



FEBRUARY 13, 2025

# Senate Transportation Committee

## STIP Update and Construction Outlook

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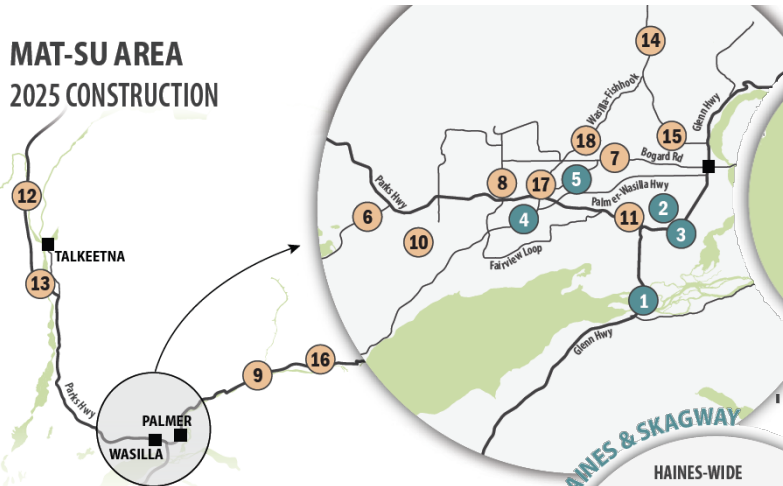
**Alaska Department of Transportation & Public Facilities**  
Deputy Commissioner Katherine Keith, PMP, PMI-ACP  
Program Management and Administration Director Dom Pannone



# 2025 CONSTRUCTION OUTLOOK

## More than 80 Projects in 40+ Communities

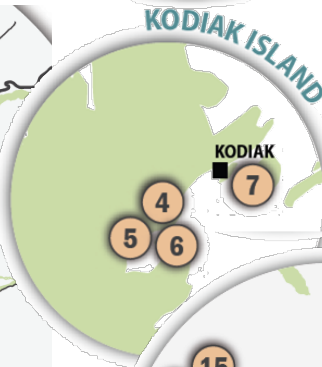
### MAT-SU AREA 2025 CONSTRUCTION



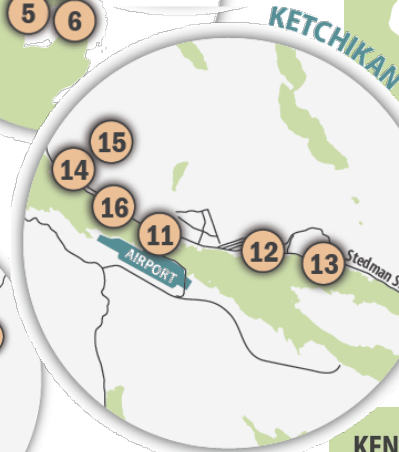
### SOUTHWEST ALASKA 2025 CONSTRUCTION



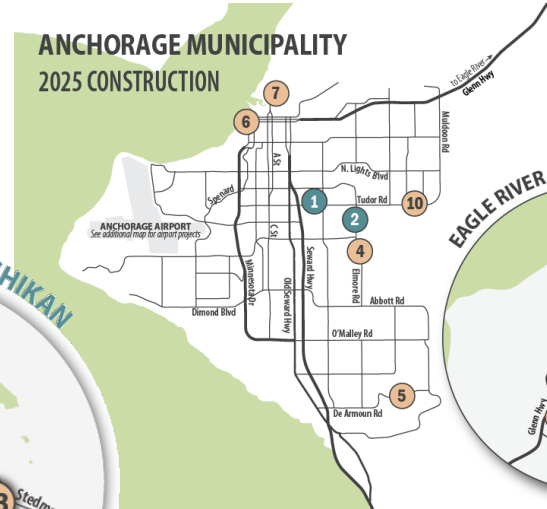
### KODIAK ISLAND 2025 CONSTRUCTION



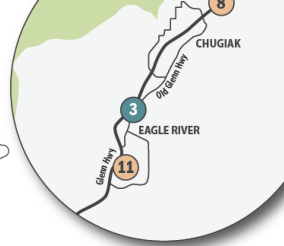
### KETCHIKAN 2025 CONSTRUCTION



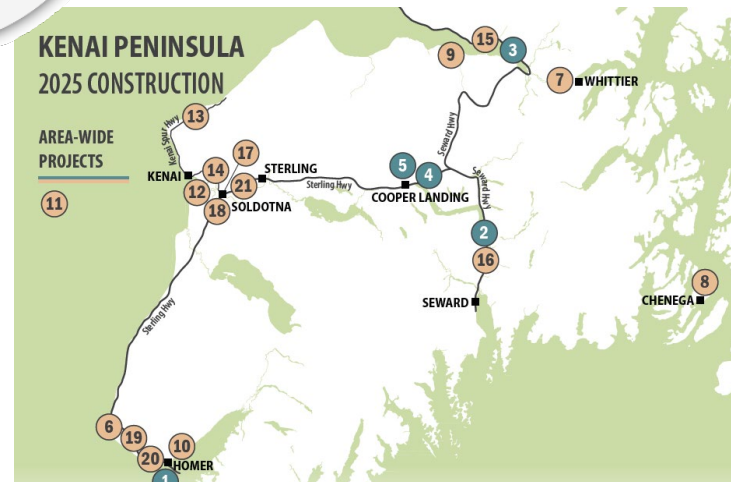
### ANCHORAGE MUNICIPALITY 2025 CONSTRUCTION



