

Mr. Harry E. Cunningham (Cont.) - 2 -

July 16, 1959

legislative prohibition, it appears possible that Region 10 could be authorized to cooperate with the State in performing non-highway functions on a basis of reimbursement by wholly state funds. We are not adverse to such maintenance of airfields and the work can be accomplished concurrently with normal highway maintenance operations in most instances.

Your assistance in resolving this situation will be greatly appreciated. It must be emphasized that there is an urgent need for an immediate resolution of this problem.

INFORMATIONAL

10-00.1

Mr. Wm. J. Niemi, Regional Engineer
Juneau, Alaska

July 21, 1959

26-40

H. E. Cunningham, Western Counsel
San Francisco, California H. E. CUNNINGHAM

Services to State of Alaska

Special note is taken of your memorandum of July 16 to the effect that the maintenance of airfields for the State of Alaska, by working out some arrangement through the Federal Aviation Agency, may not be generally feasible. The question then concerns how such services may be performed by BPR for Alaska, including other types of services as, for example, construction or maintenance of roads not on the Federal-aid System.

It would seem that the benefits of Section 44(b) are still available to Alaska, upon request of its Governor to the President, regardless of the fact that the general bulk of the operations have been brought under paragraph (c) of said section. However, since other agencies of Commerce may be involved, and in view of the situation indicated, the matter is being referred to the General Counsel for consideration and advice.

Mr. Enfield has been requested to answer you directly.

cc: Mr. C. W. Enfield ✓

P. O. Box 1961
Juneau, Alaska

10-00

September 9, 1959

The Honorable William A. Egan
Governor of Alaska
Juneau, Alaska

My dear Governor Egan:

Please refer to your letter of September 2, 1959, to Mr. Harris L. Gordon of Homer, Alaska, a copy of which was furnished to this office.

With a substantial increase in Federal-aid highway fund allocations to Alaska under the full formula, the schedule for improving the Sterling Highway between Soldotna and Homer can be greatly improved. The section from Homer northward to Anchor River, a distance of 13.8 miles, is now under active reconstruction and will be completed about August 1, 1960. Improvement of the remaining section from Anchor River northward to Soldotna, a distance of 60.5 miles, is in the current approved program. Surveys and design are being pushed and we are very hopeful that three separate construction contracts can be awarded in the spring of 1960 with completion in the summer of 1961. Paving may be possible northward from Homer in late 1960, and southward from Soldotna in late 1961. The completion of the entire section would come in the fall of 1962. This is a rather tight schedule but we are optimistic that it can be met.

At this point a word of caution is advisable. In former days people of Alaska were happy to see roads built and were willing to grant right-of-way without hesitation and without cost. I can recall that you personally donated considerable right-of-way for the improvement and paving of the Richardson Highway at your homesite at Mile 50 on that highway. A large part of the Kenai Peninsula has been homesteaded, much of it under favorable veterans' rights. After securing patent the owners have moved and are difficult to trace. An increasing number are unwilling to accept appraised offers for right-of-way, which requires that we resort to condemnation, a slow and exacting procedure. Still others, including a member of the present State Legislature, question the legality of reservations for right-of-way in existing Federal legislation. REA power lines parallel and cross the highway at many points. A reasonable length of time must also be allowed the local public utility districts to budget funds and physically relocate their lines. These are all factors that are not apparent to the average citizen who can only comprehend his personal inconvenience while all this is going on.

RG 30, Bur. of Public Roads
E. 6 D, Gen. Corr. + Related Recs, 1955-59
Box 1128

Governor Egan

-2-

September 9, 1959

Please be assured that all concerned will exert every effort to keep our greatly increased highway program moving on schedule. We appreciate your constructive statement to Mr. Gordon that the construction work under way, by those in charge of Alaska's highway program is actually designed to remedy the problems and inconveniences that are being experienced at the present time.

