

# House Finance Committee

## Department of Transportation & Public Facilities

Commissioner Ryan Anderson, P.E.  
Deputy Commissioner Katherine Keith, PMP, PMI-ACP  
Director Dom Pannone, Program Management & Admin.

*FY27 Operating Budget, Alaska Marine Highway &  
Statewide Transportation Improvement Program*

March 3, 2026



KEEP ALASKA MOVING

# FY2027: Administration, Support, and Reorganization

(Leg. Finance Subcomm. Book - Item #1)

|   | UGF               | DGF               | FED         | OTHER              | TOTAL              |
|---|-------------------|-------------------|-------------|--------------------|--------------------|
| Highway Safety Office   |                   |                   |             | \$ (332.0)         | \$ (332.0)         |
| Central Design, Eng, Const  | \$ (89.8)         | \$ (33.4)         |             | \$ (413.3)         | \$ (536.5)         |
| Central Highways and Aviation   | \$ (167.0)        |                   |             | \$ (66.4)          | \$ (233.4)         |
| Commissioner's Office   | \$ (151.2)        | \$ (8.7)          |             | \$ (356.6)         | \$ (516.5)         |
| Information Systems and Services  | \$ (79.5)         | \$ (71.4)         |             | \$ (435.1)         | \$ (586.0)         |
| Northern Design, Eng & Const  |                   |                   |             | \$ (95.5)          | \$ (95.5)          |
| Northern Support Services   | \$ (9.1)          |                   |             | \$ (184.4)         | \$ (193.5)         |
| Program Development   |                   |                   |             | \$ (169.9)         | \$ (169.9)         |
| Southcoast Design, Eng, Const   |                   |                   |             | \$ (193.6)         | \$ (193.6)         |
| Southcoast Support Services   |                   |                   |             | \$ (210.6)         | \$ (210.6)         |
| Statewide Aviation  |                   |                   |             | \$ (104.0)         | \$ (104.0)         |
| Stwd Safety and Emergency Mngmnt  |                   |                   |             | \$ (341.3)         | \$ (341.3)         |
| <b>Align Staffing with Organizational Changes and Modernization Initiatives</b> | <b>\$ (496.6)</b> | <b>\$ (113.5)</b> | <b>\$ -</b> | <b>\$(2,902.7)</b> | <b>\$(3,512.8)</b> |

## Anchorage

| BU | Job Title                  | Status  |
|----|----------------------------|---------|
| GP | Right of Way Agent 1       | Vacant  |
| GP | Maint & Ops Specialist     | Vacant  |
| GP | Admin Asst 1               | Vacant  |
| GP | Engineering Assistant 3    | Pending |
| SS | Eng/Arch 3                 | Vacant  |
| SS | Data Processing Manager 1  | Vacant  |
| XE | Division Director (Deputy) | Vacant  |
| XE | Deputy Commissioner        | Vacant  |
| XE | Maint & Ops Coordinator    | Vacant  |
| XE | Change Management Director | Pending |

## Fairbanks

| BU | Job Title                  | Status  |
|----|----------------------------|---------|
| GP | Accounting Technician 1    | Vacant  |
| GP | Analyst Programmer 5       | Pending |
| GP | Analyst Programmer 4       | Filled  |
| GP | Admin Asst 2               | Vacant  |
| GP | Office Assistant 2         | Filled  |
| GP | Airport Leasing Specialist | Vacant  |
| GP | Program Coordinator 2      | Filled  |

## Juneau & Ketchikan

| BU | Job Title                          | Status  |
|----|------------------------------------|---------|
| GP | Grants Administrator 2             | Vacant  |
| GP | Admin Asst 2                       | Vacant  |
| GP | Admin Asst 1                       | Vacant  |
| SS | Transportation Planner 3           | Vacant  |
| SS | Program Coordinator 2              | Pending |
| XE | Marine Transportation Svcs Manager | Pending |



# FY2027: Administration, Support, and Reorganization

Leg. Finance Subcomm. Book Item #2 & #3

|   | <b>Positions</b> |
|---|------------------|
| Transfer Positions from Administration for Accounts Payable and Travel and Expense Activities | 15               |
| Transfer Positions from Administration for Payroll Services                                   | 17               |
| <b>Total Position Moves from Dept. of Administration</b>                                      | <b>32</b>        |

**Payroll Services** - 11 Juneau, 6 Anchorage

**Accounts Payable, Travel & Expense** - 10 Anchorage, 5 Juneau

## Excerpt from FY2018 Leg Fin. Subcomm. Book:

### MAINTENANCE OF SERVICES

5. **Transfers to Shared Services of Alaska (SSoA) and Office of Information Technology (OIT).** In order to provide internal services at a reduced cost, the Executive Branch will implement phased consolidation of (1) cross-department services such as travel, accounts payable, P-Cards, procurement, facilities management, collection of delinquent accounts and centralized mail and print services and of (2) information technology services. Departments transferred a total of 77 positions to SSoA (34 PFTs from DOT&PF) and another 68 positions to OIT (1 from DOT&PF).

