. Of this 2500 tons, the coal-fired power plants in Fairbanks emit an estimated 828 tons per year and the Golden Valley Electric Association (GVEA) power plant in North Pole is estimated to emit about 1578 tons per year.

The contribution to SO₂ emissions from coal-burning in and around Fairbanks and from the combustion of distillate fuel oil for reasons other than space heating in North Pole and elsewhere is significant. However, emissions from the Aurora Energy Chena and Fort Wainwright coal-fired power plants are generally expected to have an effective plume height that is well above the surface-based mixed layer under conditions of cold temperature. The other distillate fuel sources are generally much more distant from the downtown air monitoring site (the GVEA power plant in North Pole is about 14 miles SE of the downtown Fairbanks air monitor). While both of these sources could potentially be important contributors to regional sulfate, the most likely local source appears to be the very large amount of fuel that is burned to heat individual homes and buildings in and around Fairbanks. These local space heating emissions as well as those from diesel vehicles are released into or very close to the boundary of the semi-permanent surface-based mixed layer. An important countervailing consideration is that many commercial buildings in the downtown area (generally to the north of the monitoring site) are heated by hot water from the Aurora Energy power plant.

Refinement of several of these assumptions will require updated fuel use information and a detailed calculation of temperature-dependent SO_x emissions. Ideally, it would also include dispersion modeling predictions for the major point sources in the region and a detailed measurement survey of PM_{2.5} concentrations both within and well outside of Fairbanks during the winter.

*The fuel use estimates are partly based on assumptions and should be considered rough estimates only.

Wood Burning

A recent investigation into possible increases in wood-burning in and around Fairbanks in recent years found the following¹³:

Residential heating oil prices in Alaska increased significantly in each of the last four years, and data from DEC-sponsored home heating surveys in 2006 and 2007 show that more households have installed wood-burning appliances. The same two-year survey data do not show a statistically significant change in the amount of wood burned per household (the average cords burned per household actually decreased in the respective surveys from 3.22 to 2.82). However, there is suggestive evidence that wood burning may have increased between 2004 and 2005, and then stabilized in 2006.

Another important source of wood burning emissions in and around Fairbanks is external or outdoor wood boilers (OWBs). Such OWBs are believed to be relatively few (but increasing) in number in Fairbanks and are believed to have rather severe but generally localized impacts, as suggested by a recent NESCAUM assessment^{14,15} (mostly in the lower 48 states) and confirmed by a recent pilot PM_{2.5} survey in Fairbanks.¹⁶

If a major effort were to be made in the future to restrict the installation or use of wood-burning appliances in Fairbanks in order to improve air quality, much more information would first be needed to quantify their contribution to emissions and PM_{2.5} concentrations on critical high-PM_{2.5} days. Investigators have used a variety of methods to measure and try to distinguish wood combustion PM_{2.5} from that caused by other sources. Ionic (water soluble) potassium is one chemical marker used for wood smoke, and another is elemental potassium¹⁷. More recently, several investigators have used or are currently testing the use of a two-wavelength aethalometer to distinguish wood smoke in Rutland, Vermont,^{18,19} Connecticut,²⁰ and in Seattle, Washington²¹; results have been promising but further confirmatory work is reportedly needed. The use of levoglucosan, a pyrolysis product of cellulose has been tested as a tracer of wood smoke, but results have been uncertain.²²

Mobile Sources

A recent review of source contributions for Fairbanks¹¹ provided some initial insights regarding the significance of motor vehicle PM_{2.5} and precursor emissions as outlined below. As with other source categories, there remains a need to further characterize contributions from gasoline and diesel on-road and non-road mobile sources.

- Diurnal Trends – These trends show that the a.m., p.m., and midday travel peaks are not discernable in the hourly trends in concentrations observed on days when the standard was exceeded. Particularly surprising is that the impact of the morning traffic peak is barely discernable in the PM data.
- Correlation Analysis – This analysis does not directly address motor vehicles, but suggests that nitrate and therefore NO_x precursor emissions (of which motor vehicles are a significant source) are not significant. It also shows that organic carbon (OC) is highly

correlated with PM_{2.5} mass, but provides no insight into the contribution of motor vehicles to OC. * CO is shown to have a relatively high correlation ($r^2=0.51$) with PM_{2.5}, which suggests that motor vehicles, which are a significant source of CO, could be a contributor to PM_{2.5}. An alternate interpretation could be that as temperature declines, the production of PM_{2.5} from other sources is increased in such a manner that it is roughly proportional to the increase in CO production from motor vehicles. † In other words, the same meteorological conditions that cause an increase in PM_{2.5} concentrations can cause an increase in CO concentrations, even though the primary sources of these pollutants may be different.

- PMF Analysis – The interpretation of PMF factors is somewhat subjective, however, motor vehicles as a source are shown to have a very limited contribution to PM_{2.5} mass and exhibit little seasonal variation ‡. The motor vehicle contribution to secondary particulate, which is shown to be the most significant source, is unclear. While the contribution to sulfate appears to be limited, § the contribution to OC could be significant. A review of the relative amount of gallons of fuel consumed on a typical winter day shows that space heating consumes roughly 104,500 gallons of fuel oil. Motor vehicles are estimated to consume 18,650 gallons of Diesel fuel and 104,600 gallons of gasoline on an average winter day, and are suspected to be a significant contributor to OC.
- Emission Inventory – Motor vehicles are responsible for 56% of the corrected inventory of directly emitted PM_{2.5} emissions in 2005 and 26% in 2018. Their share of the inventory in 2005 is almost double the level emitted by wood burning stoves, which PMF has identified as the second most significant source after secondary pollutants. Their share of NO_x emissions is high, but nitrates are not a significant contributor to PM_{2.5}. Their share of SO_x emissions is low in 2005 and essentially disappears after 2006.

Overall, the available data are not conclusive with regard to the significance of motor vehicles' contribution to PM_{2.5} concentrations measured in downtown Fairbanks. Several of the data

* A review of MOBILE6.2 national average PM emission estimates for calendar year 2005 shows that the model does not differentiate exhaust species for light-duty vehicles, but does for heavy-duty vehicles. Total exhaust for light-duty vehicles is estimated to be 0.0056 g/mi. Heavy-duty vehicles are estimated to produce 0.0163 g/mi elemental carbon (EC) and 0.0083 g/mi organic carbon (OC). A review of the literature shows that over 50% of gasoline exhaust is OC and 24% is EC. When weighted for travel (82% gasoline, 18% Diesel), gasoline vehicles are estimated to be responsible for roughly 60% of the directly emitted OC.

† The interpretation of correlations in air pollutant concentrations, including the correlations cited herein, entails some risk. In general, correlation does not prove causality and, for the case at hand, correlations in pollutant concentrations could be caused in large part by emissions from several types of unrelated sources all being affected in a substantially similar way by changes in meteorology.

‡ An important caution here is that the interpretation of PMF factors is somewhat subjective. The factor that is described as “motor vehicle” may be most representative of gasoline-powered motor vehicles while at the same time including some elements from other sources. Similarly, the “Zn factor” may contain some contribution from Diesel-powered motor vehicles and other sources (although the large contribution to Zinc variance is unexplained).

§ It is possible to rule out motor vehicles as a significant source of sulfate, because of the recent phase-in of low sulfur Diesel fuel (last October) and low sulfur gasoline (last January). Since the actual phase-in of both fuels occurred well before the mandated implementation date, it is clear that motor vehicles were not a significant contributor to sulfate levels produced during this past winter. Nevertheless, high concentrations of PM_{2.5} were recorded this past winter.

sources suggest that directly emitted and precursor emissions from motor vehicles may not be significant, including those explained below.

- PMF analysis (if correct) shows motor vehicles to be a consistently low contributor in both summer and winter months.
- Sulfate was found to be highly correlated with PM_{2.5} mass. Implementation of low sulfur gasoline (January 2006) and Diesel fuels (October 2006) essentially eliminated on-road motor vehicle sulfate production during 2007. Nevertheless, Fairbanks continued to exceed the ambient PM_{2.5} standard after the introduction of these low sulfur fuels. ,
- The impact of motor vehicle peak travel activity is not directly observable in the diurnal measurements of PM_{2.5} concentrations.

In contrast, several findings suggest motor vehicles may be a significant contributor to PM_{2.5} concentrations:

- The emission inventory estimate suggests that motor vehicles are responsible for roughly double the level of PM_{2.5} emitted by wood burning and the PMF analysis identified wood burning as the second largest PM_{2.5} source.
- Analysis of winter fuel consumption suggests that motor vehicles are a significant source of organic carbon (OC) emissions and OC is found to be highly correlated with PM_{2.5} mass.
- A recent PMF study in the Midwest found that mobile as well as industrial sources were important to organic compound concentrations, and this was true with respect to all nine sites examined.²³

These results tend to be consistent, at least qualitatively, with those reported earlier from dynamometer-based emissions study in Fairbanks.²⁴

Because several of the above points could be debated, the most prudent conclusion is that additional data are needed to assess whether motor vehicles are a significant contributor to winter PM_{2.5} concentrations in Fairbanks.

Critical Knowledge Gaps

There remain some key questions and knowledge gaps in understanding the magnitude, causes, and potential solutions to the problem of elevated PM_{2.5} concentrations in and around Fairbanks. Further data and information would be helpful in better defining the spatial extent of the PM_{2.5} problem area as well as in understanding the relative source contributions. Areas that need to be addressed include determining:

- the spatial extent of the high PM_{2.5} concentrations in the vicinity of Fairbanks. With air quality measurements at only one multi-year monitoring site, it is difficult to verify the

actual size of the problem area. Additional monitoring could help to verify the proposed boundary for the non-attainment area.

