

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance

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MEMORANDUM

DATE: January 21, 2017

TO: Senator Lyman Hoffman, Senate Finance Co-Chair
Senator Anna MacKinnon, Senate Finance Co-Chair
Representative Paul Seaton, House Finance Co-Chair
Representative Neal Foster, House Finance Co-Chair

FROM: David Teal
Director of Legislative Finance Division

SUBJECT: Agency responses to FY17 Legislative Intent Language

This memorandum restates FY17 legislative intent (*italics*) for each agency and provides agency responses (indented) to our request for status reports. Due to the quantity of intent language this year, two documents are provided.

1. A summary table with all legislative intent and a concise statement on the status of the intent.
2. A detailed report with legislative intent, agency responses and Legislative Finance Division comments.

For complete responses, see the intent item number and page number in the first two columns of the summary table.

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

Administration and Support

Operating Budget (CCS HB 256)

65. It is the intent of the Legislature that the Department of Transportation and Public Facilities contract with private entities, municipalities or organized boroughs when the State will save money and resources for general road maintenance including snow removal, street sweeping, temporary pot-hole repair, minor signage and road marker maintenance, and other minor road maintenance as needed. The agency will report to the legislature by January 30, 2017 on their cost findings and interest in participating from a minimum of six municipalities or organized boroughs regarding privatizing services of general road maintenance.

The department has 17 agreements in place with nine cities, boroughs and private contractors for the maintenance of roads. The department is currently in the process of negotiating four similar agreements. The agency will report to the legislature by January 30, 2017 on its cost findings and interest in participating from a minimum of six municipalities or organized boroughs.

Highways, Aviation and Facilities

Operating Budget (CCS HB 256)

66. It is the intent of the legislature that the Department of Transportation and Public Facilities contract with private entities, municipalities or organized boroughs when the State will save money and resources for traffic signal management. The agency will report to the legislature by January 30, 2017 on their cost findings and interest in participating from a minimum of six municipalities or organized boroughs regarding privatizing services of traffic signal management and lane striping.

The department has five agreements in place for the maintenance of traffic control systems and lane striping. The department is currently in the process of negotiating three similar agreements. The agency will report to the legislature by January 30, 2017 on its cost findings and interest in participating from a minimum of six municipalities or organized boroughs.

67. It is the intent of the legislature that the Department of Transportation & Public Facilities work to implement cost savings and efficiencies in the operation of the rural airport system such that the UGF need for FY2018 is reduced by 5%.

This reduction has been taken into account during FY2018 Highways and Aviation budget development.

Highways, Aviation and Facilities/ Northern Region Highways and Aviation**Operating Budget (CCS HB 256)**

68. It is the intent of the legislature that the Department of Transportation and Public Facilities Northern Region re-open and staff the Northway, Chitina and Central maintenance stations.

Funding for the Chitina and Central maintenance stations was vetoed. Northway station remains open.

Marine Highway System**Operating Budget (CCS HB 256)**

69. It is the intent of the legislature that the state bring maritime union employees in line with other state employees with respect to the payment of a geographic differential rather than a the separate and unique Cost of Living Differential (COLD) system that incentives AMHS employees to live in Alaska.

Cost of Living Differential (COLD) is established in statute, AS 23.40.210. Conversion from COLD to Geographical Differential will take a legislative change proposal to revoke or amend that statute. The Department of Administration is aware of this requirement and has the lead regarding the legislation. Additionally, based on this intent language, the issue of COLD versus Geographic Differential will be discussed during upcoming contract negotiations with all three maritime unions to seek their input regarding how such a change should be implemented.

Legislative Fiscal Analyst Comment: The agency is non compliant with this intent language since no change has been made with regard to COLD. However, changing from COLD to a geographic differential will require a statutory change.

Marine Highway System/ Marine Vessel Operations**Operating Budget (CCS HB 256)**

70. The appropriation to the Marine Highway System includes \$2,000,000 from the balance of the Alaska Marine Highway System Fund as a one-time appropriation for the operations of the system under the published schedule for the fiscal year ending June 30, 2017. It is the intent of the Legislature that the ferry schedule for the fiscal year ending June 30, 2018 be developed with that understanding.

The one-time appropriation has been taken into account during FY2018 Alaska Marine Highway budget development.

Department of Transportation and Public Facilities**Capital Budget (HCS CSSB 138)**

71. It is the intent of the legislature that the Department of Transportation and Public Facilities provide to the Senate and House Finance Committee Co-Chair's offices by August 12, 2016 (one month prior to the federal deadline for repurposing requests of September 12, 2016) a list of federal earmark capital projects expected to be requested for "repurposing" from the Federal Highway Administration (FHWA), and a list of projects identified for the repurposed funding. While it is understood some earmarks will have little option for project replacement given the FHWA repurposing parameters, where there are multiple options for project replacement, please identify those options and explain why the projects were selected by the agency.

The department provided the list of the federal earmarks expected to be requested for repurposing under Section 125 of the 2016 Appropriations Act to the Senate and House Finance Committee Co-Chair's offices on August 5, 2016. This list identified eligible candidate projects where the available earmark funds could be committed. There were several follow-ups with Legislators and staff members and questions were answered prior to the department submitting the repurposing requests to the Federal Highway Administration (FHWA). The Statewide Transportation Improvement Program (STIP) Amendment #2 will account for all of the repurposed earmark funds, identifying the projects and years of expected repurposed earmark obligations.

Airport Improvement Program**Capital Budget (HCS CSSB 138)**

72. It is the intent of the legislature that the Department of Transportation and Public Facilities submit a quarterly report of Federal Aviation Administration grant awards that were accepted by the Department during FY2017 to the House and Senate Finance Committees no later than 30 days after the end of each quarter. The legislature will consider the value and effectiveness of the reporting in regard to the potential of a single appropriation without allocations for future Airport Improvement Programs.

The department will provide a transaction report of Federal Aviation Administration (FAA) grant funds committed to the State's Aviation Improvement Program that were accepted by the department each quarter. The report will identify specific grant information including project number, location, description of work, and the amount of federal funds. The report will link the relevant Aviation Improvement Program (AIP) to the individual project funding obligation.

Surface Transportation Program**Capital Budget (HCS CSSB 138)**

73. It is the intent of the legislature that the Department of Transportation and Public Facilities submit a quarterly report of Federal Highway Administration funding obligations that occur during FY2017 to the House and Senate Finance Committees no later than 30 days after the end of each

quarter. The legislature will consider the value and effectiveness of the reporting in regard to the potential of a single appropriation without allocations for future Surface Transportation Programs.

The department will provide a transaction report of Federal Highway Administration (FHWA) funds obligated to Federal-aid projects administered by the department each quarter. The report will identify project details including project number, location, description, and phase of work obligated such as preconstruction, right-of-way, or construction. The report will link the relevant Statewide Transportation Improvement Program (STIP) to the individual project funding obligation.