Departments have decremented a total of \$763.8 (\$332.8 UGF) in the FY18 budget. This represents a 10% cut related to transferred positions with the remaining 90% of funding transferred to the contractual line to fund Reimbursable Services Agreements with the SSoA. The FY18 share of savings attributable to the DOT&PF is \$271.7 (\$41.6 of UGF). For more information, see the Operating Budget Overview in the *FY18 Legislative Fiscal Analyst's Overview of the Governor's Request*.

Alaska Marine Highway System:

**5 positions transferred in FY2025**

**4 additional positions reallocated internally**



# FY2027: Administration, Support, and Reorganization

Leg. Finance Subcomm. Book Item #4

|   | UGF            | DGF            | FED            | OTHER           | TOTAL           |
|---|----------------|----------------|----------------|-----------------|-----------------|
| Facilities Services   | \$ 9.5         |                |                | \$ 28.8         | \$ 38.3         |
| Information Systems and Services                                  | \$ 45.6        | \$ 36.6        |                | \$ 282.0        | \$ 364.2        |
| International Airport Systems                                     |                |                |                | \$ 110.9        | \$ 110.9        |
| Statewide Admin Services  | \$ 1.3         | \$ 0.7         |                | \$ 8.1          | \$ 10.1         |
| Vessel Operations Management                                      | \$ 9.7         |                | \$ 14.5        |                 | \$ 24.2         |
| <b>Information Technology Classification Study Implementation</b> | <b>\$ 66.1</b> | <b>\$ 37.3</b> | <b>\$ 14.5</b> | <b>\$ 429.8</b> | <b>\$ 547.7</b> |

Excerpt from Jan. 6, 2026 Dept. of Admin. Information Technology Class Study Memo

A study of the State's Information Technology (IT) job classes was initiated following Administrative Order 284, which established the Office of Information Technology (OIT) in the Department of Administration (DOA). The purpose of the study was to 1) update the State's IT job classes, which have long been recognized as out-of-date and difficult to apply to contemporary IT work; and 2) replace the State's out-of-date IT class specifications with new ones that reflect the duties, responsibilities, and required skills of the current workforce.

Excerpt from DOA transition resources website

## Phases of IT Study Implementation

### Phase 1 - April 13, 2026

- PB07Bx – IT Business Analyst 1-3
- PB07Cx – IT Client Support Specialists 1-4
- PB07Dx – Database Administrator 1-3
- PB07Jx – IT Project Manager 1-3
- PB07Nx – Network and Telecommunications Specialist 1-3
- PB07Ux – IT Quality Assurance Analyst 1-3
- PB07Vx – IT Vendor Manager 1-3
- PB0707 – Chief Technology Officer (3 PCNs at a 1-range increase)
- PB072x – Business Analytics & Intelligence Analyst 1-3
- Any other positions being allocated out of IT classes entirely.

### Phase 2 - May 11, 2026

- PB07Rx – IT Architecture Specialist 1-3
- PB07Sx – IT Security Specialist 1-3
- PB07Yx – IT System Administrator 1-4

### Phase 3 - July 20, 2026

- PB07Ax – Application Developer 1-4
- PB07Mx – IT Manager 1-4
- PB07Px – IT Policy and Planning Analyst 1-3



# FY2027: Highways and Aviation

Leg. Finance Subcomm. Book Item #5

|   | UGF | DGF               | FED | OTHER | TOTAL             |
|---|-----|-------------------|-----|-------|-------------------|
| New Component: Stwd Guardrail & Roadside Repair         |     | \$ 1,768.9        |     |       | \$ 1,768.9        |
| <b>Statewide Guardrail and Roadside Hardware Repair</b> |     | <b>\$ 1,768.9</b> |     |       | <b>\$ 1,768.9</b> |
| New Component: Statewide Wayside Maintenance            |     | \$ 420.0          |     |       | \$ 420.0          |
| <b>Statewide Wayside Maintenance</b>                    |     | <b>\$ 420.0</b>   |     |       | <b>\$ 420.0</b>   |