### EAGLE RIVER & CHUGIAK 2025 CONSTRUCTION



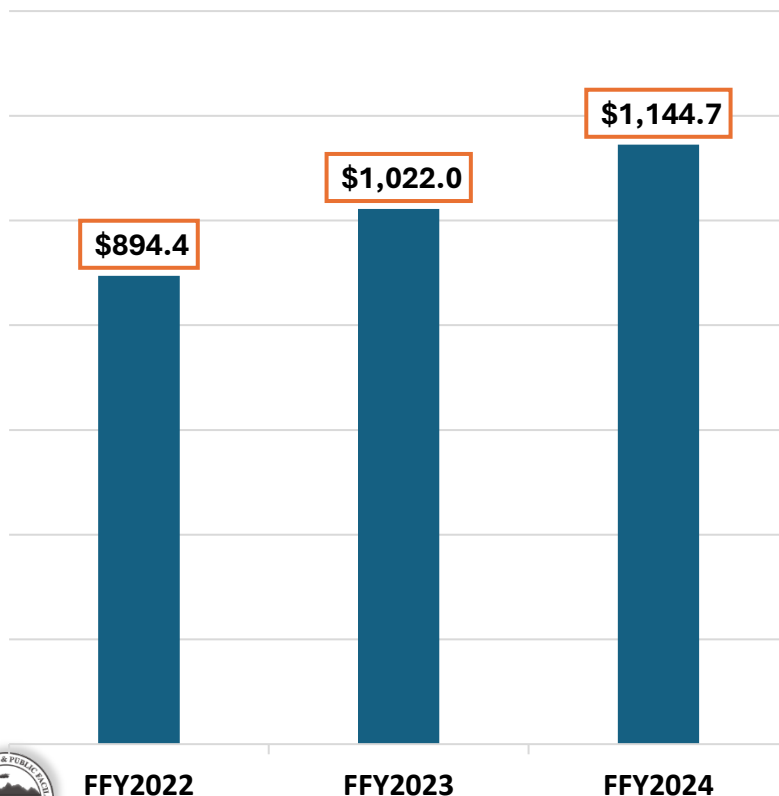
### KENAI PENINSULA 2025 CONSTRUCTION



# CAPITAL EXPENDITURES

Index Name	About	Trend
Program Balance Index (PBI)	$\frac{\text{Contract Awards}}{\text{Contractor Payments}}$	↓ Declining pipeline; current activity outpaces new project awards.
Contractor Payments	<i>Payments Made Post Award</i>	Contractor payments increasing steadily

CAPITAL EXPENDITURES (\$ IN MILLIONS)



## Trend Of Increasing Capital Expenditures

	PBI	Capital Expenditures
2022	1.40	\$894.4M
2023	1.07	\$1,022.0M
2024	0.84	\$1,144.7M



# PROJECT DELIVERY | CONSTRUCTION CONTRACTOR PAYMENTS

DOT&PF	AGC**	Delta
\$885.0	\$650.2	\$242.1

\$ in Millions

## Contractor Payment Estimates with over \$10 Million Difference

	DOT&PF	AGC	Delta
Richardson Highway Milepost 346 Chena Bridges Replacement*	\$ 40.0	\$ 15.0	\$ 25.0
Kongiganak Airport Resurfacing	\$ 22.6	\$ -	\$ 22.6
Cape Blossom Road [Parent and Final Construction]*	\$ 21.2	\$ -	\$ 21.2
M/V Kennicott Emissions and Exhaust	\$ 17.2	\$ -	\$ 17.2
Richardson Highway Milepost 97-106.5 Resurfacing (82-115 parent)	\$ 16.0	\$ -	\$ 16.0
Sterling Highway Milepost 45-60 [Stage 2]: Juneau Creek Bridge	\$ 45.0	\$ 30.0	\$ 15.0
Dalton Highway Milepost 18-37 Reconstruction	\$ 12.2	\$ -	\$ 12.2
Parks Highway Milepost 315-325 Reconstruction [Stage 2]*	\$ 27.0	\$ 15.0	\$ 12.0
Sterling Highway Milepost 45-60 [Stage 3-4] Reconstruction	\$ 19.0	\$ 30.0	\$ (11.0)
Seward Meridian Parkway Road Improvements, Phase II Palmer-Wasilla Highway to Seldon Road	\$ 15.0	\$ 28.6	\$ (13.6)
Sterling Highway Milepost 157-169 Rehabilitation Anchor Point to Baycrest Hill [Stage 1]	\$ 7.5	\$ 26.0	\$ (18.5)

\*Construction Manager General Contractor (CMGC) Changes Low Bid Dynamics

Contractor Payments estimated by Regional  
Construction Engineers & Directors  
Combined Experience ~100 Years in Transportation

Type of Work	Delta (\$M)
AIAS <sup>±</sup>	\$ 11.2
AMHS <sup>§</sup>	\$ 19.7
Facilities	\$ 3.7
Highway	\$ 106.7
Rural	\$ 101.8
<b>Grand Total</b>	<b>\$ 242.1</b>

