

# *Senate Transportation Committee*

## *Department of Transportation & Public Facilities*

Katherine Keith, PMP, PMI-ACP, Deputy Commissioner,  
Acting Central Region Director

Lauren Little, P.E. Chief Engineer,  
Acting Northern Region Director

Adam Moser, Federal-Aid Program Delivery

Doug Kolwaite, Statewide Environmental  
Program Manager

*Advance Construction and Federalization*

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KEEP ALASKA MOVING

# Statewide Transportation Improvement Program

## 2026-2029: New Rolling Format



Date	Milestone
2/27/2026	Pre-Release Version for Agency Review
3/6/2026	Pre-Release Review Period Complete
3/15/2026	Start of 45 Day Public Comment Period
4/30/2026	End of Public Comment Period
5/15/2026	Federal Agency Final Submission
6/15/2026	26-29 STIP Approved and Adopted



# Advance Construction

## Definition and Legal Basis

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### What is Advance Construction (AC)?

- FHWA-authorized tool that allows projects to advance before federal aid is formally obligated (23 USC § 115 and 23 CFR §§ 630.701-709)
- State initially funds project with non-federal dollars
- Federal reimbursement occurs later when obligation authority is available
- Commits future federal funds

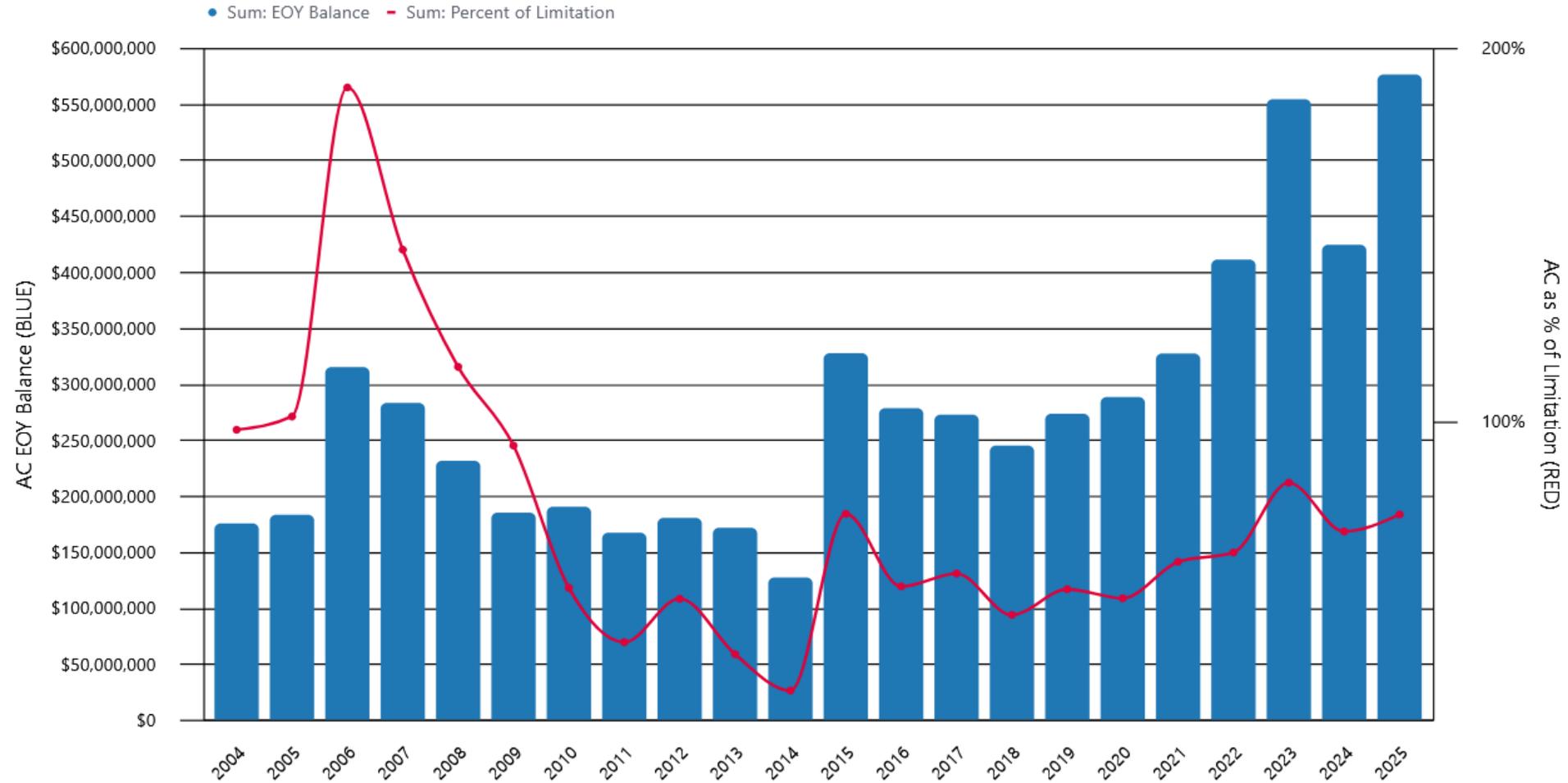
### Why is AC an important tool for delivery projects in Alaska?