- Adds a single component to focus and support guardrail repairs. When damaged, guardrails no longer provide the intended protection and can even become hazards themselves. It is crucial to keep these systems in good repair and promptly address any damage
- Adds a single flexible component to support vegetation clearing, refuse management, sanitary services, snow removal, and facility repairs at high-use and safety-critical waysides across Alaska

|   |
|---|
| <p><b>DOR Fall 2025 Revenue Motor Fuel Tax Forecast: \$42.4M</b><br/> <b>FY2027 Governor DOT&amp;PF Motor Fuel Tax Total: \$39.8M</b></p> |
|---|



# FY2027: Highways and Aviation

Leg. Finance Subcomm. Book Item #6 , #7, #8

|  | UGF               | DGF | FED | OTHER | TOTAL             |
|--|-------------------|-----|-----|-------|-------------------|
| Central Highways and Aviation  | \$ 2,064.0        |     |     |       | \$ 2,064.0        |
| Southcoast Highways & Aviation   | \$ 837.0          |     |     |       | \$ 837.0          |
| Northern Highways & Aviation   | \$ 2,345.9        |     |     |       | \$ 2,345.9        |
| <b>Restore Funding for Highways and Aviation Maintenance</b>               | <b>\$ 5,246.9</b> |     |     |       | <b>\$ 5,246.9</b> |
| Central Region Highways and Aviation                                       | \$ 1,423.1        |     |     |       | \$ 1,423.1        |
| <b>Restore One-time Fund Swap for Derelict Vessel Prevention Pgm. Fund</b> | <b>\$ 1,423.1</b> |     |     |       | <b>\$ 1,423.1</b> |
| Northern Highways & Aviation   | \$ 1,253.9        |     |     |       | \$ 1,253.9        |
| <b>Restore One-time Fund Swap for Alaska Housing Capital Corporation</b>   | <b>\$ 1,253.9</b> |     |     |       | <b>\$ 1,253.9</b> |

Excerpt from FY2017 Leg. Finance Conference Committee Book, "Legislative Additions & Deletions"

|    |  |  |                 |   |
|----|--|--|-----------------|---|
| 12 | Highways, Aviation, and Facilities/<br>Central, Northern and Southcoast Region Highways and Aviation | 20% State Equipment Fleet Replacement Rate Reduction | (\$2,525.6) UGF | In discussions with DOT&PF during the subcommittee process, it was determined that extending the life cycle of vehicles in the State Equipment Fleet could reduce replacement rates by 20%, thereby reducing the UGF budget (DOT&PF is the #1 consumer of the State Equipment Fleet). Decrements were included in the three regions totaling \$2.5 million UGF to implement the rate reduction. |
|----|--|--|-----------------|---|

Excerpt from FY2018 Leg. Finance Conference Committee Book , "Legislative Additions & Deletions"

|    |   |                            |                 |  |
|----|---|----------------------------|-----------------|--|
| 9  | Highways, Aviation, and Facilities/<br>Central and Northern Highways and Aviation | Equipment Life Extensions  | (\$1,064.0) UGF | In discussions with DOT&PF during the subcommittee process, it was determined that further extending the life cycle of vehicles in the State Equipment Fleet could reduce replacement rates by another 20%, thereby reducing the UGF budget (DOT&PF is the #1 consumer of the State Equipment Fleet). Decrements were included in Central and Northern regions totaling \$1.1 million UGF to implement the rate reduction. |
| 10 | Highways, Aviation  | Rural Airports After Hours | (\$350.0) UGF   | Decrements are made to personal services in the three regional Highways and Aviation   |

# FY2027: Highways and Aviation

Items not noted in Leg. Finance Subcomm. Book

|  | UGF | DGF             | FED | OTHER           | TOTAL           |
|--|-----|-----------------|-----|-----------------|-----------------|
| Northern Highways & Aviation                                 |     |                 |     | \$ 52.0         | \$ 52.0         |
| <b>Kotzebue Airport Powerline Replacement</b>                |     |                 |     | <b>\$ 52.0</b>  | <b>\$ 52.0</b>  |
| Southcoast Highways & Aviation                               |     |                 |     | \$ 70.0         | \$ 70.0         |
| <b>Gustavus Airport Law Enforcement Coverage</b>             |     |                 |     | <b>\$ 70.0</b>  | <b>\$ 70.0</b>  |
| Statewide Aviation   |     |                 |     | \$ 160.0        | \$ 160.0        |
| <b>Abandoned Buildings on Lease Lots</b>                     |     |                 |     | <b>\$ 160.0</b> | <b>\$ 160.0</b> |
| Central Highways and Aviation                                |     | \$ 250.0        |     |                 | \$ 250.0        |
| <b>Right of Way Encroachment and Homeless Camp Abatement</b> |     | <b>\$ 250.0</b> |     |                 | <b>\$ 250.0</b> |