- the principle source of SO₂ emissions and elevated secondary sulfate concentration during poor air episodes (space heating, aircraft, industrial facilities).
- the principal source(s) of the PMF zinc-factor (lube oil emitted from motor vehicles, waste oil burning, distant mining and zinc-handling operations, other).
- whether local or regional coal-burning is a significant contributor to PM_{2.5} at the downtown monitoring site or elsewhere in the Fairbanks area.
- whether motor vehicles are important contributors to PM_{2.5} during episodes.
- the impact from outside wood boilers.
- how cold temperatures interact with emissions from space heating, motor vehicles (Diesel and gas), and residential wood burning.
- at what rate sulfates are formed and removed from the atmosphere under conditions found in Fairbanks.
- how well the PM_{2.5} sampling apparatus perform in cold temperatures.

Over time, as more information about the air quality and sources in the vicinity of Fairbanks is developed, a more refined understanding of the spatial distribution and contributing source impacts will be acquired.

Air Quality and Emission Source Summary

Fairbanks winters are dominated by a pattern of cold, stable air that is conducive to the buildup of air pollutants.^{25,26} This condition, together with local emissions of PM_{2.5} and its precursors (especially sulfur dioxide), causes episodes of elevated PM_{2.5} concentrations as monitored in downtown Fairbanks.

Based upon a positive matrix factorization (PMF) analysis of PM_{2.5} speciation data collected at a site in downtown Fairbanks, the principal factors responsible for the elevated concentrations appear to be secondary aerosol (sulfate and nitrate), wood burning, and an unidentified zinc-related source profile. Motor vehicles seem to be less significant, but that conclusion somewhat contradicts information from other sources that show, for other locations, sharply increasing PM emissions from motor vehicles at lower temperatures. Consequently, the department is currently unable to reach any definitive conclusion about the relative contribution from various source categories.

Sulfate is much more important than nitrate in the secondary aerosol, and the presumed principal source is the combustion of sulfur-bearing fuel for space heating, which results in sulfur dioxide emissions. The secondary sulfate is assumed to be formed primarily in aqueous particles* into which the sulfur dioxide dissolves.²⁷ A small fraction (less than five percent) of the combustion-

* Under all but the coldest conditions (below about -22° F) in Fairbanks winters, most aerosol water, including the water generated by the combustion of all hydrocarbon fuels, is expected to be present as a liquid or supercooled liquid rather than being frozen and, as a result, is available to serve as a sink for atmospheric sulfur dioxide and as a site for the heterogeneous chemical reactions that produce sulfate. Below this temperature, ice fog begins to form, and at temperatures below about -40°F, essentially no liquid water will be present stably in the atmosphere.

generated sulfur oxides emitted from fuel burning sources may also be directly emitted as sulfate.

Sources of wood burning emissions in Fairbanks include residential wood stoves and other appliances, and external wood boilers. Survey data and other evidence suggest that wood burning has increased in recent years. External wood boilers are a relatively new and substantially uncontrolled PM_{2.5} source that has the potential to cause high localized concentrations of PM_{2.5} and thereby be a significant air pollution nuisance as well as a potential health threat to nearby neighbors. There are a variety of methods for measuring PM_{2.5} emissions from wood burning, including new methods that have a degree of selectivity for wood smoke.

Population and Traffic Growth Rates and Patterns

Fairbanks was established in the early 1900s as a trading post serving gold prospectors in the area. During the first part of the century, the population peaked and waned according to the price and availability of gold. Completion of the Alaska Highway in the 1940s, plus increased military activity in the area due to World War II, combined to cause considerable growth. By 1950, the population of the Fairbanks Census District (an area somewhat larger than the current boundaries of the Fairbanks North Star Borough) had grown to 19,409.

Continued military spending and increased governmental growth resulted in renewed economic activity and growth in population during the 1950s. By 1960, the population of the Fairbanks Census District had risen to 43,412. In the 1960s, military influence in the area leveled off, while increased oil exploration on the North Slope accounted for a 15% increase in population during the decade. The Fairbanks North Star Borough was formed in the mid-1960s. The 1970 Census District population of 50,043 can be compared to a Borough population for the same year of 45,864.

Construction of the Trans-Alaska Oil Pipeline during the 1970s resulted in a large population influx into the area. Fairbanks North Star Borough population peaked at 72,037 in 1976. With completion of the pipeline, the population fell dramatically to 51,659 in 1981. However, increased state and local governmental spending due to state oil revenues led to a resurgence in local economic activity and another growth spurt in population, resulting in a 1985 Borough population of 75,079.

Since 1985, population levels in the Fairbanks area have remained relatively unchanged. Increase in military activity due to the addition of a light infantry division to Fort Wainwright acted to offset a reduction in state and local governmental spending due to declining oil revenues. These factors resulted in a 1990 Borough population of 77,720. According to the Census,²⁸ the Borough population experienced little change between 1990 and 2000, with an overall growth rate of 0.6% per year. During that same time period, the Census data indicate that the population within the cities of Fairbanks and North Pole actually declined from 39,858 to 39,231, a reduction of 0.16% per year. The decline in population during the 1990s is displayed in Figure 9. It shows that while there was a small net reduction in population, the year-to-year change was very modest.

Population forecasts for the 2005-2015 period show an increase of about 3% between 2005 and 2006 then a steady increase of about 1% each year to 2015. The population forecast for the carbon monoxide nonattainment area as projected in the 2025 Fairbanks Metropolitan Area Transportation System (FMATS) Long Range Transportation Plan (LRTP)²⁹ is shown in Table 2. The vehicle travel-specific forecasts for the period are described in more detail below.

Growth in Vehicle Travel

Despite the slight reduction in population recorded between 1990 and 2000, Fairbanks and North Pole still experienced a modest increase in travel during this decade. The increase is based on traffic counts recorded at Highway Performance Monitoring System (HPMS) and other sites located throughout the Borough.³⁰ Figure 10 shows that travel activity, measured by average daily traffic counts, increased from 665,398 miles per day in 1990 to 752,992 miles per day in 2001, a growth rate of 1.1% per year.