- Transportation needs exceed federal funding
- Short construction seasons and high mobilization costs
- Shift in project timing and increases to project costs
- Enables obligation of suballocations of challenging fund-types over multiple years

*FHWA – Federal Highway Administration, USC - United States Code (federal laws), CFR - Code of Federal Registry (federal regs)*



# History of Advance Construction vs. Annual Funding



# *What Advance Construction Changes (and What It Does Not)*

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**What AC changes:** Timing of federal obligation (the State starts with non-federal financing and later converts when Federal funds and obligation authority are available).

**What AC does not change:** The project remains subject to Federal-aid project requirements at authorization; AC is a funding-timing tool, not a compliance bypass.

**State appropriations and match requirements:** The State of Alaska must have legislative appropriation authority in place to cover:

- The non-federal share (match); and
- Any state funds advanced prior to federal reimbursement

# Why State DOTs Use Advance Construction

## Common Decision Drivers

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**Obligation authority constraints:** AC is a practical response when a State has eligible projects ready but limited annual obligation authority to obligate the Federal share immediately.

**Delivery windows and urgency:** Short construction seasons, emergency/operational constraints, or synchronized utility/right-of-way (ROW) windows may necessitate starting work while preserving later Federal participation.

**Portfolio smoothing:** AC allows DOTs to keep contractors and delivery pipelines active while staging Federal obligation strategically across the program year.

**Cash-flow management:** AC can reduce near-term pressure on federal apportionments and obligation authority while enabling schedule adherence.

# How Conversion Works

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- After an AC project is authorized, the State may convert to regular federal-aid funding when federal funds are made available
- Conversion typically involves obligating federal funds for all or part of the AC balance and requesting reimbursement for eligible costs incurred to date
- Federal Register rulemakings clarify that AC procedures may be used broadly and that, at conversion, any available Federal-aid funds for which the project is eligible may be used
- Partial Conversion of Advance Construction allows a State to convert an AC project in stages, aligned with cash flow needs and availability of obligational authority—rather than converting the full federal share all at once

# Pros and Cons of Advance Construction

## PROS

- Schedule preservation / acceleration
- Portfolio efficiency
- Improved project readiness discipline
- Flexibility in funding at conversion