Sincerely yours,

Wm. J. Niemi
Regional Engineer

cc: Mr. Royster, Washington office ✓ Mr. Gordon

RG 30, Bur. of Public Roads
E. 6 D, Gen Corr. + Related Recs, 1955-59
Box 1128

BUREAU OF PUBLIC ROADS

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Paul F. Royster, Asst. Commissioner for Operations, Washington, D.C. DATE: Sept. 9, 1959

23-00

FROM : Wm. J. Niemi, Regional Engineer WJN

10-110 Juneau, Alaska

SUBJECT: Congressional and State Correspondence Regarding Improvement of the Sterling Highway, Kenai Peninsula, Alaska

The attached copies of correspondence from Senator Ernest Gruening, Representative Ralph J. Rivers, and Governor William W. Egan refer to complaints from the community of Homer regarding the rate of progress of improving and paving the Sterling Highway leading to that community. Also attached is a draft of a proposed reply to Senator Gruening and Representative Rivers. This office has already replied to Governor Egan.

In past years under the modified Federal-aid formula, which provided about \$9,000,000 per year of construction funds for Alaska Federal-aid projects, the improvement and paving of the Sterling Highway was advanced at a rate of about 20 miles per year. Paving now extends from the Seward-Anchorage highway to Soldotna, a distance of 60 miles. There remains 79 miles to improve and pave from Soldotna to Homer. The section from Homer northward to Anchor River, a distance of 19 miles, is now under reconstruction by contract with completion scheduled for August 1, 1960. The remaining 60 miles from Soldotna to Anchor River is in an approved program and is now under field survey and design. If rights-of-way and utilities can be cleared we expect to advertise the 60 mile section for construction in three separate contracts in the spring of 1960, to be followed with paving contracts when ready. It is our best estimate that the paving will be completed in the fall of 1962 under a very tight schedule. All of this program starts with fiscal year 1961 Federal-aid apportionments since all of fiscal year 1960 Federal-aid apportionment to Alaska is reserved for maintenance as permitted by the Alaska Omnibus Act.

As an interesting sidelight on this controversy, the preliminary report of the Project Examination Division team which studied the operations of Region 10 in July and August 1959, contains the following recommendation: "That more attention be given to the economic justification for reconstruction, with particular consideration given to the traffic and maintenance costs and cost benefits to be derived from the reconstruction." The report questioned particularly the need for improving the Sterling Highway.

2 E 1 1 1020

Mr. Paul F. Royster

-2-

Sept. 9, 1959

It is the opinion of this office that the low traffic count on the southern portion of the Sterling Highway can be attributed to the dusty gravel surface of the existing road which deters recreation travel. All recent expansion and investment in the Homer community has been pointed in the direction of the tourist trade and as a recreation spot for residents of the nearby populated areas.

Attachments

- c Ltr. Mr. Gordon to Gov. Egan, 8/29/59
- c Ltr. Gov. Egan to Mr. Gordon, 9/2/59
- c Ltr. Senator Gruening to BPR, 9/2/59, w/ack.
- c Ltr. Rep. Rivers to BPR, 9/4/59, w/ack.
- c Ltr. BPR to Gov. Egan, 9/9/59
- Draft to Senator Gruening and Rep. Rivers

Alaska,

23 10

SEP 18 1959

Honorable Ralph J. Rivers
House of Representatives
Washington, D. C.

Dear Mr. Rivers:

Your letter of September 4, 1959, to Regional Engineer William J. Blazal, Juneau, Alaska, concerning the improvement and paving of the Sterling Highway on the Kenai Peninsula, has been forwarded to this office for reply.

It is anticipated that future Federal-aid apportionments for highways under the full formula will provide a substantial increase in funds to the State of Alaska. This should result in a stepped-up program for improvement of the Sterling Highway, and we have been assured that this is in the current plans.

The Sterling Highway is now paved from the Seward-Anchorage Highway to Soldotna, a distance of 60 miles. There remains 79 miles of unpaved road between Soldotna and Homer of which a 19-mile section between Homer and Anchor River is now under active reconstruction. The remaining 60 miles north from Anchor River to Soldotna is planned for reconstruction in the summer of 1960 with completion in 1961. It is anticipated that paving will start in 1961 and be completed in 1962. The foregoing schedule is a very tight one and is contingent on satisfactory progress in acquisition of the necessary right-of-way which is becoming an increasingly difficult problem in Alaska. Owners are placing greater value on their holdings and in many instances are requiring the State to resort to the time consuming process of condemnation.