Figure 9

Population Trend for Fairbanks, Alaska

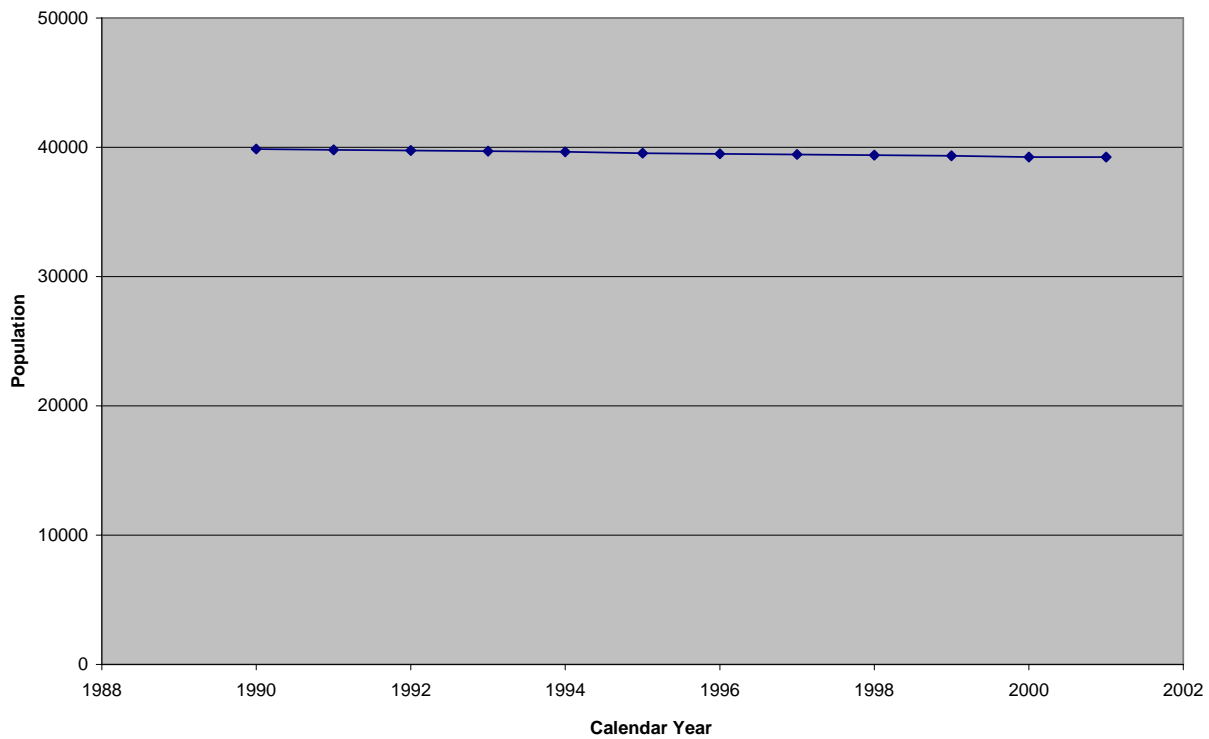


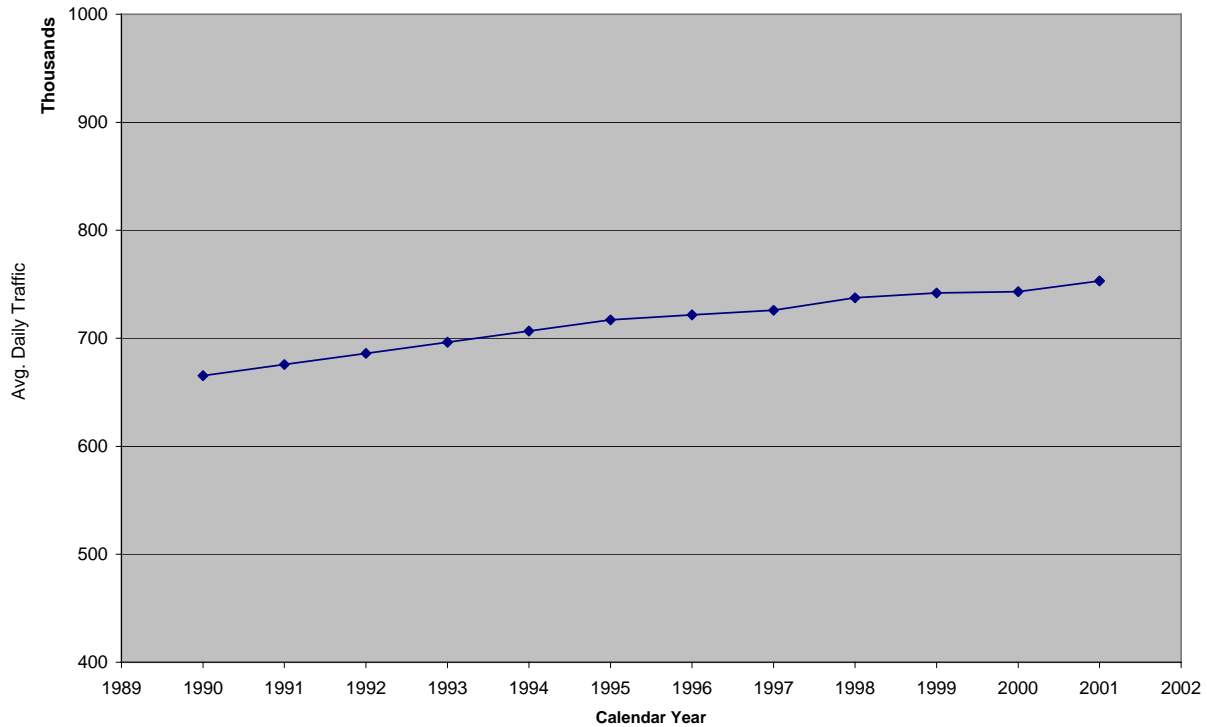
Figure 10**Trends in Average Daily Traffic for Fairbanks, Alaska**

Table 2
Projected Fairbanks & North Pole Population

Calendar Year	L RTP Population Forecast
2005	41,183
2006	42,445
2007	42,809
2008	43,178
2009	43,553
2010	43,933
2011	44,320
2012	44,712
2013	45,111
2014	45,516
2015	45,926

From 2002 through 2004, ADOT&PF reported an annual VMT growth rate of 1.2% for Fairbanks and North Pole. Starting in 2005, the projected growth in vehicle travel reported in the area's current CO Maintenance Plan was updated using the VMT projections reported in the FMATS LRTP. The resulting annual VMT projections for the area during the 2005-2015 CO maintenance planning period are shown in Table 3. While the Fairbanks CO maintenance area

boundary differs from that of the proposed PM_{2.5} non-attainment area, these projections provide a basis for the VMT growth anticipated in the Fairbanks area.

Table 3
Projected Vehicle Travel in the Fairbanks CO Maintenance Area
(2005-2015)

Year	Vehicle Miles Traveled (per winter day)
2005	816,616
2006	862,743
2007	876,029
2008	889,519
2009	903,217
2010	917,126
2011	931,249
2012	945,590
2013	960,151
2014	974,937
2015	989,950

With a relatively stable population and slow growth in VMT, the FMATS transportation network has relatively low levels of congestion and excess transportation capacity. FMATS routinely considers and implements projects that will assist in reducing congestion such as signalization improvements at intersections. The Fairbanks North Star Borough also has a transit system that provides a good level of service for a relatively spread out community.

Existing Control of Emission Sources

While no Fairbanks area sources have been specifically targeted for control of fine particulates at this time, there are some existing controls in place:

- Major stationary sources are controlled through the Alaska Department of Environmental Conservation's permitting program. With regard to particulate matter, it should be noted that the coal-fired power plants in Fairbanks are controlled with bag houses.
- Mobile sources are controlled by federal fuel and emission rules that limit particulate matter and pre-cursor pollutants. It is not known how effective these controls are at the extreme cold temperatures found in Fairbanks, but improvements should continue to be made as the vehicle fleet turns over.
- Fairbanks has an extensive network of electrical plug-ins powered at 20° F that allow citizens to use engine block heaters to keep their motor vehicle engines warm during cold temperatures. This program significantly reduces CO emissions from cold starting vehicles, but it is not known how much benefit may exist for fine particulate emissions from the use of engine pre-heating.

- The Fairbanks North Star Borough operates a transit program that provides some benefits through reduced VMT from mobile sources.
- A local wood burning control program exists under the carbon monoxide maintenance plan. To the extent that high PM_{2.5} days occur on days with high CO concentrations, this control program could provide some benefit. It is more likely that a different program will be needed to fully address PM_{2.5} emissions from wood-burning stoves.
- Open burning is prohibited from November 1 through the end of February within the areas of the Borough designated as Urban, Urban preferred commercial, Light or Heavy Industrial, or Perimeter area, with camp fires being an exception.
- Prescribed fire for burns over 40 acres is managed by the Alaska Department of Environmental Conservation through a permitting process and a smoke management plan.

Conclusion

The non-attainment boundary proposed by the State of Alaska encompasses the portion of the Fairbanks North Star Borough airshed likely to be violating the fine particulate matter health standard. The air quality speciation data suggest a number of potential contributing sources all tied to population activities in the urban area. The boundary is based primarily on the topography of the airshed coupled with insight from the existing monitoring data from downtown Fairbanks on sources and chemical indicator species of concern. Because there is only one monitoring site in Fairbanks, the monitoring data and source characterization work derived from that site is most likely not representative of the source contributions throughout the entire area.

It is possible that this boundary will need to be altered based on new data. At this time, no monitoring data exists for the city of North Pole or other residential areas in the outlying valleys to the north of Fairbanks. New monitoring data and better understanding of emission sources could lead to a larger or smaller non-attainment area boundary. If new monitoring data shows concentrations in excess of the standard in North Pole, or other outlying populated areas, or sources from North Pole are implicated in violations in Fairbanks, a revision to the proposed boundary would certainly be warranted. At this time, there is insufficient information to suggest that North Pole or these other outlying populated areas have an air quality problem or are significantly contributing to the air quality violations occurring in downtown Fairbanks. For this reason, they have been excluded from the proposed boundary.

Table 1
Annual Fuel Use in Fairbanks by Source Category in 2002
(not the nonattainment area)

Source	Subcategory	Gasoline (gallons)	Diesel (gallons)	Distillate (gallons)	Process Gas (gallons)	Process Gas (feet3)	JP4 (gallons)	Aviation Gasoline (gallons)	LPG/ Propane (gallons)	Natural Gas (feet3)	CNG (gallons)	Coal (tons)	Wood (cords)	Daily Trips (trips/day)	Daily VMT (miles/day)
On-Road		40,345,310	3,185,156											508,504	1,745,291
Non-Road		495,248	2,942,861	0	0	0	4,167,000	70,500	66,461	0	0	0	0		
	Equipment	495,248	1,960,521						66,461		6,792,258				
	Rail		982,340												
	Aircraft						4,167,000	70,500							
Area				19,311,033						300,000,000			2,737		
Point		0	80,603	43,446,679	42,410,066	173,000,000	0	0	67,926	0	0	438,887			
	Flint Hills		80,603		42,410,066										
	Wainwright			113,000			78,000,000		67,926			207,465			
	Univ. of AK			1,407,811								54,783			
	GVEA NP			39,872,868											
	AK RR											2,918			
	Aurora											173,721			
	PetroStar			1,210,000		173,000,000									
	GVEA Zn			843,000											
TOTAL		40,840,558	6,208,620	62,757,712	42,410,066	173,000,000	4,167,000	70,500	134,387	300,000,000	0	438,887	2,737	508,504	1,745,291

Notes:

On-Road Diesel and Gasoline fuel use is conservatively estimated by assuming a VMT split of 95%/5% and a wintertime mpg of 15 for gasoline vehicles and 10 for Diesels x 365 days/year

Rail fuel use reported for 1999 (962,000 gallons) was adjusted at annualized growth rate of 0.7%/year to get the 2002 value

The aircraft fuel use values are based on estimates for representative aircraft during landing and take off operations at Fairbanks International and Fort Wainwright.

The point source values are based on information reported by each facility to the State.

Only a small portion of the 78 million gallons of JP4 listed by Fort Wainwright was consumed within Fairbanks.

An estimate of the actual fuel used within the Borough is listed in the Aircraft consumption estimate.