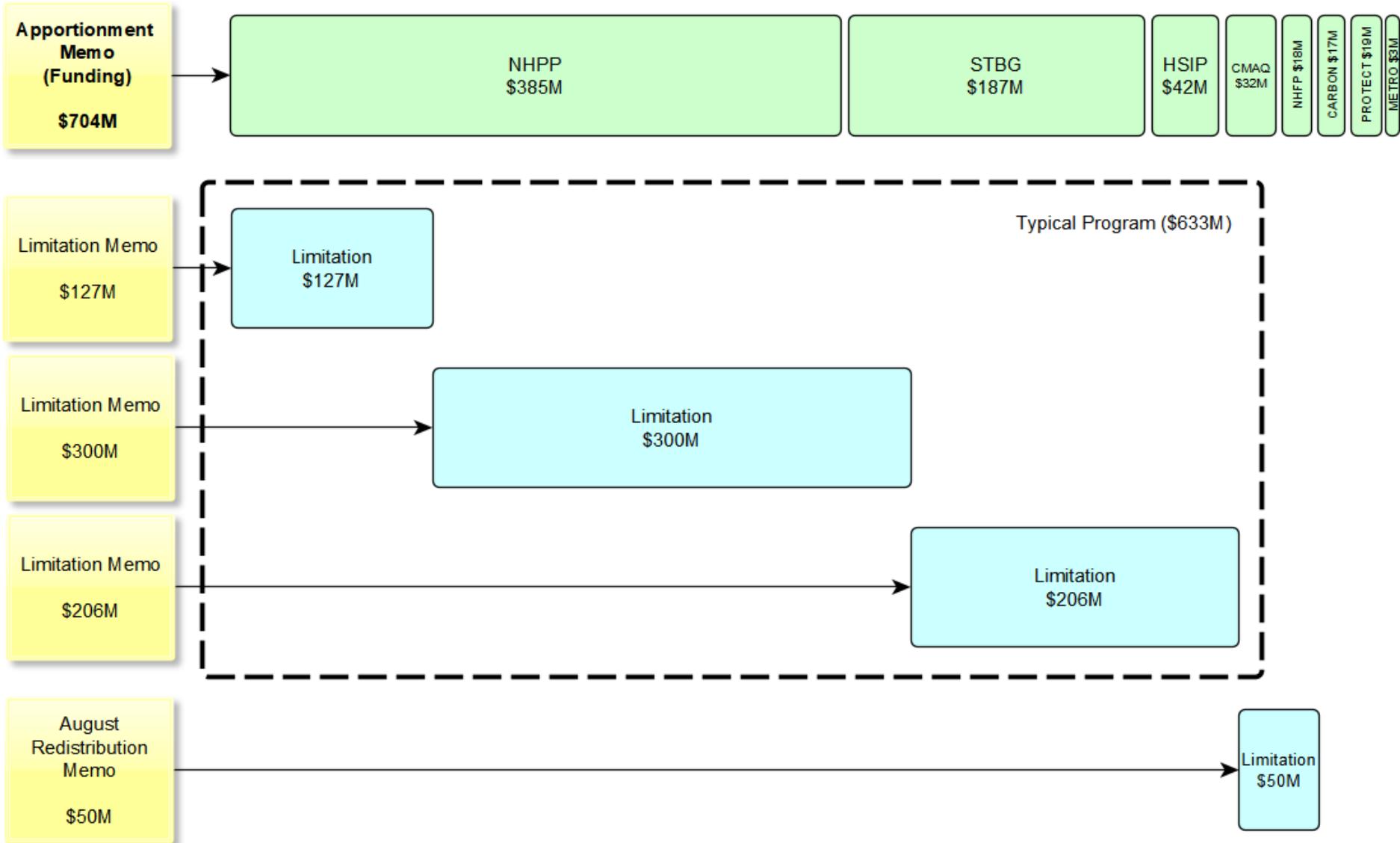
## CONS

- State cash exposure / financing risk
- Risk of delayed conversion
- Administrative complexity
- Stakeholder confusion risk

AC is a timing and throughput mechanism—useful when Alaska has the project readiness but not the federal obligation bandwidth.

The biggest downside is the State's interim financing burden and the program-control complexity of managing AC balances and conversion timing.

