"ECONOMIC IMPACT" NOTE

Regulation 53 CBJAC 09.325

OPERATIONAL IMPACT (Circle One) **No** **Yes** (If Yes, Explain in Detail)

Purpose: In order to continue development and operation of the North Lemon Creek Gravel Source "NLCMS" along with the maintenance and eventual closure of the South Lemon Creek Gravel Source "SLCMS" on a cost-neutral basis, pricing of materials must increase significantly. Data over the previous 11 years, including capital expenditures and operating costs reveal that on average, the CBJ spends approximately 100% more each year than the revenue it receives from gravel material fees. Current CBJ pit run pricing is $2.45/ton. As a comparison, AggPro has pit run available for $10.50/ton, while Alaska Juneau Construction has pit run available at $9.40/ton. The proposal is to double the pit run price from the current $2.45/ton rate to $4.90/ton, allowing future operations to be approximately cost-neutral. The proposed new rate of $4.90/ton, while an increase, is still well below rates charged by other vendors.

Revenue increase: The implementation of the Rates and Fees Regulation would increase the sand and gravel fee schedule from $2.45 per ton to $4.90 per ton.

Explanation of Impact: There will be operational impact to the pits and quarries budget due to this regulation. Pursuant to 53 CBJAC 09.325, the regulation will establish fees for the CBJ sand and gravel pricing in order to achieve cost neutral operation. The regulation will further allow annual adjustment to the established fee by the Consumer Price Index – Urban Alaska (CPI), as reported by the Alaska Department of Labor & Workforce Development. The most impacted will be the CBJ and the State of Alaska because CBJ only opens the NLCMS for public projects and does not sell those resources to the private sector.

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