± Alaska International Airport System

§ Alaska Marine Highway System

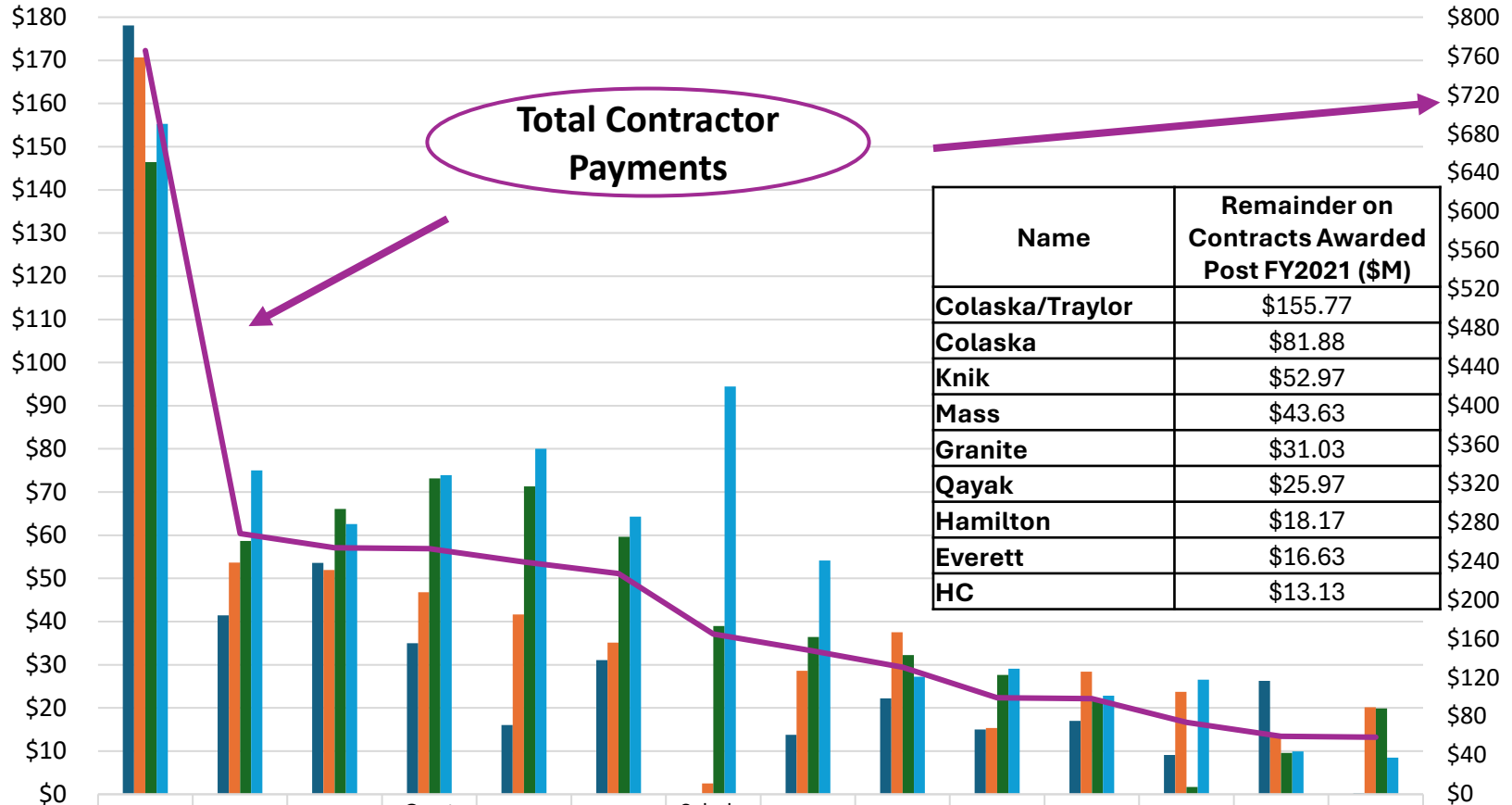
\*\* Associated General Contractors





# TOP CONTRACTOR PAYMENTS FFY2021-2024

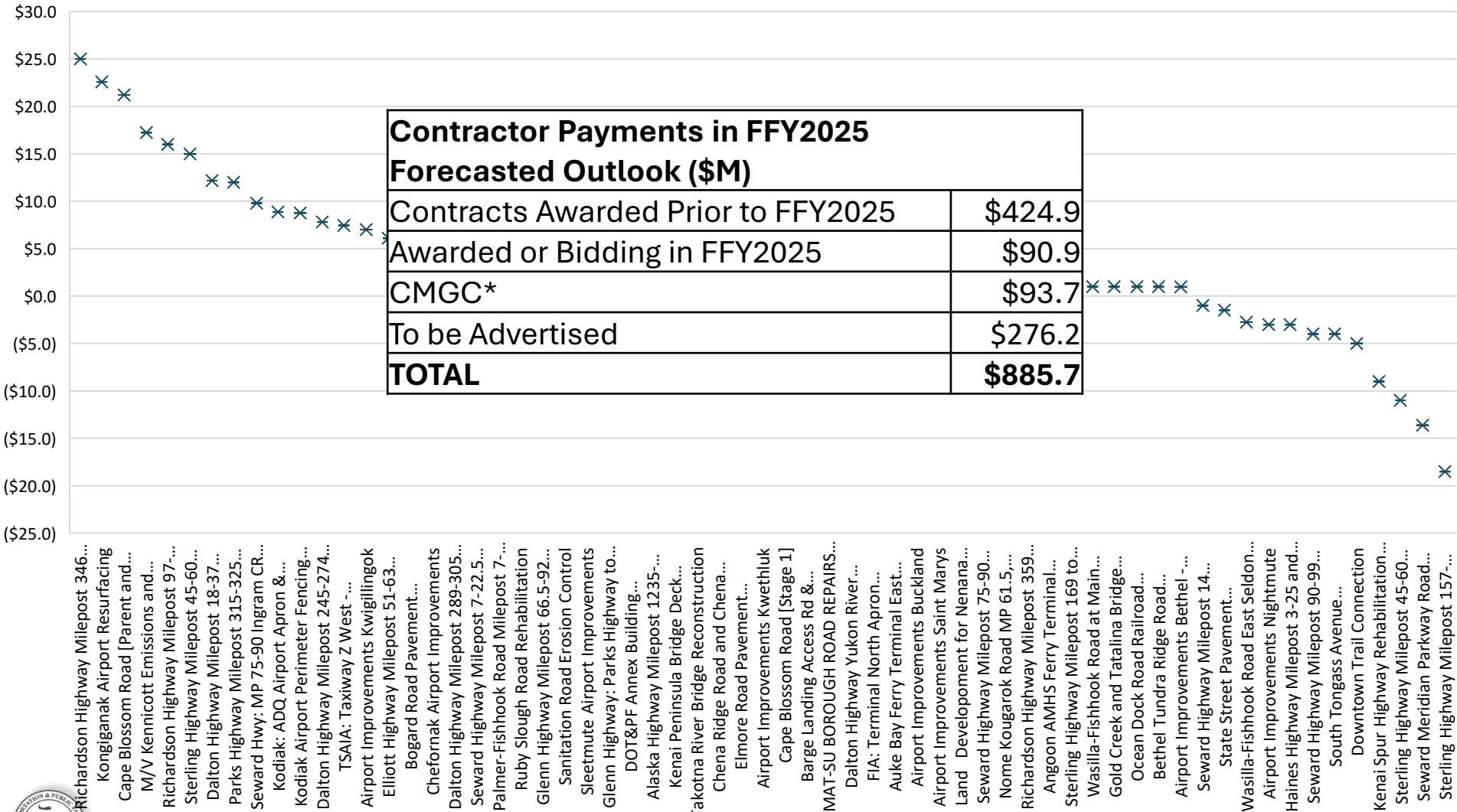
\$ in Millions



	Colaska	Knik	HC	Great Northwest	Brice	Granite	Colaska /Traylor	Cruz	Mass	ASRC	Vigor	Qayak	Dawson	Hamilton
FFY21 Contractor Payments	\$178.10	\$41.46	\$53.61	\$35.02	\$16.07	\$31.08	\$0.00	\$13.75	\$22.19	\$15.04	\$16.97	\$9.12	\$26.24	\$0.28
FFY22 Contractor Payments	\$170.67	\$53.64	\$51.97	\$46.78	\$41.68	\$35.10	\$2.51	\$28.62	\$37.50	\$15.37	\$28.39	\$23.74	\$13.30	\$20.15