We can assure you that the Alaska program will be given close attention in order to maintain a reasonable construction schedule. We trust that the above information provides a

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Box 1128

satisfactory reply to your letter, however, if additional information in this regard is desired we shall be pleased to advise you further upon receipt of your request.

Sincerely yours,

Paul F. Royster
Assistant to the
Federal Highway Administrator

CLewis:tb

Control No. PA-4980 (9/17/59)

cc: Files (2)

Federal Hwy. Projs. Div.

Mr. W. J. Hani (2-cc)

Mr. B. D. Tallamy

Mr. E. L. Armstrong

Mr. Royster - Room 314

CC Unit - Room 310

Cleared Through
Administrative Correspondence Unit

P. O. Box 1961
Juneau, Alaska

September 9, 1959

10-00

The Honorable Ralph J. Rivers
Member of Congress
House of Representatives
Washington, D. C.

My dear Mr. Rivers:

Please refer to your letter of September 4, 1959, regarding
improvement of the Sterling Highway to Homer, Alaska

In accordance with established policy your inquiry is being
forwarded to our Washington office for reply.

Sincerely yours,

Wm. J. Niemi
Regional Engineer

cc: Washington office

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E. 6D, Gen. Corr. + Related Recs, 1955-59
Box 1128

P. O. Box 1961
Juneau, Alaska

10-00

September 9, 1959

The Honorable Ernest Gruening
United States Senate
Washington, D. C.

My dear Senator Gruening:

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forwarded to our Washington office for reply.

Sincerely yours,

Wm. J. Nienti
Regional Engineer

cc: Washington office ✓

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OFFICE OF THE GOVERNOR
JUNEAU

September 2, 1959

Mr. Harris L. Gordon
P. O. Box 194
Homer, Alaska

Dear Mr. Gordon:

I regret learning of the economic failure on the lower Kenai Peninsula as indicated in your letter of August 29. It had certainly been my hope that this year, 1959, would see the biggest tourist boom in history over your area.

However, I cannot help but feel that the construction work underway by those in charge of Alaska's highway program is actually designed to remedy the problems and inconveniences that are being experienced at the present time. If this is not the intent of the work being conducted on the highways in your area, then I would agree that changes should be made. I am taking the liberty of sending a copy of your letter over to the Bureau of Public Roads officials. Perhaps they can shed some light on the underlying reason for the work now being accomplished.

I do hope that the situation in your area does not continue to be as vexing and annoying as you point it out to be at the present time.

With kindest regards, I am

Sincerely yours,

William A. Egan
Governor

cc: Mr. William J. Niemi, Regional Engineer
Bureau of Public Roads
P. O. Box 1961
Juneau, Alaska

HEADY HOTEL

On Beautiful Kachemak Bay

AUG 31 1959

GOVERNOR'S OFFICE

Harris and Thomas M. Gordon
Proprietors

P. O. Box 14
Nome, Alaska

Rooms with or without bath

August 29, 1959

The Honorable Willis A. Egan
The Executive Mansion
Juneau, Alaska

Dear Sir:

As business people here in Homer, Alaska and especially being in the hotel business we are becoming worried over the situation that has arisen here.

The tourist trade that has picked up tremendously this year in other parts of Alaska, especially in the Anchorage and Fairbanks area is passing us by. Our tourist business has dropped off nearly one half of what it was in 1958. This decreased activity is the result of word being circulated in the Anchorage area that the roads on the Lower Kenai Peninsula are in poor condition due to the construction work between Anchor Point and Homer and to the rough dusty sixty mile unpaved portion between Anchor Point and Soldotna; Soldotna being the end of pavement from Anchorage.

At a recent Homer Chamber of Commerce meeting one of the Bureau of Public Roads engineers said that the work program was laid out to keep the road under construction until 1965. Is the Federal and the new State politicians trying to strangle the Lower Kenai Peninsula? The present program affects Kasilef, Olan Gulch, Minilchik, Ooboo, Anchor Point and Homer. Due to a poor fishing year as well as a poor tourist season these places are hard pressed.