# FY2027: Facilities Services, Equipment Fleet

Items not noted in Leg. Finance Subcomm. Book

|   | UGF | DGF               | FED | OTHER             | TOTAL             |
|---|-----|-------------------|-----|-------------------|-------------------|
| State Equipment Fleet   |     |                   |     | \$ 500.0          | \$ 500.0          |
| <b>Statewide Mechanic Contracting Support</b>   |     |                   |     | <b>\$ 500.0</b>   | <b>\$ 500.0</b>   |
| <hr/>   |     |                   |     |                   |                   |
|   | UGF | DGF               | FED | OTHER             | TOTAL             |
| Facilities Services   |     | \$ 1,200.0        |     | \$ 1,000.0        | \$ 2,200.0        |
| <b>Authority for Proceeds of Sales from Surplus Buildings for Workspace Relocations</b> |     | <b>\$ 1,200.0</b> |     | <b>\$ 1,000.0</b> | <b>\$ 2,200.0</b> |

- Contracting authority used if the significant vacancies persist. DOT&PF would solicit for multiple vendors to accomplish maintenance in rural and remote areas, or a single contract to coordinate and subcontract location specific services
- Authority from sales of buildings includes Knik Arm Bridge and Toll Authority building and continued evaluation of buildings across state. Adds funding for relocating staff spaces including setup costs of network/telecom, furniture



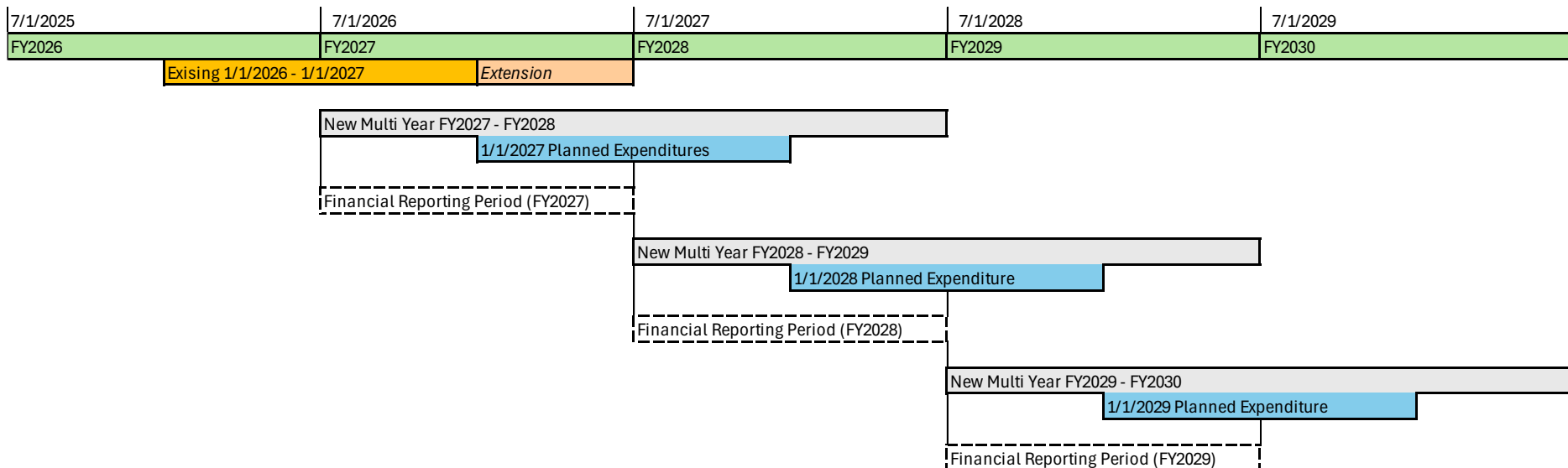
# FY2027: Alaska Marine Highway

Leg. Finance Subcomm. Book Item #9

| Fund Type          | FY2026 Management Plan | FY2027 Governor     |
|--------------------|------------------------|---------------------|
| UGF                | \$ 71,098.3            | \$ 66,366.9         |
| DGF                | \$ 20,754.3            | \$ 20,754.3         |
| Fed                | \$ 82,921.2            | \$ 83,299.6         |
| Other              | \$ 1,006.3             | \$ 1,042.2          |
| <b>Grand Total</b> | <b>\$ 175,780.1</b>    | <b>\$ 171,463.0</b> |