FFY23 Contractor Payments	\$146.43	\$58.69	\$66.10	\$73.15	\$71.31	\$59.62	\$39.00	\$36.45	\$32.27	\$27.63	\$21.85	\$1.66	\$9.58	\$19.91
FFY24 Contractor Payments	\$155.28	\$75.02	\$62.57	\$73.91	\$80.03	\$64.29	\$94.45	\$54.14	\$27.22	\$29.11	\$22.82	\$26.53	\$9.95	\$8.51
TOTAL	\$765.63	\$268.27	\$253.85	\$252.77	\$239.07	\$227.12	\$164.99	\$148.64	\$130.76	\$99.40	\$98.31	\$73.94	\$59.74	\$58.74

# CONTRACTOR PAYMENTS | DIFFERENCE BETWEEN DOT&PF AND AGC

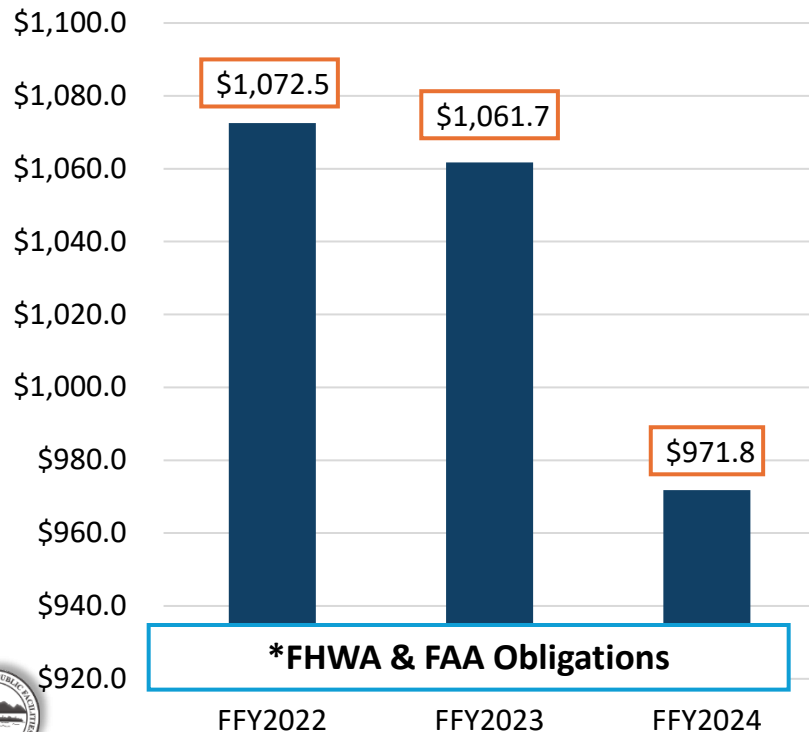
## Difference on Contractor Payments between DOT&PF and AGC Delta greater than \$1M; \$ in Millions