Will we have to apply for disaster funds or attempt to get men into strategic positions who are interested in this part of Alaska? We want to be self supporting so feel that aid given us in the form of speeding up road construction would be more advantageous for all concerned.

We know that you are a busy man but hope that you give some consideration to this matter that is vital to this section of the State.

Very truly yours,

Thomas M. Gordon

23-10

SEP 18 1959

Honorable Ernest Gruening
United States Senate
Washington, D. C.

Dear Senator Gruening:

Your letter of September 2, 1959, to Regional Engineer William J. Eleni, Juneau, Alaska, concerning the improvement and paving of the Sterling Highway on the Kenai Peninsula, has been forwarded to this office for reply.

It is anticipated that future Federal-aid apportionments for highways under the full formula will provide a substantial increase in funds to the State of Alaska. This should result in a stepped-up program for improvement of the Sterling Highway, and we have been assured that this is in the current plans.

The Sterling Highway is now paved from the Seward-Anchorage Highway to Soldotna, a distance of 60 miles. There remains 70 miles of unpaved road between Soldotna and Homer of which a 10-mile section between Homer and Anchor River is now under active reconstruction. The remaining 60 miles north from Anchor River to Soldotna is planned for reconstruction in the summer of 1960 with completion in 1961. It is anticipated that paving will start in 1961 and be completed in 1962. The foregoing schedule is a very tight one and is contingent on satisfactory progress in acquisition of the necessary right-of-way which is becoming an increasingly difficult problem in Alaska. Owners are placing greater value on their holdings and in many instances are requiring the State to resort to the time consuming process of condemnation.

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We can assure you that the Alaska program will be given close attention in order to maintain a reasonable construction schedule. We trust that the above information provides a satisfactory reply to your letter, however, if additional information in this regard is desired we shall be pleased to advise you further upon receipt of your request.

Sincerely yours,

Paul F. Royster
Assistant to the
Federal Highway Administrator

WLF
CALewis:nk

Control No. PR-4980 (9/17/59)

cc - Files (2) ✓

Federal Hwy. Projs. Div. ✓

Mr. W. J. Niemi (2-cc) ✓

Mr. B. D. Tallamy ✓

Mr. E. L. Armstrong ✓

CC Unit - Room 810 ?

Mr. Royster - Room 814 ✓

Cleared Through
Administrator's Correspondence Unit

BUREAU OF PUBLIC ROADS

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Paul F. Royster, Asst. Commissioner for Operations, Washington, D.C. DATE Sept. 9, 1959
23-00

FROM : Wm. J. Niemi, Regional Engineer JUN 21
10-00 Juneau, Alaska

SUBJECT : Congressional and State Correspondence Regarding Improvement of the Sterling Highway, Kenai Peninsula, Alaska

The attached copies of correspondence from Senator Ernest Gruening, Representative Ralph J. Rivers, and Governor William A. Egan refer to complaints from the community of Homer regarding the rate of progress of improving and paving the Sterling Highway leading to that community. Also attached is a draft of a proposed reply to Senator Gruening and Representative Rivers. This office has already replied to Governor Egan.

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26 SEP 11 1959

Mr. Paul F. Royster

-2-

Sept. 9, 1959

It is the opinion of this office that the low traffic count on the southern portion of the Sterling Highway can be attributed to the dusty gravel surface of the existing road which deters recreation travel. All recent expansion and investment in the Homer community has been pointed in the direction of the tourist trade and as a recreation spot for residents of the nearby populated areas.

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- c Ltr. BPR to Gov. Egan, 9/9/59
- Draft to Senator Gruening and Rep. Rivers

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BUREAU OF PUBLIC ROADS

Alaska

Mr. W. J. Miami, Regional Engineer
Juneau, Alaska

November 17, 1959

C. W. Enfield, General Counsel

ADMINISTRATIVELY
RESTRICTED

26-32

By: (Signed) Joseph H. Marshall, General Counsel
Joseph H. Marshall

Milk Fuel Storage Facility - Iadi Air Force Base, Alaska

Reference is made to the memorandum dated November 10, 1959 to you from Mr. J. C. Allen, Assistant Commissioner relative to the above subject.