# Limitation (Contract Authority) & Funding (Revenue)



# Alaska STIP 2026-2029 STIP & Fiscal Pressures

## Projects where investments are anticipated to be \$100 million-\$250 million

- Dalton Highway Milepost 0 to 9 Realignment
- Dalton Highway Milepost 109 to 144 Reconstruction
- Dalton Highway Milepost 305 to 335 Reconstruction
- Glenn Highway Rehabilitation: Airport Heights to Parks Highway
- Haines Highway Milepost 3 to 25 and Chilkat Bridge Reconstruction
- Klondike Highway Rehabilitation: Skagway River Bridge to Canadian Border
- Parks Highway Milepost 315 to 325 Reconstruction
- Seward Highway Milepost 25.5 to 37 Rehabilitation
- Sterling Highway Safety Corridor Improvements Milepost 82.5 to 94
- Sterling Highway Milepost 157 to 169 Rehabilitation
- West Susitna Access

## Projects where anticipated investments are greater than \$250 million

- Alaska Highway World War 2 Era Bridges
- Juneau Douglas North Crossing
- Seward Highway Milepost 98.5 to 112 Safety Corridor
- Sterling Highway Milepost 45 to 60 [Cooper Landing Bypass]

# What “Federalizing” a Project Means

## FHWA Authorization

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**Definition (working):** DOT&PF “federalizes” a project when it seeks authorization to proceed from and executes a project agreement with FHWA.

**Key gating concept:** Federally-reimbursable costs generally must not be incurred before FHWA authorization (unless a narrow pre-agreement authority applies). Federal authorization is FHWA’s internal control to confirm prerequisite requirements are met before eligible costs are incurred.

**Programmatic prerequisite:** Projects/phase must be in the federally approved STIP (and, where applicable, consistent with metropolitan planning organization transportation improvement plans - MPO TIPs) before federal authorization to proceed.

# Why DOT&PF Federalizes Projects

**Leverage state dollars:** Federal participation reduces State general fund draw by reimbursing a Federal share of eligible costs (subject to match rules).

**Cash-flow management:** Federal reimbursements (and phase-by-phase obligations) improve program liquidity and allow State funds to be redirected to non-eligible needs.

**Access to larger/fenced program categories:** Enables use of NHPP/STBG/HSIP/CMAQ, etc., consistent with eligibility and planning requirements.

**Advance Construction:** DOT&PF (like other states) can start a project with non-federal funds while preserving future federal-aid eligibility, then convert later when obligation authority/funds are available.

**Environmental Approvals:** DOT&PF is the lead federal agency.

*NHPP – National Highway Performance Program*  
*STBG – Surface Transportation Block Grant*

*HSIP – Highway Safety Improvement Program*  
*CMAQ – Congestion Mitigation and Air Quality*



# *When DOT&PF Chooses to Federalize*

## *Decision Triggers*

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**Federal eligibility + strategic fit:** Project is eligible under Title 23 categories and fits statewide priorities and program balances.

**Planning readiness:** The project is programmed and financially constrained in the STIP (and TIP where applicable) prior to FHWA authorization.

### **Funding switch moments:**

- State funds used to maintain schedule → later federalize for reimbursement and continued phases
- Availability of formula funds or discretionary awards
- Need to preserve state funds for non-federal-eligible elements (e.g., certain maintenance or scope outside eligibility)

# *Risks and Tradeoffs*

## *What Gets Harder When a Project is Federalized*

**Schedule risk from compliance gates:** Environmental approvals, ROW acquisition, utilities, and documentation requirements can delay authorization if not sequenced correctly.

**Procurement/contracting constraints:** Federal requirements can limit flexibility on methods, contract provisions, and change management.

**Administrative burden:** More reviews, submittals, and closeout requirements (staff time and documentation maturity).

**Build America / Buy America (BABA) expansion:** Requirements apply broadly to items permanently incorporated into a federal-aid project, even if purchased with non-federal dollars—states explicitly warn local partners about this.

**Preconstruction Compliance:** Section 4(f), Cultural Resources/Section 106, Process defined by 23 CFR 771, Right-of-way thresholds.

# Recent Examples

Wendell Avenue Bridge Replacement  
Old Steese Highway Reconstruction  
Fairview Loop Road



# Thank You.

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*DOT.Commissioner@alaska.gov*

*Alaska 511: 511.alaska.gov*



Cover photos by Alaska DOT&PF Staff:

Sunset departure, Anchorage International Airport. By Christopher Cummins

Alaska Range from the Richardson Highway. By Dennis Bishop

Aboard the MV LeConte sailing Lynn Canal to Juneau from Haines. By Andrea Deppner

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