References

- ¹. 40CFR Part 51, Clean Air Fine Particle Implementation Rule; Final Rule, April 25, 2007.
- ². Met One, the manufacturer of the BAM 1020 Particulate Monitor, specifies an operating temperature range of the instrument down to 0°C (32°F) and an ambient temperature range (for the air sample) down to -30°C (-22°F). (“BAM 1020 Particulate Monitor Operation Manual”, BAM-1020-9800 Rev F, Met One Instruments, Inc.) Instrument and sample ambient sample temperatures were at times lower than both of these limits for sampling prior to 2007 when Borough staff installed an environmental enclosure and an inline sample heater. Any measurements that were made under such conditions, absent the use of the environmental enclosure and in-line heater are subject to question. Measurements made after the installation of the in-line heater may, however, be subject to a negative artifact due to loss of VOC caused by the in-line heater (as described in the Met One operating manual) or by loss of volatile nitrate.
- ³. See, for example: “PM_{2.5} in the Upper Midwest”, Lake Michigan Air Director’s Consortium, June 2, 2003: http://www.ladco.org/reports/PM25doc2xx-1_small.pdf
- ⁴. B.Hartman and G.Wendler, “Climatology of the Winter Surface Temperature Inversion in Fairbanks, Alaska,” <http://ams.confex.com/ams/pdfpapers/84504.pdf>.
- ⁵. C.S. Benson, “Ice Fog, Low Temperature Air Pollution,” Cold Regions Research and Engineering Laboratory, June 1970.
- ⁶. P. Hopke, “A Guide to Positive Matrix Factorization” (undated).
- ⁷. A. Reff et al, “Receptor Modeling of Ambient Particulate Matter Data Using Positive Matrix Factorization: Review of Existing Methods,” Journal of the Air and Waste Management Association, 57:146-154, February 2007.
- ⁸. “Review and Source Contributions to Ambient PM_{2.5} Concentrations,” Sierra Research, 2007 (unpublished).
- ⁹. Zinc mining, refining and transport at the Red Dog Mine in western Alaska is a source of zinc dust (see for example: J.L. Clark , “Fugitive Dust Accumulation in Drifted Snow at the Red Dog Mine, Winter 2004- 2005, July 2005, teckcominco).
- ¹⁰. Other PMF analysis has shown factors that contain Zn (and other species) to be present at all sites in Alaska but concluded, due to lack of strong seasonal variations, that “local sources must be more important than distant sources” (A. Polissar *et al*, “Atmospheric Aerosol over Alaska, 2. Elemental Composition and Sources,” Journal of Geophysical Research, 103, 19,045-19,057, 1998.)
- ¹¹. See, for example, Wikipedia “Zinc dialkyldithiophosphate”: “The main use of ZDDP is in anti-wear additives to lubricants (e.g. greases, motor oils). To date it is the dominant anti-wear agent, present in most machine and motor oils in amounts of about 1%. However for gasoline engine oil applications the amount of ZDDP has to be minimized; there is concern that zinc and phosphorus emissions could damage catalytic converters.”)
- ¹². T. Cahill, “Persistence of Very-fine, Ultra-fine, and Nano-particles in the Ambient Atmospheric Environment,” University of California, Davis, available from: http://www.cce.umn.edu/pdfs/cpe/conferences/nano/Thomas_Cahill.pdf

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- ¹³. Memorandum to Alice Edwards, ADEC, from R. Dulla et al, "Fairbanks Home Heating Survey Update," May 2, 2007.
 - ¹⁴. "Assessment of Outdoor Wood-fired Boilers," prepared by NESCAUM (the Northeast States for Coordinated Air Use Management), March, 2006.
 - ¹⁵. P.R.S. Johnson, "In-Field Ambient Fine Particle Monitoring of an Outdoor Wood Boiler: Public Health Concerns," Journal of Human and Ecological Risk Assessment, (in-press), February 21, 2006.
 - ¹⁶. F. Di Genova, *et al*, "Tier 2 Gasoline Benefits in Alaska; Phase 2: Preliminary Investigation of Particulate Matter Emission Sources in Fairbanks, Alaska with In-use Tier 2 Gasoline and Ultra Low Sulfur Diesel," Sierra Report No. SR2007-08-01, prepared for ADEC, August 2007.
 - ¹⁷. J. Watson *et al*, "PM_{2.5} Chemical Source Profiles for Vehicle Exhaust, Vegetative Burning, Geological Material, and Coal Burning in Northwestern Colorado During 1995", Chemosphere, 43 (2001) 1141-1151.
 - ¹⁸. G. Allen, "Update on the Met One BAM: Cold, Warm, and Filter Media Issues," Air Quality Monitoring & Data Analysis National Conference (aka SAMWG), Point Clear, AL, May 13, 2004.
 - ¹⁹. G. Allen, "Evaluation of a New Approach for Real Time Assessment of Wood Smoke PM": www.nescaum.org/documents/2004-10-25-allen-realttime_woodsmoke_indicator_awma.pdf
 - ²⁰. See: http://www.dieselmidatlantic.org/calendar/events/presentations/2007_07MVRWC/BabichMVRWC07.pdf
 - ²¹. M. Gilroy *et al*, "Urban Air Monitoring Strategy – Preliminary Results Using Aethalometer™ Carbon Measurements for the Seattle Metropolitan Area," Puget Sound Clean Air Agency, see: <http://www.pscleanair.org/airq/Aeth-Final.pdf>
 - ²². E. Hedberg, "Is Levoglucosan a Suitable Quantitative Tracer for Wood Burning? Comparison with Receptor Modeling on Trace Elements in Lycksele, Sweden," Journal of the Air and Waste Management Association, 56: 1669-1678, December 2006.
 - ²³. B. Buzcu-Guven, *et al* "Analysis and Apportionment of Organic Carbon and Fine Particulate Matter Sources at Multiple Sites in the Midwestern United States," Journal of the Air and Waste Management Association, 57:606-619, May 2007.
 - ²⁴. P. Mulawa, "Effect of Ambient Temperature and E-10 Fuel on Primary Exhaust Particulate Matter Emissions from Light Duty Vehicles," Environmental Science and Technology, 31:1302-1307, 1997.
 - ²⁵. B.Hartman and G.Wendler, "Climatology of the Winter Surface Temperature Inversion in Fairbanks, Alaska," <http://ams.confex.com/ams/pdfpapers/84504.pdf>.
 - ²⁶. C.S. Benson, "Ice Fog, Low Temperature Air Pollution," Cold Regions Research and Engineering Laboratory, June 1970.
 - ²⁷. See, for example: J. H. Seinfeld, Atmospheric Chemistry and Physics, John Wiley and Sons, Inc., NY, 1998.

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- ²⁸. Census data supplied by the Alaska Department of Transportation and Public Facilities (ADOT&PF).
 - ²⁹. LRTP report
 - ³⁰. “1997 – 1998 – 1999 Annual Traffic Volume Report,” State of Alaska, Department of Transportation & Public Facilities.



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April 14, 2003

Mr. David C. Miller, Division Administrator
Federal Highways Administration
P.O. Box 21648
Juneau, AK 99802-1648

Mr. Richard F. Krochalis, Regional Administrator
Federal Transit Administration
915 Second Avenue, Suite 3142
Seattle, WA 98174

Dear Mr. Miller and Mr. Krochalis:

In accordance with 23 CFR 450.306 and in cooperation with the Fairbanks North Star Borough, City of Fairbanks, and City of North Pole, I hereby designate the Fairbanks Metropolitan Area Transportation System (FMATS) Policy Committee as the Metropolitan Planning Organization (MPO) and cooperative decision-making body for the newly urbanized area of Fairbanks and North Pole as outlined in the enclosed FMATS Metropolitan Planning Area boundary map.

Also enclosed is a copy of the FMATS Inter-Governmental Operating Agreement and Memorandum of Understanding for Transportation and Air Quality Planning.

This agreement outlines the structure and process for developing transportation plans and programs for this urbanized area.

Sincerely yours,

A handwritten signature in black ink that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosures

cc: Mike Barton, commissioner, DOT&PF
Ralph Swarthout, chair FMATS Policy Committee ✓
Rhonda Boyles, mayor, Fairbanks North Star Borough
Steve Thompson, mayor, City of Fairbanks
Jeff Jacobson, mayor, City of North Pole

**FAIRBANKS
METROPOLITAN AREA TRANSPORTATION
SYSTEM**

**Inter-Governmental Operating Agreement
and
Memorandum of Understanding
for
Transportation and Air Quality Planning**

**Fairbanks North Star Borough,
City of Fairbanks,
City of North Pole,
and
State of Alaska**

**FAIRBANKS METROPOLITAN AREA
TRANSPORTATION SYSTEM

INTER-GOVERNMENTAL OPERATING AGREEMENT
and
MEMORANDUM OF UNDERSTANDING
for
TRANSPORTATION AND AIR QUALITY PLANNING**

**In The
Metropolitan Area
of the
Fairbanks Metropolitan Planning Organization**

Fairbanks North Star Borough,
City of Fairbanks,
City of North Pole,
and
State of Alaska

**FAIRBANKS METROPOLITAN AREA TRANSPORTATION SYSTEM
INTER-GOVERNMENTAL OPERATING AGREEMENT
AND
MEMORANDUM OF UNDERSTANDING
FOR
TRANSPORTATION AND AIR QUALITY PLANNING**

SECTION 1 – PARTIES TO THIS AGREEMENT

The parties to this Agreement are the State of Alaska, the Fairbanks North Star Borough (FNSB), the City of Fairbanks, and the City of North Pole. The Borough is the designated host agency for the Metropolitan Planning Organization (MPO).

SECTION 2 – PURPOSE

This agreement is entered into in accord with 23 U.S. Code § 134 and 49 USC § 5303 – 5306 to provide the structure and process for the continuing, cooperative and comprehensive consideration, development and implementation of transportation and air quality plans and programs for intermodal transportation in the Metropolitan Planning Area (MPA) of the FNSB, 23 USC §134 states in pertinent part:

It is in the national interest to encourage and promote the safe and efficient management, operation, and development of surface transportation systems that will serve the mobility needs of people and freight and foster economic growth and development within and through urbanized areas and minimize transportation-related fuel consumption and air pollution. To accomplish this objective, the metropolitan planning organization in coordination with the State shall develop transportation plans and programs for urbanized areas of the State. Such plans and programs shall provide for the development of transportation facilities (including pedestrian walkways and bicycle transportation facilities) which will function as an intermodal transportation system for the State, the metropolitan areas, and the Nation. The process for developing such plans and programs shall provide for consideration of all modes of transportation and shall be continuing, cooperative, and comprehensive to the degree appropriate, based on the complexity of the transportation problems. 23 USC §134(a).