In connection with the same matter we had written a related memorandum on November 12, 1959, to Mr. Harry E. Cunningham, Western Counsel, a copy of which is attached for your information.

In view of the matters discussed in the memorandum to Mr. Cunningham, it is suggested that you coordinate with Mr. Cunningham any action which you propose to take pursuant to the above referenced memorandum from Mr. Allen.

Until we have further information relative to the arrangements, and the authority and funds used, for the construction of this facility at Iadi Air Force Base, we will be unable to determine proper methods available for the disposal of this facility.

Attachment

AJWalters:wh

cc: Mr. Enfield
Mr. H. E. Cunningham
Mr. H. H. Krevor
Mr. J. C. Allen to Mr. F. P. Alexander
Mr. S. C. Woolsey ✓
Mr. Booth to Mrs. Arleta Johnson
Mr. Quaiolo
Mr. Walters
Files

I AM INFORMED THAT A GROUP OF EMPLOYEES OF THE

FEDERAL BLDG 101

MIAMI REGIONAL ENGINEERS BUREAU OF PUBLIC ROADS

FEDERAL BLDG 101 JUNEAU, ALASKA
SIGNAL CORPS, UNITED STATES ARMY
ALASKA COMMUNICATION SYSTEM

X

alaska

23-10

SEP 17 1959

Honorable Ernest Gruening
United States Senate
Washington, D. C.

Dear Senator Gruening:

We have received copies of your telegram to our Juneau field office and their reply, concerning the suspension of electric service to our employees at Cantwell, Alaska.

Complete information concerning this subject will be forwarded to you when the field report mentioned in Mr. Niemi's telegram is received.

Sincerely yours,

Paul F. Royster
Assistant to the
Federal Highway Administrator

MLHarshberger:nk
Control No. PR-4979 (9/17/59)
cc - Files (2) ✓
Federal Hwy. Projs. Div. ✓
Mr. W. J. Niemi - (2-cc) ✓
Mr. E. L. Armstrong ✓
Mr. B. D. Tallamy ✓
CC Unit - Room 810?
Mr. Royster - Room 814 ✓

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Administrator's Correspondence Unit

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SEP 11 1959

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PUBLIC ROADS

JUNEAU ALASKA SEPTEMBER 8, 1959

DAY LETTER

HON. ERNEST GRUENING
UNITED STATES SENATE
WASHINGTON, D. C.

CANTWELL ELECTRIC SERVICE UNDER FIELD INVESTIGATION. FULL REPORT WILL
FOLLOW THROUGH WASHINGTON HEADQUARTERS

NIEMI BPR

PR-4979

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RECEIVED GENERAL SERVICE
HON. ERNEST GRUENING

DVA TELLEN

JUNE 11 1954

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PUBLIC ROADS

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TELEGRAM
ALASKA COMMUNICATION SYSTEM
SIGNAL CORPS, UNITED STATES ARMY
FEDERAL BLDG., JUNEAU, ALASKA

WILLIAM J NIEMI REGIONAL ENGINEER BUREAU OF PUBLIC ROADS
FEDERAL BLDG JUN

I AM INFORMED THAT A SMALL GROUP OF EMPLOYEES OF THE
BUREAU OF PUBLIC ROADS HAVING THEIR RESIDENCES CLOSE TO
THE BPR INSTALLATION IN CANTWELL HAD BEEN PERMITTED TO
USE THE ELECTRIC SERVICE OF THE BPR AT A CHARGE OF
\$20. PER MONTH BUT THAT AS OF JUNE 1ST LAST THIS
SERVICE HAS BEEN WITHDRAWN SINCE THERE IS AS YET NO
OTHER SOURCE OF POWER AVAILABLE IN THIS REGION, ALL THE
ELECTRICAL APPLIANCES OWNED BY THESE PEOPLE - STOVES, ~~REF~~
REFRIGERATORS PUMPS, LIGHTS, ETC. HAVE BEEN RENDERED USELESS
WOULD APPRECIATE YOUR LOOKING INTO THE SITUATION PROMPTLY AND ~~KK~~
LETTING ME KNOW THE REASON FOR SUCH DISCONTINUANCE AND WOULD
ASK YOU HEREWITH TO RESUME SUCH
ELECTRIC SERVICE AS PROMPTLY AS POSSIBLE IF AT ALL FEASIBLE
ERNEST GRUENING USS