# PROJECT DELIVERY | PIPELINE READINESS

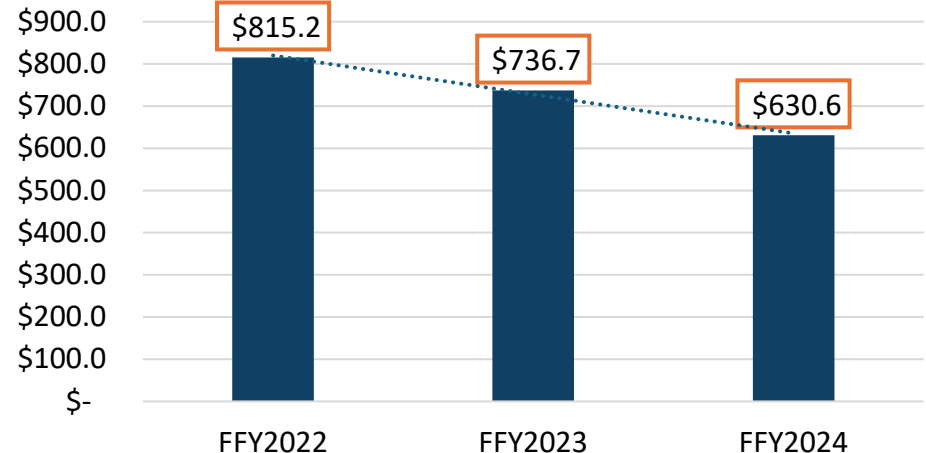
Index Name	About	Trend
Construction Obligation Utilization Index (COUI)	$\frac{\text{Contract Awards}}{\text{Total Obligations}}$	↓ Change orders and preconstruction commitments reduce funds available for new awards
Funding Pipeline Index (FPI)	$\frac{\text{Total Obligations}}{\text{Capital Expenditures}}$	↓ Risk of a funding gap; obligations lag behind active construction

## OBLIGATIONS\* (\$ IN MILLIONS)

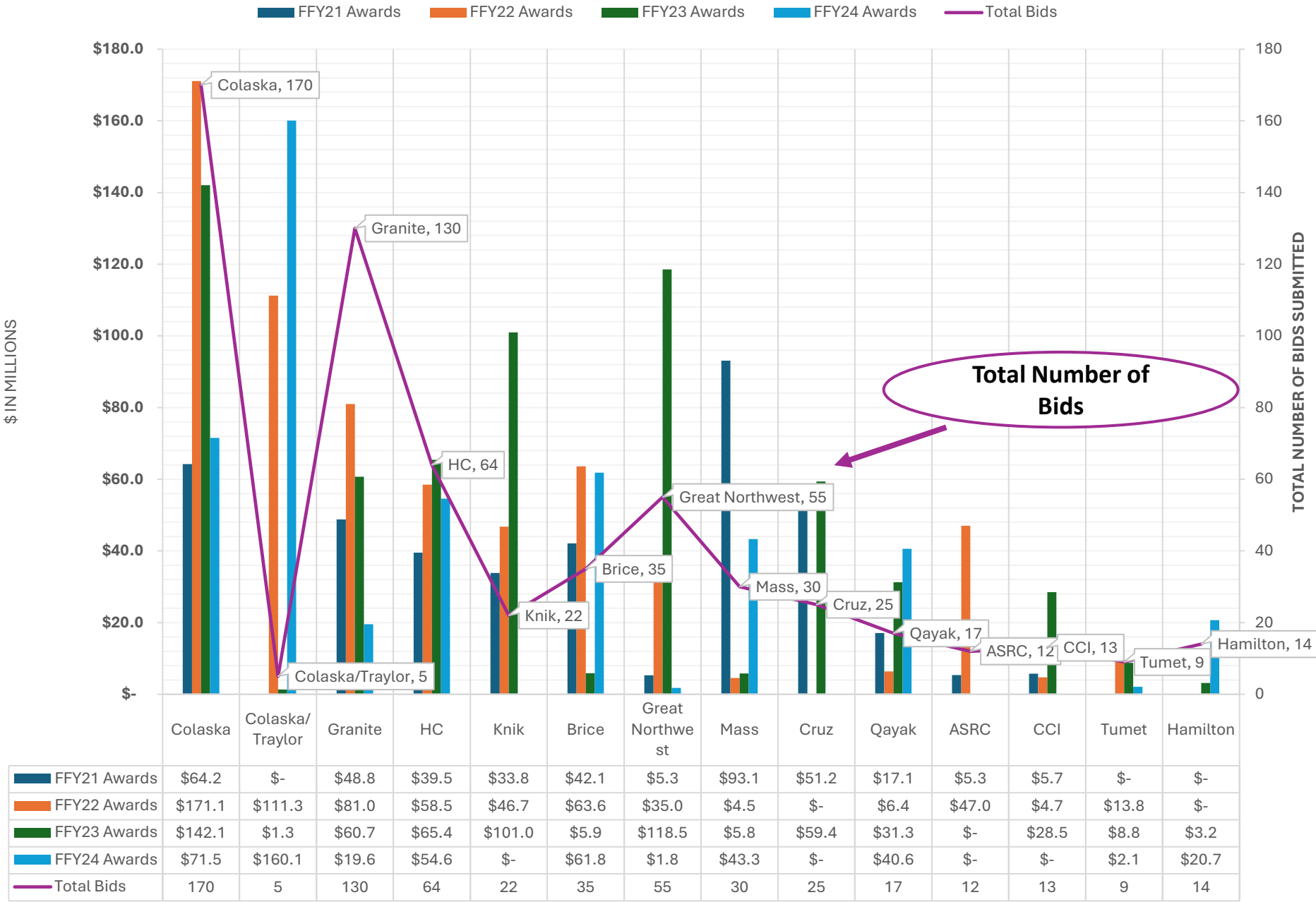


	COUI	FPI	Obligations	Contract Awards
<b>FFY2022</b>	0.76	1.84	\$1,072.5M	\$815.2M
<b>FFY2023</b>	0.69	1.54	\$1,061.7M	\$736.7M
<b>FFY2024</b>	0.65	1.29	\$971.8M	\$630.6M