## Multi-year Waterfall Model

- Single closeout period and reporting on Fiscal Year, currently closing out twice per year
- Flexible carry-forward (surplus) or roll-forward (shortfall), with immediate accountability to legislature
- Continues calendar year model and requests for annual funding
- Supported by Alaska Marine Highway Operations Board
- Helps bridge current year funding challenges



# AMHS Operating Budget

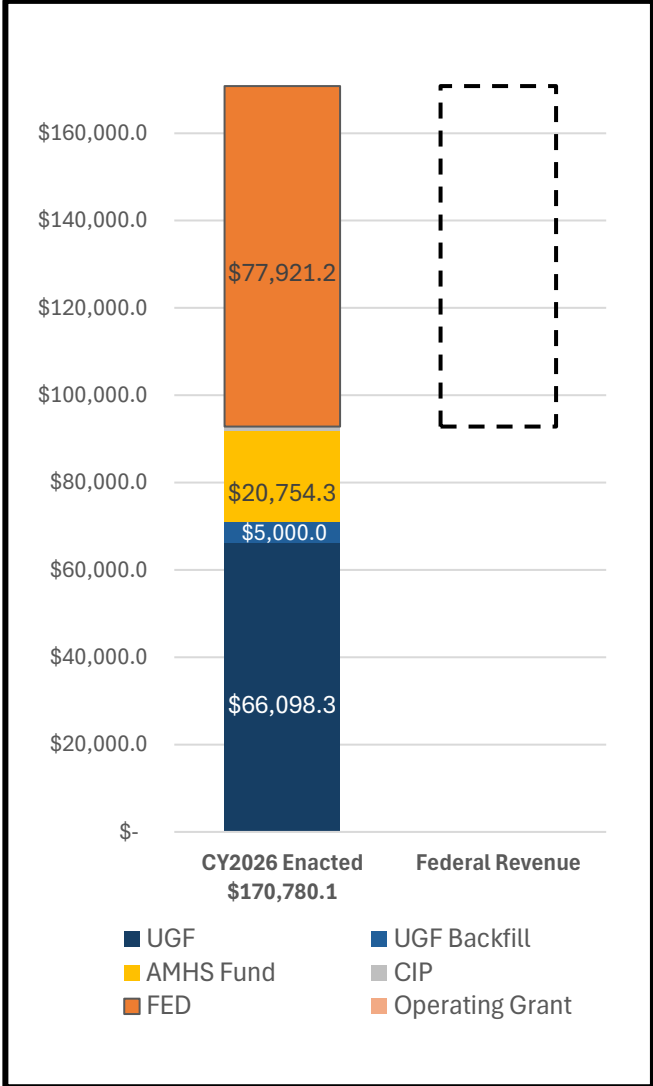
Current Year CY2026 (\$ in thousands)

**CY2026 Operating Budget:  
\$170,780.1**

**CY2026 Federal Revenue Required:  
\$77,921.0**

**Federal Revenue is 45.6% of  
Total Operating Budget**

**UGF from the Operating Budget  
is used to match federal funds**



# AMHS FY2026 Operating Bridge Plan

In-Person Meeting with Federal Transit Administration – February 26, 2026

Section 71103 of the Infrastructure Investment and Jobs Act (IIJA) allocated \$1 billion over five years to the Ferry Service for Rural Communities Program, providing \$200 million annually for competitive grants meeting the programs criteria defined in IIJA.