PR 4979

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Box 1128

BUREAU OF PUBLIC ROADS

Alaska
WIM

Mr. R. E. Olmert

September 15, 1959

W. L. Norman

24-71

Appropriation 612-Construction, Operation and Maintenance of Roads,
Alaska

This afternoon, I called Mr. Mike Bales in Juneau, Alaska as you requested, in regard to the obligation of \$34,666.50 in July 1959 on appropriation 612. Mr. Bales stated, "he was not familiar with the details of the appropriation" and called Mr. Ellis Shelhamer, his Finance Officer, to the phone.

Mr. Shelhamer stated he was not of the opinion that the subject appropriation was repealed effective July 1, 1959, by Section 21(d)(3) of Public Law 86-70, approved June 25, 1959 (Alaska Omnibus Act). In this respect, I referred him to memorandum of April 14, 1959, to Mr. J. C. Allen from Mr. Miami (copy attached) and memorandum of June 2, 1959, from Mr. H. S. Cunningham to Mr. C. W. Enfield (copy attached) relative to the utilization of balances for this appropriation.

I then inquired as to the nature of the obligations incurred in July. Mr. Shelhamer stated they were the result of payment of claims which could not be recorded as an obligation under Section 1311 of Public Law 663 approved August 26, 1954. He also stated that subsequent obligations of this nature had been recorded since July 31, 1959. It appears that these obligations are unrecorded June 30, 1959 obligations and therefore should be included on the Section 1311 report for F.Y. 1959.

I asked Messrs. Bales and Shelhamer to make a detailed analysis of this appropriation since July 1, 1959 and wire this office their findings as soon as possible. Mr. Bales said they would get a wire off before closing time (Juneau) today.

I also asked Mr. Bales about an answer to your memorandum of July 23, 1959, relative to the possibility of over-obligation of June 30, 1958 administrative funds. Mr. Bales will have a reply on the late mail plane out of Juneau tomorrow (Wednesday September 16, 1959).

Attachments - 2

WNorman:lmj (9-15-59)

cc: Mr. C. E. Fincher, Jr.
Mr. E. DeFriedas, Accts. Br.
Mr. J. Warren, Systems Br.
Budget Br. (6/30/59 1311 File)
Chron. File ✓

BUREAU OF PUBLIC ROADS

COPY

24-00 Mr. J. C. Allen, Assistant Commissioner for
Administration, Washington, D. C.

April 14, 1959

10-00 Mr. J. Niemi, Regional Engineer
Juneau, Alaska

Appropriation No. 612

The Alaska Omnibus Act in its present form will apparently end our authority to incur further obligations under Appropriation No. 612, a carry-over from the Alaska Road Commission, and the appropriation will be available only to liquidate existing obligations and claims. Our concern at this time is the large balance which must be reserved for claim when we are confident that the claims will not be approved in the amounts submitted by claimants. The following is the current status of this appropriation:

Funds Available - Appropriation No. 612		\$731,796.51	
Work Order Number	Description	Actual Obligation or Claim as Submitted	BPR Est. of Adequate Reserve
1305	Boniface Road (Appeal concluded)	\$ 2,758.94	\$ 2,758.94
1307	Pulmer-Histomaska (Claim)	10,000.00	10,000.00
1315	Glenn Highway Bridges (Retention)	500.00	500.00
2112	Richardson G (Appeal concluded)	33,535.00	33,535.00
2111	Donald B (Warrings)	59,973.00	59,973.00
2117	Richardson G-1 (Claim)	58,400.00	58,400.00
2138	Tonsina-Klutias Bridges (Appeal pending)	25,000.00	25,000.00
391	Alaska A-1, B-2 (Appeal pending)	75,000.00	27,400.00
3202	Stevens A-1 (Contracting officer determination)	30,500.00	7,200.00
2111	Donald B (Claim)	358,542.00	50,000.00
	Shipping Claims (General Average)	<u>2,271.61</u>	<u>2,271.61</u>
		\$656,460.55	\$277,038.55

You will note that if we use the claims as submitted as an obligation we have available only \$75,315.96 for further obligation. However, if we take a realistic look at the claims it is our considered opinion that the settlements and other obligations will not exceed, as an outside figure, \$277,038.55, and we would then have a balance in the appropriation for obligation of \$454,757.96.