## CONTRACT AWARDS (\$ IN MILLIONS)



# CONTRACT AWARDS FFY2021-24



CONTRACT AWARDS AND TOTAL BIDS SUBMITTED PER FEDERAL FISCAL YEAR



# FORECASTED CONTRACT AWARDS

## Tentative Advertising Schedule

- DOT&PF's Forecast Of Construction Project Bidding
- 1 Year Time Horizon
- Strengthened Protocols This Past Year

## Timing Of Bids

- Typical Bidding Window for Upcoming Construction Season
  - February through May
  - Longer in Southeast Alaska
- US Congress Staggers Release of Obligation Limitation – Not Optimal for Alaska's Short Construction Window

Contract Awards: 2025 Forecasted Outlook (\$M)	
Awarded in FFY2025 to Date	\$65.5
Bidding in FFY2025 to Date	\$124.0
CMGC	\$170.6
To be Advertised*	\$574.9
<b>Total</b>	<b>\$935.0</b>
* Projects on the Tentative Advertising Schedule with 15% Deducted as Contingency	

## MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities  
Office of the Commissioner

TO: Regional Directors  
DFS Director  
AMHS Director  
Chief Engineer

DATE: November 23, 2024

PHONE NO: 465-3900

FROM: Ryan Anderson, P.E.  
Commissioner

SUBJECT: Protocols for Maintaining  
the Tentative Advertising  
Schedule (TAS)

The Tentative Advertising Schedule (TAS) serves as the Alaska Department of Transportation and Public Facilities' (DOT&PF) one-year plan for project bidding. This schedule is a critical communication tool that our contracting community relies on for workforce and business planning. To maintain our credibility, it is essential that the TAS is always current and accurately reflects DOT&PF's project delivery plans in alignment with our current funding strategies.

The TAS can be accessed at: <https://dot.alaska.gov/procurement/awp/awp-tas.cfm>.

The TAS Update Process can be accessed at: <https://dot.alaska.gov/aashtoware/guides.shtml>

Effective immediately, the following protocols are in place:

1. **Responsibility for Updates:** Project Managers are responsible for updating project information in the TAS. Division Directors, through their respective Preconstruction Engineers, are accountable for ensuring the accuracy of the information.
2. **Authorization for Updates:** Division Directors will designate individuals authorized to update the TAS through AASHTOWare Project. This designation must be provided in writing and include the Data Modernization and Innovation Director.
3. **Monthly Review:** Division Directors will conduct monthly meetings with their staff to review the TAS and the corresponding funding plans. Any changes as a result of these meetings will be input into the Project Delivery Plan for consideration.
4. **Quarterly Working Session:** A one-year project delivery outlook session will be held quarterly, focusing on changes to Project Delivery Plan, and TAS. This meeting will be facilitated by the Commissioner's Office.

Thank you for your attention to these protocols and your continued cooperation in maintaining the integrity of our project planning process.

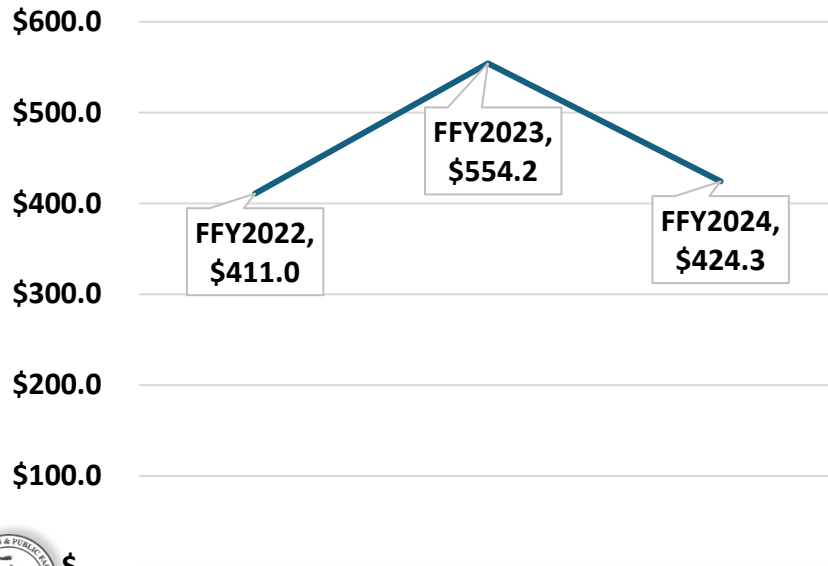
cc: Deputy Commissioner Keith, Director Pannone, Director Langley

"Keeping Alaska Moving."

# ADVANCE CONSTRUCTION

Index Name	About	Trend
Program Activity Index (PAI)	$\frac{\text{Contractor Payments} + \text{Contract Awards}}{\text{Obligations (No AC)}}$	↑ Indicates heavy activity compared to obligations, potentially reducing the pipeline.
Advance Construction Dependency Index (ACDI)	$\frac{\text{AC Obligations}}{\text{Total Obligations}}$	Reduced AC Balance to stabilize long-term funding.