SECTION 3 – LEGAL AUTHORITY

3.1 Federal Transportation Planning Statutes

23 USC § 104(f), 23 USC § 134 and 49 USC § 5303 – 5306 provide funding and require designation of a metropolitan planning organization for urbanized areas of at least 50,000 population to carry out a transportation planning process and receive federal funding. Those Statutes require the State and the local governments to coordinate the planning and construction of all urban transportation facilities with a continuing, cooperative, and comprehensive transportation planning process.

3.2 Metropolitan Planning Organization Designation

On April 14, 2003, the Governor of the State of Alaska designated the Metropolitan Planning Organization and identified the Fairbanks Metropolitan Area Transportation System (FMATS) Policy Committee as the policy body providing the direction of transportation planning in the MPO in accordance with Federal law.

3.3 Federal Air Quality Regulations

Air Quality Title 42 USC § 7504 et. seq. requires each area-wide air quality planning agency to prepare an area-wide air quality plan providing for attainment of National Ambient Air Quality Standards (NAAQS). Alaska Statutes Chapter 46.14 requires the Alaska Department of Environmental Conservation (ADEC) to develop a State Implementation Plan (SIP) providing for the attainment of the NAAQS. The FNSB has been designated as the air quality planning agency and has adopted an Air Quality Plan, which is the local component of the SIP. The FNSB is the planning agency that coordinated transportation related air quality planning within the MPO. The Unified Planning Work Program includes the annual preparation of a Reasonable Further Progress Report on Air Quality and review of the goals of the Air Quality Plan. The FMATS Policy Committee must approve the area-wide Air Quality Plan.

SECTION 4 – DEFINED TERMS

As used in this Agreement, the following words and phrases shall have the meanings ascribed unless the context clearly indicates otherwise:

“ADEC” is the State of Alaska Department of Environmental Conservation.

“ADOT&PF” is the State of Alaska Department of Transportation and Public Facilities.

“AIR QUALITY PLAN” is the Fairbanks component of the State Implementation Plan for Air Quality regarding air quality strategies in non-attainment areas.

“ASSEMBLY” is the Fairbanks North Star Borough Assembly, the legislative governing body of the Fairbanks North Star Borough.

“CITY OF FAIRBANKS” is a home rule city, a political subdivision of the State of Alaska.

“CITY OF NORTH POLE” is a home rule city, a political subdivision of the State of Alaska.

“CO” is Carbon Monoxide - a colorless, odorless gas produced due to incomplete combustion of fossil fuels. Alaska has a potential for wintertime health problems with Carbon Monoxide in the Anchorage and Fairbanks areas.

“Conformity” is a process that governs federal actions in non-attainment and maintenance areas to ensure federal projects and programs conform to the State Implementation Plan for Air Quality and do not cause or contribute to new violations of air quality standards.

“Consultation” means that one party confers with another in accordance with an established process and, prior to taking action(s), considers that party's views and periodically informs that party about action(s) taken.

“Cooperation” means that the parties involved in carrying out the planning, programming, and management systems processes work together to achieve a common goal or objective.

“Coordination” means the comparison of the transportation plans, programs, and schedules of one agency with related plans, programs, and schedules of another agencies or entities with legal standing, and adjustment of plans, programs, and schedules to achieve general consistency.

“DOT” or “USDOT” is the United States Department of Transportation.

“DBE” is Disadvantaged Business Enterprise.

“EPA” is the United States Environmental Protection Agency.

“FAIRBANKS CITY COUNCIL” is the legislative governing body of the City of Fairbanks.

“FAIRBANKS NORTH STAR BOROUGH TRANSPORTATION PLAN” establishes the location, classification and minimum right-of-way for those streets and highways required to accommodate the highway transportation needs of the community.

“FHWA” is the Federal Highway Administration, an operating agency of the United States Department of Transportation.

“FMATS” is the Fairbanks Metropolitan Area Transportation System.

“FNSB” is the Fairbanks North Star Borough, a 2nd class borough, a political subdivision of the State of Alaska that includes the City of Fairbanks, the City of North Pole and the Metropolitan Planning Area (MPA) within its boundary.

“FTA” is the Federal Transit Administration, an operating agency of the United States Department of Transportation.

“LRTP” means and shall be referred to as the FMATS adopted Long-Range Transportation Plan and all revisions thereto adopted as the MPO’s Metropolitan (official intermodal) Transportation Plan for the Metropolitan Planning Area reviewed and approved in accordance with this Agreement.

“MAJOR AMENDMENTS” are significant changes in the Transportation Improvement Program or Long-Range Transportation Plan. One or more of the following will constitute a major amendment: (1) the addition of a new project requiring an environmental assessment or an environmental impact statement; (2) a change to an existing project that requires an air quality conformity determination; (3) a change in a project that requires a change in a previously approved environmental assessment or environmental impact statement; (4) the deletion of a project. (17 AAC 05.195)

“MINOR AMENDMENTS” are non-significant new projects or a change in an existing project in the Transportation Improvement Program or Long-Range Transportation Plan.

“MPA” or “METROPOLITAN PLANNING AREA” means the geographic area determined pursuant to 23 USC § 134(c) in which the MPO carries out the development and implementation of transportation and air quality plans and programs under 23 USC § 134 and the Federal Transit Act § 8, respectively (shown in Attachment #1 to this Agreement).

“MPO” or “METROPOLITAN PLANNING ORGANIZATION” is the cooperative transportation planning organization for the Metropolitan Planning Area.

“NAAQS” is the National Ambient Air Quality Standards.

“NON-ATTAINMENT AREA” is that portion of the Metropolitan Planning Area, which has been designated as an air quality non-attainment area in the Federal Register (shown in Attachment #1 to this Agreement).

“NORTH POLE CITY COUNCIL” is the legislative governing body of the City of North Pole.

“PL” is the Metropolitan Transportation Planning funds authorized by 23 USC § 134.

“PLANNING COMMISSION” is the Fairbanks North Star Borough Planning Commission.

“POLICY COMMITTEE” OR “FMATS POLICY COMMITTEE” is the FMATS Policy Committee established in Section 5.2 of this Agreement for the cooperative decision making in accordance with this Agreement.

“SECTION 5303” – A Federal Transit Administration grant program fund designed to establish a cooperative, continuous, and comprehensive framework for making transportation investment decisions in metropolitan areas.

“SIP” or “STATE IMPLEMENTATION PLAN” is the State of Alaska Air Quality Implementation Plan.

“STATE” is the State of Alaska.

“STIP” is the Statewide Transportation Improvement Program, which is the State’s three year, statewide, financially constrained intermodal program of transportation projects. The STIP is consistent with the statewide transportation plan, and incorporates the TIP. It is developed pursuant to 23 USC § 135(f) and is approved by the Commissioner of ADOT&PF, the Governor, FTA and FHWA.

“TECHNICAL COMMITTEE” or “FMATS TECHNICAL COMMITTEE” is the FMATS Technical Committee established in Section 5.3 of this Agreement for the cooperative decision making in accordance with this Agreement.

“TIP” is the Transportation Improvement Program, which is the FMATS’ three year, financially constrained, intermodal program of transportation projects consistent with the FMATS LRTP for funding Metropolitan Planning Area transportation improvements, updated at least every two years and approved by the FMATS Policy Committee and the Governor in accordance with this Agreement.

“UPWP” is the Unified Planning Work Program, which is the two year operating program detailing funding and responsibilities for transportation planning and air quality

work tasks within the Metropolitan Planning Area. The UPWP provides for a continuing and comprehensive transportation planning process carried out by FMATS.

SECTION 5 – ORGANIZATION AND RESPONSIBILITIES

5.1 FMATS

FMATS is the balanced, cooperative, coordinated and comprehensive process between the MPO and State for the development of an FMATS Long-Range Transportation Plan, Transportation Improvement Program, Unified Planning Work Program and the Air Quality Plan.

5.1.1 In order to receive and expend federal funding for transportation and air quality improvements there must be coordination between the State and the MPO as required by federal regulation. Therefore, the purpose of FMATS is to provide the framework and mechanism for the MPO and the State to jointly develop and implement transportation and air quality plans and programs, which will assure compliance with State and Federal transportation planning and air quality requirements. The duties and responsibilities within FMATS are further described in this section.

5.1.2 FMATS is responsible for the metropolitan transportation planning process within the urbanized boundaries in accordance with the Unified Planning Work Program approved by the Policy Committee, the State, the FHWA, and the FTA.

5.2 FMATS Policy Committee

The Fairbanks Metropolitan Area Policy Committee, hereafter referred to as the “Policy Committee”, shall have as members, the Northern Region Director of the State of Alaska Department of Transportation and Public Facilities (ADOT&PF), the Fairbanks North Star Borough (FNSB) Mayor, the Mayor of the City of Fairbanks, the Mayor of the City of North Pole, a representative of the State of Alaska Department of Environmental Conservation (Air Quality), a designated representative of the FNSB Assembly, and a designated representative of the Fairbanks City Council. Each member of the Policy Committee shall have one vote.

5.2.1 The Powers and Duties of the FMATS Policy Committee

The FMATS Policy Committee shall have overall responsibility for the implementation of this Agreement, coordination of the FMATS’ efforts and responsibilities of the Technical Committee, and the ultimate development and adoption of the FMATS UPWP, FMATS TIP, FMATS LRTP and Air Quality Plan.

5.3 FMATS Technical Committee

There shall be a Technical Committee. Each member of the Technical Committee shall have one vote and all actions of the Technical Committee, including recommendations to the Policy Committee, shall be by a majority vote of the total authorized number of members.