COPY

Mr. Allen

-2-

April 14, 1959

We have several projects which were authorized under the old Alaska Road Commission Appropriation No. 612 that we could place under contract immediately and thereby save the funds which will otherwise be lost to us upon passage of the Alaska Omnibus Act. My question is may we incur obligations in the amount of \$454,757.96, the balance which will be available if our estimate of the outside amounts to cover settlements and payments is correct? Your early reply will be appreciated as the time factor is apparently critical in this situation.

cc: Mr. Cunningham
Mr. Niemi

RG 30, Bur. of Public Roads
E. G. D., Gen. Corr. + Related Recs., 1955-59
Box 1128

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. C. W. Enfield, General Counsel
26-00 Washington, D. C.

DATE: June 2, 1959

FROM : H. E. Cunningham, Western Counsel
26-40 San Francisco, California

SUBJECT: Utilization of Balances of Alaska Road Commission Funds -
Appropriation No. 612

In Regional Engineer Niemi's memorandum of April 14, 1959, to Mr. Allen, copy attached, it was explained that funds remaining available under Appropriation No. 612 amount to \$731,756.51 against which are possible contingency charges in the sum of \$656,480.55. About half of the eleven items making up the latter sum are expected to be eliminated by June 30, 1959, but there will likely remain the following:

<u>Work Order Number</u>	<u>Description</u>	<u>Amount</u>
1307	Palmer-Matanuska (Claim growing out of completed contract)	\$ 10,000.00
2111	Denali B (This is amount of claim. Final settlement, subject to claim, for \$59,973 also being processed)	358,542.00
2117	Richardson G-1 (Claim growing out of completed contract)	58,400.00
391	Alaska A-1, B2 (Appeal from contracting officer's determination now pending before Appeals Board)	75,000.00
	Shipping claims	2,271.61
		<u>\$ 504,213.61</u>

By way of explanation, particularly concerning Item 2111, the contractor has tentatively declined to accept final settlement (\$59,973) until he has reviewed certain cross sections. He, meanwhile, has filed a claim for 358,542 based largely on having encountered permafrost conditions. It is considered that his claim has little or no merit except possibly as to some additional contract time, but it may take awhile to develop all the facts. Also an appeal seems in the offing. Therefore, a substantial sum, or sums, thus necessarily reserved may eventually not be needed.

(More)

Funds involved are available until expended, see Interior Appropriation Acts for FYs 1955, 1956 and 1957. Unused balances thereof after settlement of claims would accordingly be available for construction of roads under Title 23 USC Sec. 119, but the latter provision meanwhile will have been repealed under the Omnibus Bill. It, therefore, would follow that any sums thus released after July 1, 1959, would revert to the U. S. Treasury and become lost for the purposes for which they were originally provided.

To safeguard against such loss of these funds for road purposes, and meanwhile retaining their availability to liquidate any administrative settlement of claims, arrangements are being made to allocate them to part financing of several Federal-aid projects on roads on which ARC has made improvements under the authority cited in Sec. 119 Title 23. But the subject funds will not be drawn against in connection with such Federal-aid projects until the related claims have been settled. This will mean that final settlement of the involved Federal-aid projects must be deferred until the foregoing conditions have been fully satisfied. In that regard, the joint financing will follow prescribed procedures covered by existing PFM.