**An estimated \$410M is still available to be granted: NOFO in March, Award in August or September**

## Current FY2026 Position

- Total FY2026 Budget: **\$170.8M**
- State & Other Funds Available: **\$92.9M**
- Federal Shortfall: **\$77.9M**
- Projected Exhaustion: **Early July 2026**
- Operating Burn Rate:
  - Winter: **\$13.8M/month**
  - Summer: **\$14.9M/month**

## Timing Sensitivity

### August Award (Preferred)

- 1 month exposure (~\$14.9M)
- Within \$19M displacement limit
- No capital reallocation required

### September Award

- 2 months exposure (~\$29.8M)
- Exceeds \$19M limit
- Federal Highway Administration Ferry Boat funds likely required

## Immediate Cost Reductions

- Dispose of M/V Malaspina (~\$800k/month)
- Move M/V Tazlina to capital (~\$350k/month)
- Combined savings: ~\$1.15M/month

## FY2027 Bridge Authority

- Governor's FY2027 State & Other Funds: **\$88.2M**
- MOE Floor: **\$69.7M**
- Maximum FY2027 Displacement: **\$19M**
  - \$19M FED (1002), FY2026 >> FY2027
  - \$19M AMHS (1076), FY2026 << FY2027

## Federal Request

- March application for **\$161.2M (FFY25 + FFY26)**

Execution of the FY2026 bridge requires enactment of HB 289 § 12 (appropriation extension) and HB 263 § 20 (FY2027 multi-year appropriation)

# AMHS 2045 Infrastructure Modernization Strategy

## Fleet Recapitalization

- Average fleet age  $\approx$  40 years
- Tustumena Replacement Vessel (TRV) – out to bid
- Alaska-Class standardization (incl. M/V Tazlina)
- Columbia modernization strategy
- Low/No-Emission integration
- Mainliner Replacement

**Funding Blend:** FTA §71103 + FHWA Ferry Boat Formula + Toll Credits

## Terminal Recapitalization

- **11 active ferry terminal projects statewide**
- PIDP projects: Cold Bay, Cordova, Chenega, Tatitlek
- FTA dock projects: Auke Bay, Angoon, Kake, Pelican
- FHWA projects: Skagway, Yakutat, Ketchikan

**Funding Blend:** MARAD PIDP + FTA Rural Ferry + FHWA Ferry Boat Formula

## System Efficiency

- Longer Roads + Shorter Ferry Crossings
- Cascade Point (>\$35M invested; 48 nautical miles reduced per trip)
- Targeted road extensions (Kake–Petersburg, Sitka access, Tenakee–Hoonah)

## Funding Blend:

State Capital + FTA Rural Ferry + FHWA + Toll Credits

## Operating-to-Capital Leverage Model

FTA operating support stabilizes service → System revenues redirected to capital → Capital work generates FHWA toll credits → Toll credits increase federal participation leverage → Accelerated fleet & terminal modernization

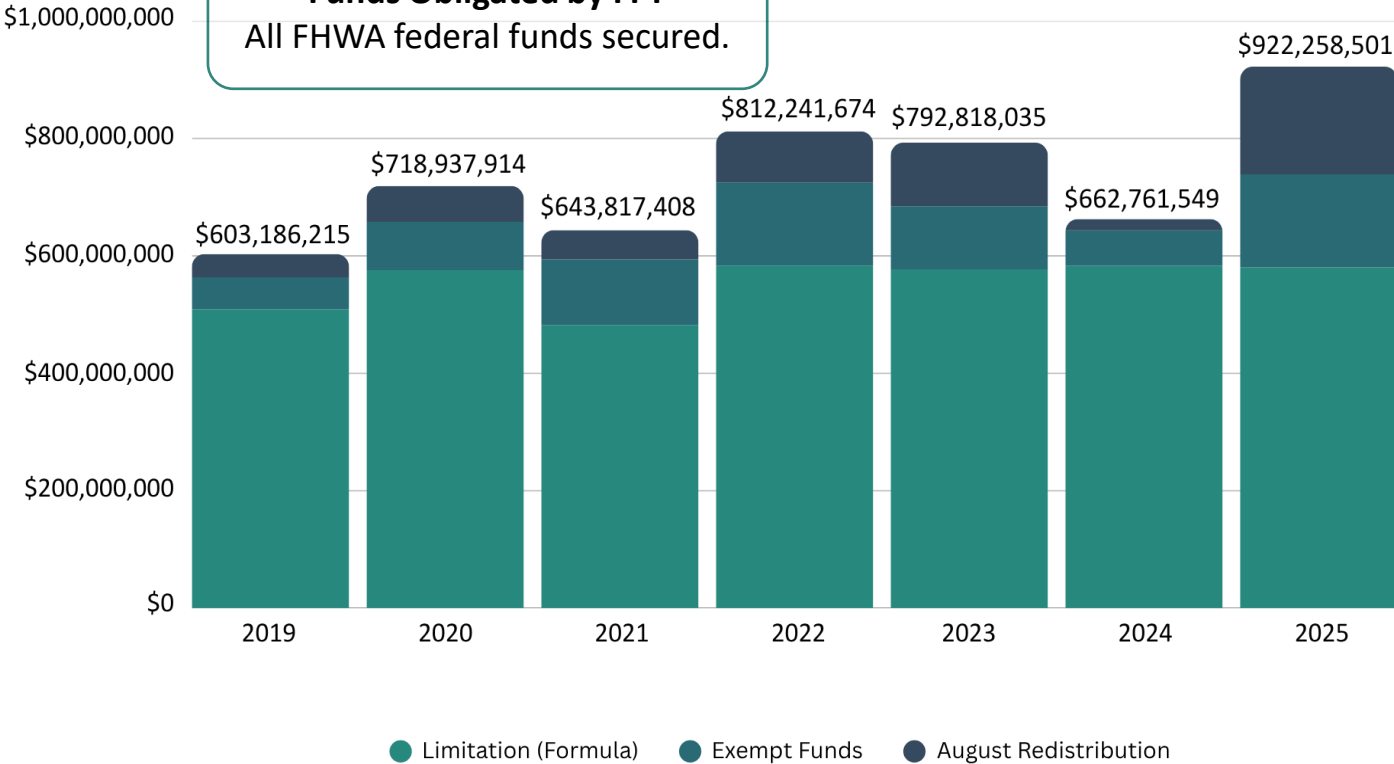
# FFY2025 Project Delivery Program Review