5.4 Metropolitan Planning Area (MPA) under 23 USC § 134(c)

The Metropolitan Planning Area specified by 23 USC § 134(c) shall be the geographical area shown on Attachment #1 to the Agreement incorporated hereto by reference. Provided such boundaries conform to the requirements of 23 USC § 134(c), the MPO and the Governor may mutually agree to change the boundaries of the Metropolitan Planning Area.

SECTION 6 – KEY PLANS and PROGRAMS

6.1 There are four primary planning or programming activities that FMATS is responsible for developing. This section summarizes these key plans and programs, which include the Air Quality Plan, FMATS Long-Range Transportation Plan, Transportation Improvement Program, and FMATS Unified Planning Work Program.

6.1.1 Air Quality Plan

The Fairbanks North Star Borough, with full assistance from DEC, the MPO and all other cooperating agencies, is responsible for developing and updating an Air Quality Plan, which shall:

- (1) Identify area-wide objectives and policies required to attain and maintain the NAAQS for carbon monoxide (CO) for the Metropolitan Planning Area;
- (2) Inventory technical, physical, and other air quality planning data;
- (3) Analyze alternatives and establish strategies designed to attain and maintain the NAAQS for the Metropolitan Planning Area;
- (4) Address any other air quality issues required by the EPA or US Department of Transportation;
- (5) Provide for the implementation of the adopted air quality strategies as expeditiously as practical; and

- (6) Provide for and show reasonable further progress towards achievement of carbon monoxide standards within the non-attainment area.

6.1.2 FMATS Long-Range Transportation Plan

The MPO, in cooperation with the State, is responsible for developing or updating a FMATS Long-Range Transportation Plan. The MPO shall follow the latest federal planning requirements, as prescribed in 23 CFR 450.322.

6.1.3 Transportation Improvement Program

The MPO, in cooperation with the State, is responsible for developing or updating the FMATS Transportation Improvement Program. The MPO shall follow the latest federal planning requirements, as prescribed in 23 CFR 450.324.

6.1.4 Unified Planning Work Program

- (1) The MPO, with full assistance from the State and all other cooperating agencies, is responsible for developing or adjusting the FMATS Unified Planning Work Program. The MPO shall:
 - (a) Describe all the transportation and air quality planning and operational activities to be completed in a calendar year.
 - (b) Ensure early coordination with FHWA and FTA.
- (2) No later than July 1 of each year, ADOT&PF shall submit to the FMATS Policy Committee in writing the amount of estimated Federal PL and Section 5303 funds, and required match ratios, to be made available to FMATS for the next fiscal year of October 1 through September 30. ADOT&PF shall recommend work tasks with budgets for tasks in which it participates. FMATS staff shall develop and implement a UPWP public involvement program and prepare a UPWP with the full cooperation of ADOT&PF and the FMATS Technical Committee. Discussions between ADOT&PF and FMATS shall take place to determine how the proposed tasks can be accomplished in the most efficient and effective manner. The FMATS UPWP shall be reviewed by the FMATS Technical Committee, approved by the FMATS Policy Committee, and forwarded to ADOT&PF for concurrent approval by FHWA and FTA prior to any work being performed.

6.2 Changes/Amendments to Key Plans and Programs

6.2.1 A Major Amendment or Revision

The FMATS Policy Committee, with its responsibility to maintain existing plans and programs, shall approve major amendments. Major amendments will include a public involvement period consistent with FMATS public involvement policy. When written and oral comments are received on the draft FMATS LRTP or the FMATS TIP, a summary, analysis, or report on the nature of the comments shall be made part of the final FMATS LRTP and/or FMATS TIP as part of the document or as an appendix.

6.2.2 A Minor Amendment or Revision:

The FMATS Technical Committee, with its responsibility to maintain existing plans and programs while meeting the overall policy direction set by the FMATS Policy Committee, shall approve minor amendments. Minor amendments to the FMATS LRTP or FMATS TIP do not require FMATS Policy Committee approval, and no public review will be required. Notification of such amendments will be provided as information to the FMATS Policy Committee following the Technical Committee action.

6.2.3 Amendments/Changes to the FMATS Unified Planning Work Program (UPWP).

Changes in work assignments and studies to be performed to meet the air quality and transportation planning requirements may be made by the FMATS Policy Committee at such times and to such extent as deemed necessary. Total funds to be made available for the performance of said work and services shall not exceed the amount specified in the FMATS UPWP. Reimbursement will be made by ADOT&PF in accordance with procedures stated herein, and shall be expended only on the FMATS UPWP approved by the FMATS Policy Committee, the State, FHWA and FTA.

(1) Changes in funding levels for tasks, or changes in tasks, shall be requested as soon as possible after the need for such change is recognized.

(a) Major FMATS UPWP Adjustments
(No additional funding required)

Cumulative adjustments to the task budget amounts that exceed 10 percent of the original approved program budget, individual changes of \$25,000 or more to task budgets, or significant scope changes require the concurrence of the

FMATS Policy Committee, ADOT&PF, FHWA and FTA before becoming effective.

- (b) **Minor FMATS UPWP Adjustments**
(No additional funding required and no changes to scope)
The ADOT&PF Fairbanks Area Transportation Planner in conjunction with the FNSB Transportation Planner shall approve changes to the task budgets that do not exceed 10 percent of the approved program budget or individual changes of \$25,000 of a task budget require. A minor adjustment requires the concurrence of the FMATS Policy Committee Chair and ADOT&PF before becoming effective. The Policy Committee, FHWA and FTA will be notified as soon as possible of these changes.
- (c) **Program Total Funding Adjustments**
Requests for additional program funding will require the approval of FMATS Policy Committee, ADOT&PF, FHWA, and FTA.

SECTION 7 – CONSULTANT CONTRACTS

- 7.1 **FHWA and FTA Approval:** For all federally funded work to be done under a consultant contract, prior FHWA approval is required before a Request For Proposal (RFP) is issued. Early coordination is essential. The contracting agency will provide ADOT&PF with a draft Scope of Services for review and submittal to ADOT&PF Headquarters, FHWA and FTA.
- 7.2 **ADOT&PF Approval:** The contracting agency will coordinate with ADOT&PF to review the final RFP, Scope of Services, project budget and project management plan. ADOT&PF shall also have an opportunity to serve on the Selection Committee.
- 7.3 **Work Products:** ADOT&PF will have an opportunity to review draft work products prior to review by the Technical and Policy Committees.

SECTION 8 – INSPECTION OF WORK

ADOT&PF, as well as FHWA and FTA, shall at all times be accorded review and inspection of the work and shall at all reasonable times have access to the premises, to all data, notes, records, correspondence, and instruction memoranda or description which pertain to the work involved in the FMATS UPWP.

SECTION 9 – ADDITIONAL AND SEPARATE WORK PROJECTS

From time to time, ADOT&PF or the MPO may desire one of the other parties to perform additional work projects for services separate and apart from those set forth in the FMATS UPWP. At such times, the requesting party will notify the other party of the intention, including a request for the specific work and/or services desired. If there is a willingness and ability to do the work or perform the services requested, written acceptance by the requesting party of the terms accepted shall constitute authority to proceed with the work and/or services requested. The requesting party shall pay for such work or services within a reasonable time after billing. Such billing shall be made pursuant to the terms agreed upon for each particular work project.

SECTION 10 – PROGRAM REPORTING REQUIREMENTS

10.1 Reporting: UPWP

The MPO, with the full support of the other parties involved, shall report regularly upon the status of such planning and progress made on associated documents. Copies of the report will be provided to the Policy and Technical Committees for their information. The reporting procedures shall include, but not limited to, the following:

10.1.1 Quarterly Reports:

A quarterly financial statement, narrative progress report, and transit element report shall be submitted to ADOT&PF no later than the 23rd day following the last day of each FMATS UPWP fiscal quarter, in order to meet the requirements of 49 CFR 18.40 as supplemented by 23 CFR 420.113.

Within 30 days of the last day of the fiscal quarter, ADOT&PF shall either, review and approve the report, or request modifications. ADOT&PF Northern Region staff will forward the report to ADOT&PF Headquarters. It will be reviewed and forwarded to FTA and FHWA to meet the reporting requirements of 23 CFR 420.

If ADOT&PF staff request modifications, the report will be forwarded to ADOT&PF Headquarters staff as a draft report. The MPO shall then convey a revised submittal to ADOT&PF no later than 40 days following the last day of each fiscal year quarter. ADOT&PF shall approve or request additional modifications to the re-submittal no later than 50 days following the last day of each fiscal year quarter.

This final quarterly report shall serve as the basis for reimbursement and shall consist of the following:

- (1) Financial statement shall include task and program summary of the following data:
 - (a) Current quarterly expenditures
 - (b) Fiscal year to date expenditures
 - (c) PL, Sec. 5303, and local funds/in-kind expended to date
 - (d) PL, Sec. 5303, and local funds/in-kind remaining
- (2) Narrative progress report shall include:
 - (a) A description of work accomplished during the quarter
 - (b) Significant events (i.e. travel, training, conferences)
 - (c) Milestones reached in sufficient detail to justify the quarterly expenditures

For each task, the percentage complete shall be given, how the scheduled completion date matches the program estimated date, as well as the estimated completion date. Explanatory information shall be provided if the estimated completion date differs from the date contained in the UPWP.

- (3) The transit element report shall be in the format prescribed by the ADOT&PF Statewide Transit Coordinator and FTA.

10.1.2 Annual Report

The annual report for the FMATS UPWP fiscal year will contain an annual technical report concerning and summarizing the pertinent development, activities, and accomplishments of the tasks outlined within the UPWP of the past fiscal year. The annual technical report will be submitted within 60 days of the end of the fiscal year.