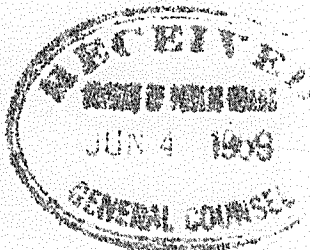
Federal-aid projects selected will be substantial in size and not expected to be completed until a year or so hence. Against one of these will be allocated the \$358,542 pertaining to Item 2111, and the balance against the other or others. Concurrently with these actions will be entered against the unprogrammed balance of Federal-aid funds a tentative reserve of the aforesaid amounts in the event that any adjustment in the commitment of Federal-aid funds should become necessary.

It is considered that the foregoing arrangements meet all legal requirements and will safeguard the Federal interest in connection with settlement of the listed claims involving the indicated appropriated funds. From the record here on the Interior Appropriations involved, none of the listed projects for which claims exist are line items as would prevent the use of any sums released from being used for other road work of the same general category as otherwise authorized.

Perhaps Mr. Allen has been considering some of the foregoing matters based on Mr. Niemi's memorandum. Will appreciate any comments that you or he may wish to make.

Attachment

cc: Mr. Wm. J. Niemi
Mr. E. H. Swick



RG 30, Bur. of Public Roads
E. 6D, Gen Corr. + Related Recs, 1955-59
Box 1128

DEPARTMENT OF TRANSPORTATION
COMMISSION ON
IMPROVED SERVICE ROUTES

COBI

COBI

Alaska

23-10

SEP 8 1959

Honorable Ernest Gruening
United States Senate
Washington, D. C.

Dear Senator Gruening:

I wish to acknowledge receipt of your letter of August 28 in which you advised of a proposal made by your constituents on the Kenai Peninsula, Alaska, for a loop road on the Sterling Highway from Homer to Coho.

We have asked our regional engineer in Juneau for the information you requested on the proposed road and upon receipt of his report we will again communicate with you.

Sincerely yours,

Paul F. Royster
Assistant to the
Federal Highway Administrator

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Control No. PR-4913 (9/3/59)
cc - Files (2) ✓
Federal Hwy.Projs.Div. ✓
Mr. W. J. Niemi (2-cc) ✓
Mr. B. D. Tallamy ✓
Mr. E. L. Armstrong ✓
CC Unit - Room 810
Mr. Royster - Room 814 ✓

9/3/59/W.R.

Cleared Through
Administrator's Correspondence Unit

SEP 3 1959

58-10

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UNITED STATES SENATE
COMMITTEE ON
Interior and Insular Affairs

August 28, 1959

Mr. Paul F. Royster
Assistant Commissioner-in-Charge
Office of Operations
Bureau of Public Roads
Washington 25, D. C.

Dear Mr. Royster:

It has been proposed to me by constituents living on the Kenai Peninsula at Alaska that it would be highly desirable to provide a loop on the Sterling Highway from Homer via Fox River through a pass to Cohoe.

I would appreciate an estimate from the Bureau on what it would cost to construct such a road together with any comments you care to make about this proposal.

With best wishes, I remain

Cordially yours,

/s/

ERNEST GRUENING

RG 30, Bur. of Public Roads
E. 6D, Gen Corr. + Related Recs, 1955-59
Box 1128

Alaska

23-10

September 2, 1959

Mr. J. M. Sugarman
Budget Officer
U. S. Department of Justice
Bureau of Prisons
Washington 25, D. C.

Dear Mr. Sugarman:

Your recent memorandum contained a list of equipment considered necessary in the construction of the Swift Trail cooperative project in Arizona. You indicated that this was the equipment Graham County would be unable to purchase.

We have since been advised by our field office that the County has provided sufficient equipment to permit the initiation of the work for which plans have been prepared by Public Roads. In addition your agency has made available certain items for the job.

We have been further advised that for the time being the work can proceed without revision of the arrangements as originally agreed upon.

In the event reasonably satisfactory progress cannot be attained on the project with equipment now provided we will again communicate with you.

Sincerely yours,

ERIC E. ERHART
Eric E. Erhart, Chief
Federal Highway Projects Division

EEE
EEErhart:nk

cc - Files (2)

Federal Hwy. Projs. Div.?

Mr. S. E. Farin (2-cc)

Mr. Royster - Room 814?

9/2/59 JPE

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Box 1128