## Obligations and Grants – Highways

### FHWA Funds Obligated in FFY2025: \$922,258,501

FFY2025 marks the highest level of federal highway funds ever delivered in Alaska DOT&PF history

**Funds Obligated by FFY**  
All FHWA federal funds secured.



Our team successfully obligated 100% of available formula funds — plus an additional **\$183** million through August redistribution.

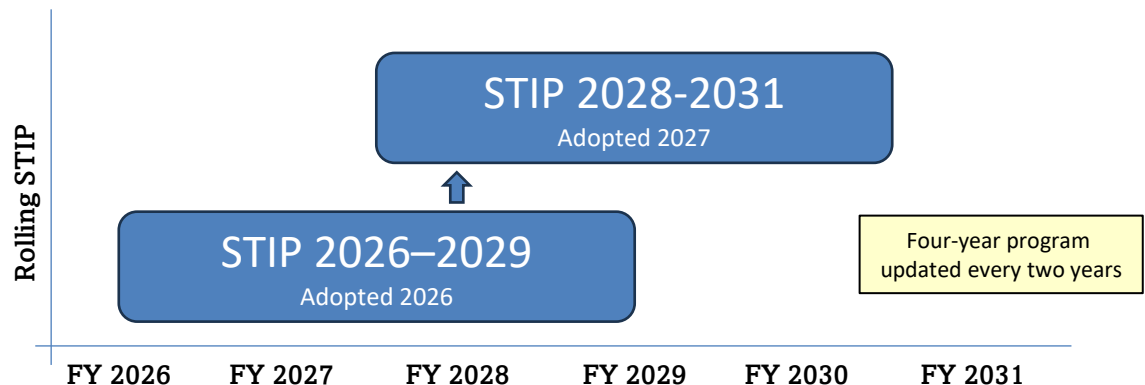
Our new way of working with the STIP was recognized by the American Association of State Highway Transportation Officials with a National President’s Transportation Award!



# Statewide Transportation Improvement Program 2026-2029: New Rolling Format



| Date      | Milestone                             |
|-----------|---------------------------------------|
| 2/25/2026 | 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       |