The report will contain:

- (1) A complete comparison of actual performance with established goal
- (2) Status of expenditures comparing budgeted (approved) amounts with actual costs incurred
- (3) Identify overruns and underruns and all information being consistent with FMATS UPWP revisions

10.1.3 Significant Events

Events that have significant impact on the work program shall be reported as soon as they become known. The type of events or conditions that require reporting include problems, delays or adverse conditions that materially affect the ability to attain program objectives. This disclosure shall be accompanied by a statement of the action taken or contemplated, and any state or federal assistance required resolving the situation.

10.1.4 Other Reports

Copies of formal reports, informal reports, and material emerging out of a task specified in the UPWP shall be governed by Section 11 of this Agreement.

SECTION 11 – PLANNING REPORTS

11.1 Planning Reports:

From time to time, ADOT&PF and the MPO may publish reports, documents, etc., upon completion of a portion and/or a phase of a particular planning element in the continuing transportation planning process. In order for the preparation and publishing of such reports to be eligible for participation of Federal funds, the FMATS Technical Committee shall review the report.

11.2 Publication

Publication by any party to the Agreement shall give credit to other parties, FTA and FHWA. However, if any party, FTA or FHWA does not wish to subscribe to the findings or conclusion of the study, the following statement shall be added:

“The opinions, findings, and conclusions expressed in the publication are those of the authors and not necessarily those of the [excluded party(ies)] or the FTA and FHWA”.

Furthermore, consultant logo's are prohibited from the cover of all reports, documents, etc. that are approved by FTA and FHWA.

11.3 Copies

One (1) Draft report will be submitted for review and two (2) final reports will be submitted for approval to the following agencies:

- Fairbanks North Star Borough
- ADOT&PF Northern Region Planning

- ADOT&PF Statewide Planning
- Federal Highway Administration
- Federal Transit Administration

The FHWA reserves a royalty-free, non-exclusive and irrevocable right to reproduce, publish, or otherwise use, and authorize others to use, the work for Government purposes.

SECTION 12 – DIVISION OF COST AND PAYMENT

12.1 Reimbursement

The maximum amount of Metropolitan Planning Funds available each year for reimbursement to the FNSB shall not exceed the budget approved in the FMATS UPWP or as amended. ADOT&PF will make reimbursement in accordance with the following procedures:

- (1) The FNSB shall submit to ADOT&PF a quarterly narrative progress report and financial statement, as defined in Section 10 of this Agreement.
- (2) Reimbursement will be made within 30 days after ADOT&PF receipt and approval of the quarterly narrative progress reports and financial statements, subject to Federal planning funds being made available and received for the allowable cost.
- (3) Within 60 days of ADOT&PF approval of the last quarter narrative progress report and financial statement for the fiscal year, ADOT&PF will close the FMATS UPWP account and request that an audit be performed.
- (4) The audit will be completed and final payment adjustments made within 120 days of the last quarter or to the extent possible.

12.2 ADOT&PF Tasks:

The parties may agree that ADOT&PF can most efficiently and effectively perform a task or a portion of a task to be funded with PL funds in the approved UPWP. In such cases, ADOT&PF shall:

- (1) Provide the MPO with all necessary documentation in order to permit the preparation of the reports required in Section 10 of this Agreement, Program Reporting Requirements.

- (2) Upon ADOT&PF approval of the quarterly narrative progress reports and financial statements, ADOT&PF shall submit a billing to FHWA for direct payment to ADOT&PF for approved FNSB UPWP costs.
- (3) ADOT&PF shall be reimbursed at the rate contained in the applicable Unified Planning Work Program.
- (4) ADOT&PF shall promptly provide the MPO with copies of its billings and statements.

12.3 Overruns:

The ADOT&PF and the FNSB acknowledge that they will receive benefits from the information developed by performance of the elements outlined in the FMATS UPWP. They agree to pay that portion of their element costs which exceed the total program funding level budgeted for the agency, as shown in the FMATS UPWP, without recourse to the other parties.

12.4 Cost Limitations:

Reimbursement of administrative and operational costs will be made without profit or markup. These costs shall be limited to:

- (1) Direct salaries and wages, with payroll taxes and fringe benefits at actual costs, or if prorated to be allocated on an equitable basis;
- (2) Telephone charges and necessary travel limited to program specific charges;
- (3) Overhead or indirect costs as approved annually in the respective FMATS UPWP line item budget and verified by audit. Such overhead shall be allocated on an equitable basis. Eligibility shall conform to the provisions of 23 CFR 420.111(c);
- (4) Training as approved specifically in the FMATS UPWP or otherwise specifically approved by ADOT&PF, FHWA or FTA.

12.5 Rate of Reimbursement:

Reimbursement shall be at the rate specified and contained in the applicable FMATS UPWP.

12.6 Financial Accounting Level:

The expended funds will be accounted for at the task level (110, 120, 130, etc.).

12.7 Fiscal Year:

The FMATS UPWP fiscal year will be October 1 to September 30.

SECTION 13 – PROCUREMENT, MANAGEMENT, AND DISPOSITION OF PROPERTY

Procurement and management of property acquired for the program, including disposition of property if the program is discontinued, will be in accordance with 48 CFR, and 49 CFR 18.31 – 33.

SECTION 14 – AUDIT PROCEDURES

14.1 In addition to the requirements stated in this section, requirements for audit as defined in 23 CFR 420 and 49 CFR 18 will be used as guidelines. Also, with respect to contract cost principles and procedures, 48 CFR 31 will be used as guidelines.

14.2 Each participating party will maintain complete records of all manpower, materials and out-of-pocket expenses, and will accomplish all record keeping in accordance with the following procedures:

14.2.1 Each participating party will furnish ADOT&PF copies of all certified payrolls which shall include the hourly rate for each employee working on the project during the reporting period. In addition, a loaded rate factor will be shown in a manner compatible with existing FNSB procedures. The load rate factor is subject to adjustment based upon audits occurring during the life of this Agreement.

14.2.2 Time Sheets

Individual time sheets will be maintained reflecting the daily total amount of hours worked and amount of time spent on each task within the program. It is imperative that the hours be traceable to the task.

14.2.3 Materials

Copies of invoices shall support costs of any purchased materials utilized on this project.

14.2.4 Out-of-Pocket Expenses

Copies of receipts shall support all expenses.

14.2.5 Record System

The record system will be such that all costs can be easily traceable from all billings through the ledgers to the source document. Each expenditure must be identified with the task within the current approved FMATS UPWP.

14.2.6 Cost Overruns

When expenditures are anticipated to overrun in one FMATS UPWP work element, the procedures for budget changes as outlined in Section 6.2 must be followed.

- 14.3 Each consultant contract or professional services agreement, in which the FNSB or the ADOT&PF engages, may require a specific audit for that project or agreement. The award of any such construction related engineering design services contract must be made in conformity with applicable Federal and ADOT&PF contracting procedures including ADOT&PF Procedure 10.02.010, and related Professional Services Agreement Handbook, or based on acceptable alternative contracting procedures approved by ADOT&PF and FHWA. This requirement is in addition to any agency-wide audit conducted pursuant to 23 CFR 12 – Single Audit Requirements.
- 14.4 The FMATS Program is to be audited every two years by ADOT&PF Internal Review auditors to insure adequate coverage. ADOT&PF and the FNSB and/or its subcontractors under this Agreement shall maintain all records and accounts relating to its costs and expenditures for the work during any fiscal year for a minimum of three (3) years following receipt of the final payment, and shall make them available for audit by representatives of ADOT&PF, FHWA and FTA at reasonable times. The FNSB shall maintain records in a form approved by ADOT&PF. Final payment is defined as the final voucher paid by FHWA to ADOT&PF based on an audit. A FNSB request to close out a fiscal year or project account does not constitute final payment.
- 14.5 Any review, which does not meet Federal requirements, will be resolved between ADOT&PF and the FNSB. The financial records relating to a FMATS UPWP year may be closed out once FHWA accepts the audit and final payment adjustments have been made.

SECTION 15 – COMPLIANCE WITH TITLE VI, CIVIL RIGHTS ACT OF 1964

- 15.1 The FNSB hereby agrees as a condition to receiving any Federal financial assistance from the USDOT, to comply with Title VI of the Civil Rights Act of

1964, (78 Statute 252, 42 USC § 2000d – 2000d-4 hereinafter referred to as the “Act”) and all requirements imposed by or pursuant to Title 49 CFR, USDOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the USDOT, Effectuation of Title VI of the Civil Rights Act of 1964 (hereinafter referred to as the “Regulations”), 49 CFR 26 Participation of Disadvantage Business Enterprises in Department of Transportation financial assistance programs, and the Americans with Disabilities Act and other pertinent directives to the end that in accordance with the Act, Regulations, and other pertinent directives, no person in the United States shall on the grounds of race, color, sex, or national origin be excluded from participation in, be denied the benefits of , or activity for which the FNSB receives Federal financial assistance from the USDOT, including FHWA and FTA, and hereby gives assurance that is will promptly take any measure necessary to effectuate this Agreement. This Assurance is required by 49 CFR 21.7A(1).