**ADVANCE CONSTRUCTION AUTHORIZATIONS**  
(\$ IN MILLIONS)



	ACDI	PAI	Advance Construction
<b>FFY2022</b>	0.08	1.30	\$411.0M
<b>FFY2023</b>	0.13	1.34	\$554.2M
<b>FFY2024</b>	0.00	1.43	\$424.3M



# PROJECT DELIVERY | INFLATION IMPACTS

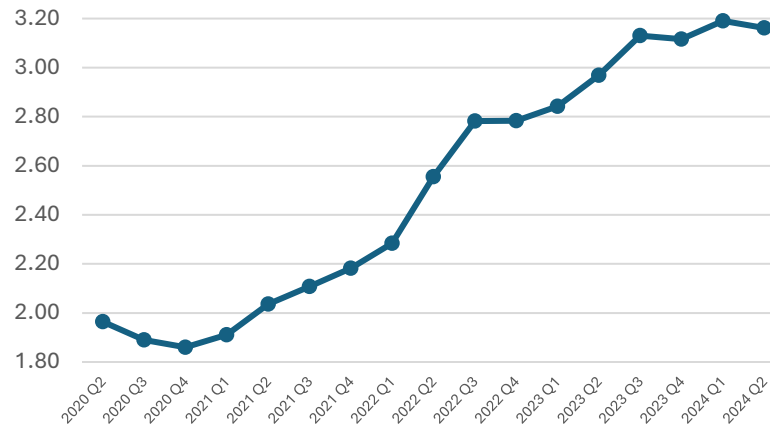
## Inflation Effects on Program

- Overall program of active construction projects has been significantly impacted by cost increases.
- STIP procedures require amendments when a low bid exceeds 20% of the engineer's estimate.

## Kotzebue to Cape Blossom Road

- \$27M Congressionally Directed Spending (CDS)
- 2022 Stage 2 Engineer's Estimate: \$~55M
- 2024 Stage 2 CMGC Estimate: \$~140M (*In Negotiations*)

National Highway Construction Cost Index (NHCCI)  
<https://www.fhwa.dot.gov/policy/otps/nhcci/>



**NHCCI Up 61% from  
Q2 CY2020 to Q2 CY2024**

## NHCCI Components

Grading and Excavation	Signalization
Bridge	Lighting
Asphalt	Roadway
Concrete Pavement	Lighting/Electrical
Concrete-Miscellaneous	Grassing
Concrete-Culverts	Erosion Control
Base Stone	Retaining Wall
Drainage-Pipe	Miscellaneous-
Drainage-Inlets/Catch	Stone/Riprap
Basins	Clearing
Underdrain	Painting Structures
Traffic Control	Buildings/ Miscellaneous
Guard Rail	Structures
Fencing	Utility-Water
Signs-Permanent	Utility-Gas
Striping/Pavement	Utility-Sewer
Marking	Equipment/Labor

# PROJECT DELIVERY | INFLATION IMPACTS

Project	Final Engineers Estimate	Low Bidder	Cost Increase (%)
St Mary's Airport Improvements	\$42,391,172 (2022)	\$53,579,008 (2022)	26.39%
Marshall Airport Improvements	\$16,629,995 (2023)	\$25,681,624 (2023)	54.43%
Deadhorse Airport Improvements	\$34,068,884 (2024)	\$44,664,163 (2024)	31.10%
Chalkyitsik Airport Improvements	\$10,757,806 (2023)	\$22,925,420 (2023)	113.10%
Little Diomed Helipad Improvements	\$6,133,556 (2023)	\$32,755,477 (2023)	434.04%

FFY2024 Proposals with No Award	Engineers Estimate	Bids	Letting Status
ANC Old AFM Gate Rebid	\$380,900.00	\$1,075,836.77	Bids Rejected
Anchorage/Eagle River Snow Removal Truck Rental	\$239,625.00	\$324,000.00	Bids Rejected
ANC TERMINAL WATER MAIN IMPROVEMENTS	\$10,559,775.00	\$17,658,700.60	Bids Rejected
Mt. Edgecumbe High School Building 295 Heritage Hall Window Upgrades	\$402,000.00	\$987,480.00	Bids Rejected
Sheldon Jackson Museum Door Replacement REBID	\$72,000.00	\$177,000.00	Bids Rejected
Alaska Office Building Dewatering Well	\$30,000.00		No Bids Received
Sheldon Jackson Museum Door Replacement	\$72,000.00		No Bids Received
Sheldon Jackson Museum Door Replacement REBID	\$72,000.00		No Bids Received

(\$ in actuals)



# CONSTRUCTION CHANGE ORDERS

Project Name	Contractor	Initial Award	Payments to Date	Post Award Increase
Dalton Highway MP 289-305 Rehabilitation	Cruz	\$28.54	\$61.38	\$32.84
University Ave Segment 2A - DNR/BLM to Rewak Drive	Great Northwest	\$9.97	\$41.00	\$31.02
Nenana-Totchaket Road	Brice	\$5.88	\$26.17	\$20.29
3rd Street Widening	HC	\$12.08	\$27.12	\$15.03
Kotzebue to Cape Blossom Road - Stage I	Brice	\$24.92	\$38.79	\$13.87
Richardson Hwy Bear Creek South Emergency Repairs	Colaska	\$2.15	\$15.01	\$12.87
Northern Region West Coast Storm Emergency Repairs September 2022 – Nome and Teller	Knik	\$8.06	\$20.15	\$12.09
Dalton Highway MP 18-37 Reconstruction	Great Northwest	\$83.41	\$93.34	\$9.93
HNS HWY RECONSTRUCTION MILEPOST 12.2-20.0	Colaska	\$38.54	\$47.67	\$9.12
ANC TAXIWAY Z WEST IMPROVEMENTS	Colaska	\$45.88	\$54.29	\$8.40
Richardson Highway MP 159 - 167 Reconstruction	Colaska	\$26.90	\$33.97	\$7.07
Richardson Highway MP 138-148 Rehabilitation	Qayak	\$10.27	\$17.29	\$7.02
Nome Airport Rehabilitation	Knik	\$27.92	\$34.85	\$6.93