# 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

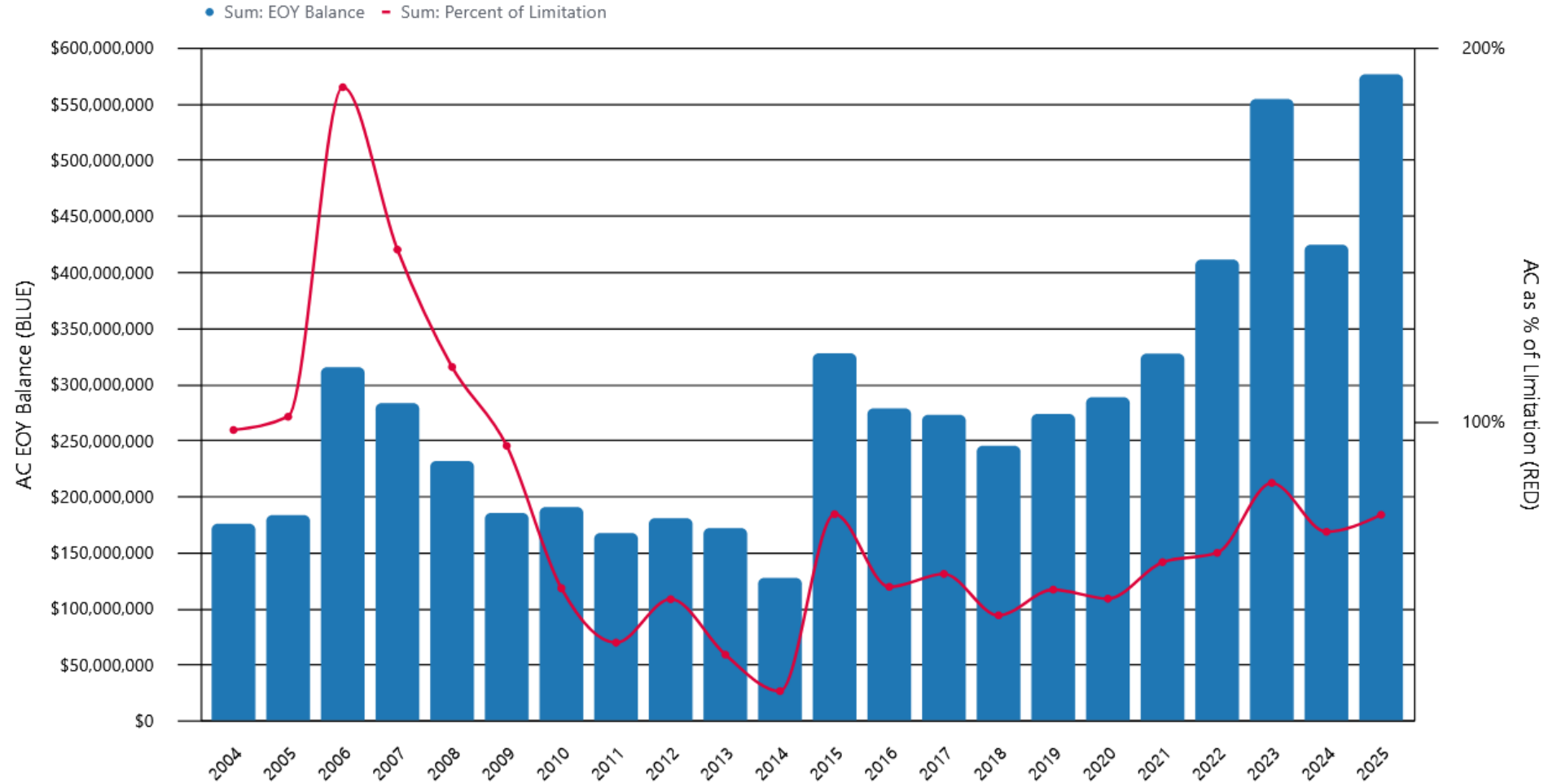
Juneau Douglas North Crossing

Seward Highway Milepost 98.5 to 112 Safety Corridor

Sterling Highway Milepost 45 to 60 [Cooper Landing Bypass]

# STIP Strategies and Advance Construction (AC)

## History of AC vs. Annual Funding



# Recommendations for the 2026-2029 STIP

## Federal Highway & Federal Transit Administration Recommendations:

- **Simplify the STIP:** Use plain English and clearer structure
- **Streamline amendments:** Limit to true project changes
- **Clarify draft-to-final changes:** Clearly show what changed after public review
- **Review project organization:** Parent/child projects and logical groupings
- **Advance Construction & Toll Credits:** Clarify use and documentation
- **Clarify STIP procedures:** New STIPs, amendments, administrative modifications, and Metropolitan Planning Organization transmittals
- **Continuing, Cooperative, and Comprehensive (3C) planning:** Clearly document DOT&PF procedures
- **Performance-based planning:** Strengthen processes and performance targets

# Thank You.

Commissioner Ryan Anderson, P.E.  
Deputy Commissioner Katherine Keith, PMP, PMI-ACP  
Director Dom Pannone, Program Management & Admin.

Alaska Department of Transportation & Public Facilities  
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KEEP ALASKA MOVING

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