- 15.2 More specifically, and without limiting the above general assurance, the FNSB hereby gives the following specific assurance with respect to the project:
 - 15.2.1 The FNSB agrees that each “program” and “facility” as defined in subsections 21.23(b) and (e) of the Regulations, will be (with regard to a program) conducted or will be (with regard to a facility) operated in compliance with all requirements imposed by, or pursuant to, the Regulations
 - 15.2.2 The FNSB shall insert the clauses of this assurance in every contract subject to the Act and Regulations.
 - 15.2.3 Where the FNSB received Federal financial assistance to carry out a program of managerial training, under 49 USC § 5303 – 5306, the assurance shall obligate the FNSB to make selection of the trainee without regard to race, color, sex, or national origin.
 - 15.2.4 Where the FNSB receives Federal financial assistance to carry out a program under 49 USC § 5303 – 5306, the assurance shall obligate the FNSB to assign transit operators, and to furnish transit operators, for charter purposes without regard to race, color, sex, or national origin.
 - 15.2.5 Where the FNSB receives Federal financial assistance to carry out a program under the 49 USC § 5303 – 5306, routing scheduling, quality of service, frequency of service, age/quality of vehicles assigned to routes, quality of stations serving different routes, and locations of routes may not be determined on the basis of race, color, sex, or national origin.
 - 15.2.6 This assurance obligates the FNSB for the period during which Federal financial assistance is extended to the projects, except where the Federal financial assistance is to provide, or is in the form of, personal property, or

real property or interest therein or structures or improvements thereon; in which case the assurance obligates FNSB or any transferee for the longer of the following periods: a) The period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or b) the period during which the FNSB retains ownership or possession of the property.

- 15.2.7 The FNSB shall provide for such methods of administration for the program, as are found by the Secretary of Transportation or the official to whom he delegates specific authority to give reasonable guarantee that it, other FNSB sub-grantees, contractors, subcontractors, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Act, the Regulations, and this Assurance.
- 15.2.8 The FNSB agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Act, Regulations and this Assurance.
- 15.3 This Assurance is given in consideration of and for the purpose of obtaining, any and all Federal grants, loans, contracts, property, discounts, or other Federal financial assistance extended after the date thereof to the FNSB by the FHWA and/or FTA programs and is binding on it, other FNSB sub-grantees, contractors, subcontractors, transferees, successors in interest, and other participants in FHWA and/or FTA programs. The person or persons whose signature appears below are authorized to sign this assurance on behalf of the FNSB.

SECTION 16 – DISADVANTAGED BUSINESS ENTERPRISES (DBE) PROGRAM REQUIREMENTS

16.1 Compliance

The parties, their agents and employees shall comply with the provisions of 49 CFR 26 and Title VI of the Civil Rights Act of 1964. 49 CFR 26 requires that all parties shall agree to abide by the statements in paragraphs 16.2 and 16.3 and shall include these statements in the FNSB USDOT financial assistance agreement and in all subsequent agreements between the FNSB and any sub-grantees and any contractor.

16.2 Policy

It is the policy of the USDOT that Disadvantaged Business Enterprises (DBE), as defined in 49 CFR 26 shall have an equal opportunity to participate in the performance of contracts financed in whole or part with Federal funds under this Agreement. Consequently the DBE requirements of 49 CFR 26 apply to this Agreement.

16.3 DBE Obligation

The Parties to this Agreement or their contractors agrees to ensure that Disadvantaged Business Enterprises (DBE), as defined in 49 CFR 26 have an equal opportunity to participate in the performance of contracts and sub-contracts financed in whole or part with Federal funds provided under this Agreement. In this regard the Parties to this Agreement and/or their contractors shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of USDOT assisted contracts.

SECTION 17 - AMENDMENTS

This Agreement may be amended only in writing, and must be done prior to undertaking changes or work resulting therefrom or incurring additional costs or any extension of time. Said amendments are subject to approval by the FMATS Policy Committee and the State of Alaska.

SECTION 18 – LIMITATION OF LIABILITY

No liability shall be attached to the State and/or the FNSB by reason of entering into this Agreement, except as expressly provided herein.

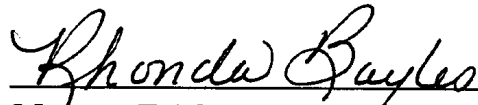
SECTION 19 – COMPLIANCE WITH LAWS

In addition to the laws, statutes, regulations and requirements stated herein, all Parties to this Agreement shall be knowledgeable of and comply with all Federal, State and local laws and ordinances applicable to the work to be done under this Agreement.

SECTION 20 – TERMINATION OF AGREEMENT

This Agreement will continue in force until or unless the Parties terminate the Agreement in writing.

SIGNATURES



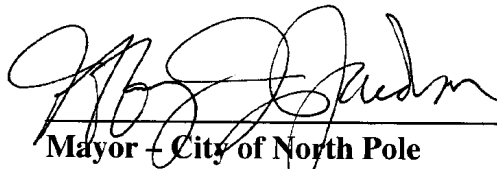
Mayor - Fairbanks North Star Borough

3/28/02
Date



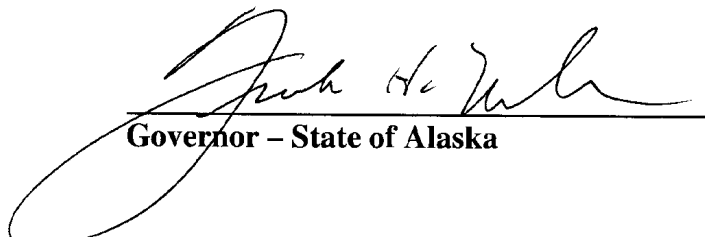
Mayor - City of Fairbanks

3/11/03
Date



Mayor - City of North Pole

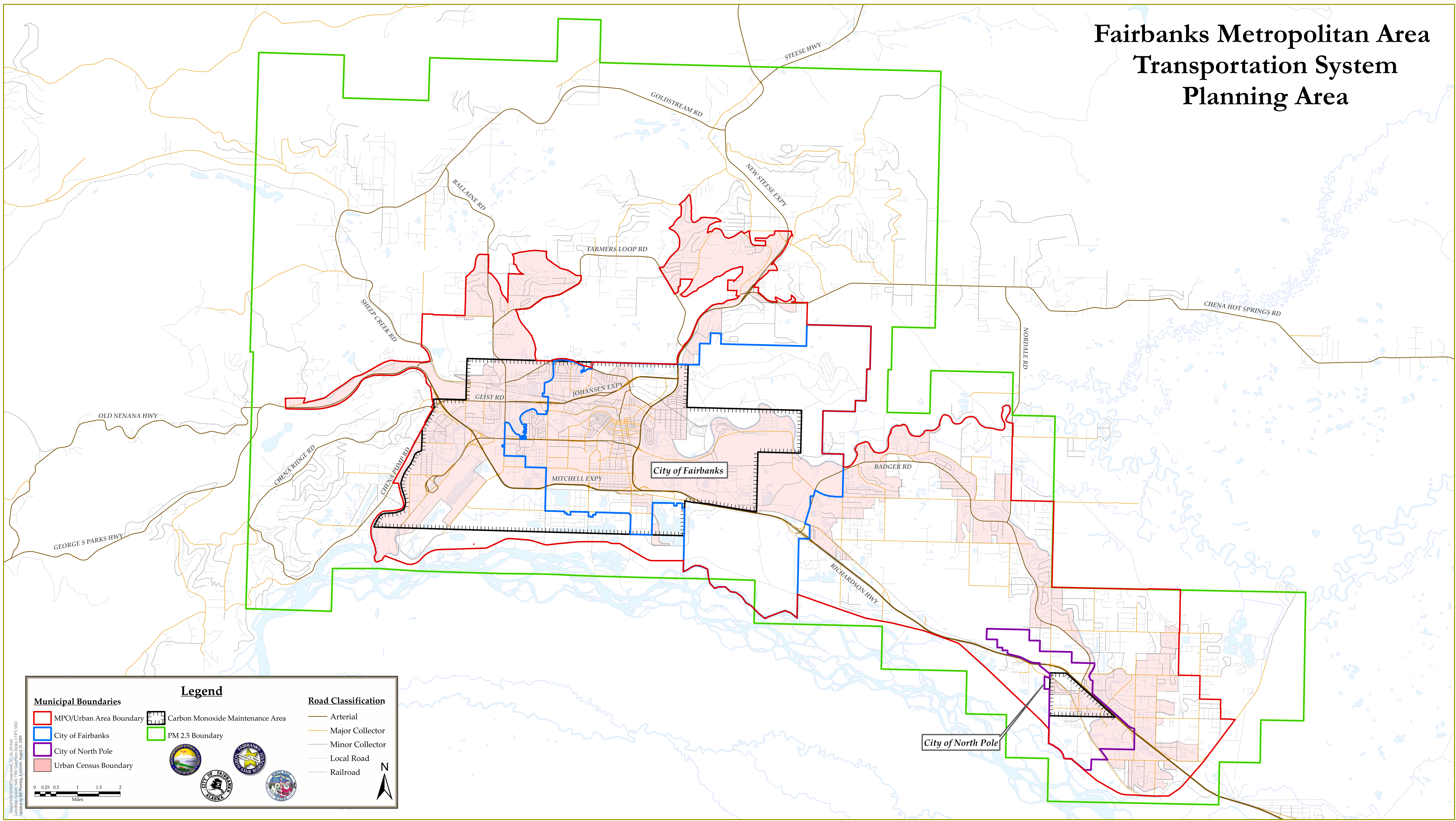
3/11/03
Date



Governor - State of Alaska

4-15-03
Date

Fairbanks Metropolitan Area Transportation System Planning Area



Legend

Municipal Boundaries	Carbon Monoxide Maintenance Area	Road Classification
MPO/Urban Area Boundary	PM 2.5 Boundary	Arterial
City of Fairbanks		Major Collector
City of North Pole		Minor Collector
Urban Census Boundary		Local Road
		Railroad

Scale: 0 0.25 0.5 1 1.5 2 Miles

Logos: City of Fairbanks, City of North Pole, Fairbanks Local Fair Board, Fairbanks Planning Board, Fairbanks Chamber of Commerce, Fairbanks Area Chamber of Commerce, Fairbanks Area Chamber of Commerce.