	Contract Awards	Post Award Increases*
<b>FFY2020</b>	\$717.4	\$83.3
<b>FFY2021</b>	\$512.4	\$106.7
<b>FFY2022</b>	\$815.2	\$57.4
<b>FFY2023</b>	\$736.7	\$71.4
<b>FFY2024</b>	\$630.6	\$7.7
<b>FFY2025</b>	\$135.3	\$0.0
<b>TOTAL</b>	<b>\$3,547.5</b>	<b>\$326.5</b>
*Listed in Year of Award, Not Year of Increase		

**Cost Increases  
From Projects  
Awarded Since  
FFY2020: \$326.5M**

\$ in Millions



# INFLATION IMPACTS ON PROJECT COST

- Cooper Landing Bypass (Sterling Highway Milepost 45-60)**  
**CMGC Project on the National Highway System**
- \$45 Million in Estimated Contractor Payments in FFY2025

**Table 8: Project Cost Net Change (Millions \$)**

Cost Category	2023 IFP	2023 AFPU	2024 AFPU	Net Change Since 2023 IFP
Pre-Construction	\$74.3	\$130.3	\$137.30	\$63.0
ROW	\$11.0	\$7.9	\$7.9	-\$3.1
Utilities	\$2.1	\$4.1	\$1.6	-\$0.5
Construction	\$602.5	\$742.2	\$746.7	\$144.2
<b>Total</b>	<b>\$689.9</b>	<b>\$884.6</b>	<b>\$893.50</b>	<b>\$203.6</b>

**Table 6: Total Project Cost Estimate & Cost to Complete by Phase (Millions \$)**

Cost Category	*Funds to Date <sup>a</sup>	FFY <sup>b</sup> 2024	FFY <sup>b</sup> 2025	FFY <sup>b</sup> 2026-27	FFY <sup>b</sup> 2028	FFY <sup>b</sup> 2029	FFY <sup>b</sup> 2030	Total Project *Cost
Pre-Construction	\$88.5	\$48.8	\$0.0	\$0.0	\$31.7	\$0.0	\$0.0	<b>\$137.3</b>
ROW	\$7.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$7.9</b>
Utilities	\$0.1	\$0.0	\$0.0	\$0.0	\$1.5	\$0.0	\$0.0	<b>\$1.6</b>
Construction	\$335.5	\$0.0	\$0.0	\$0.0	\$157.0	\$146.3	\$107.9	<b>\$746.7</b>
<b>*Total</b>	<b>\$432.1</b>	<b>\$48.8</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$158.5</b>	<b>\$146.3</b>	<b>\$107.9</b>	<b>\$893.5</b>





# END OF YEAR AUGUST REDISTRIBUTION

## **Funding Eligibility Challenge for August Redistribution**

Surface Transportation Block Grant Urbanized Areas Population >200k (~\$66M)

Transportation Alternatives Program Population >200k (~\$8M)

Carbon Reduction Program Populations >200k and <5K (~\$27M)

## **2025 August Redistribution Notification**

Alaska Eligible for up to \$126.1M in Obligation Limitation

Success Contingent on Project Delivery within Anchorage Metropolitan Area Transportation Solutions (AMATS) Metropolitan Planning Area



# STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM

## AMENDMENT #2



### PROPOSED AMENDMENT 2

#### 12259: Recreational Trails Program

##### PROJECT INFORMATION

STIP ID: 12259

STIP Year: 2024 - 2027

Amendment:

Strategic Investment Area: Sustainability

##### PROJECT BUDGET

Total 2024-2027 Budget  
\$10,465,375

⬆️ \$636,864

Funding Source  
RTP, 3PF Local

##### BUDGET BY YEAR

2024	2025	2026	2027
\$3,828,689	\$2,963,137	\$1,813,169	\$1,860,380
⬇️ \$756,460	⬆️ \$1,223,874	⬆️ \$47,817	⬆️ \$121,633

### AMENDMENT 1

#### 12259: Recreational Trails Program

##### PROJECT INFORMATION

STIP ID: 12259

STIP Year: 2024 - 2027

Amendment:

Strategic Investment Area: Sustainability

##### PROJECT BUDGET

Total 2024-2027 Budget  
\$9,828,511

Funding Source  
RTP

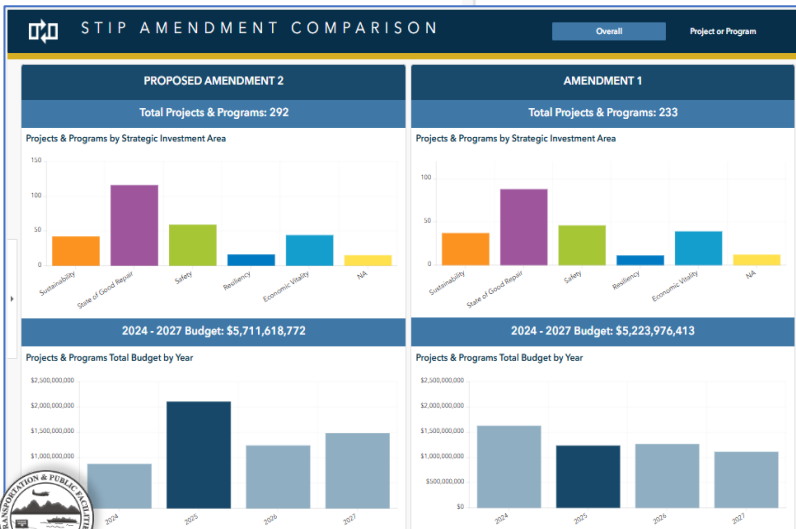
##### BUDGET BY YEAR

2024	2025	2026	2027
\$4,585,149	\$1,739,263	\$1,765,352	\$1,738,747

##### PROJECT DESCRIPTION

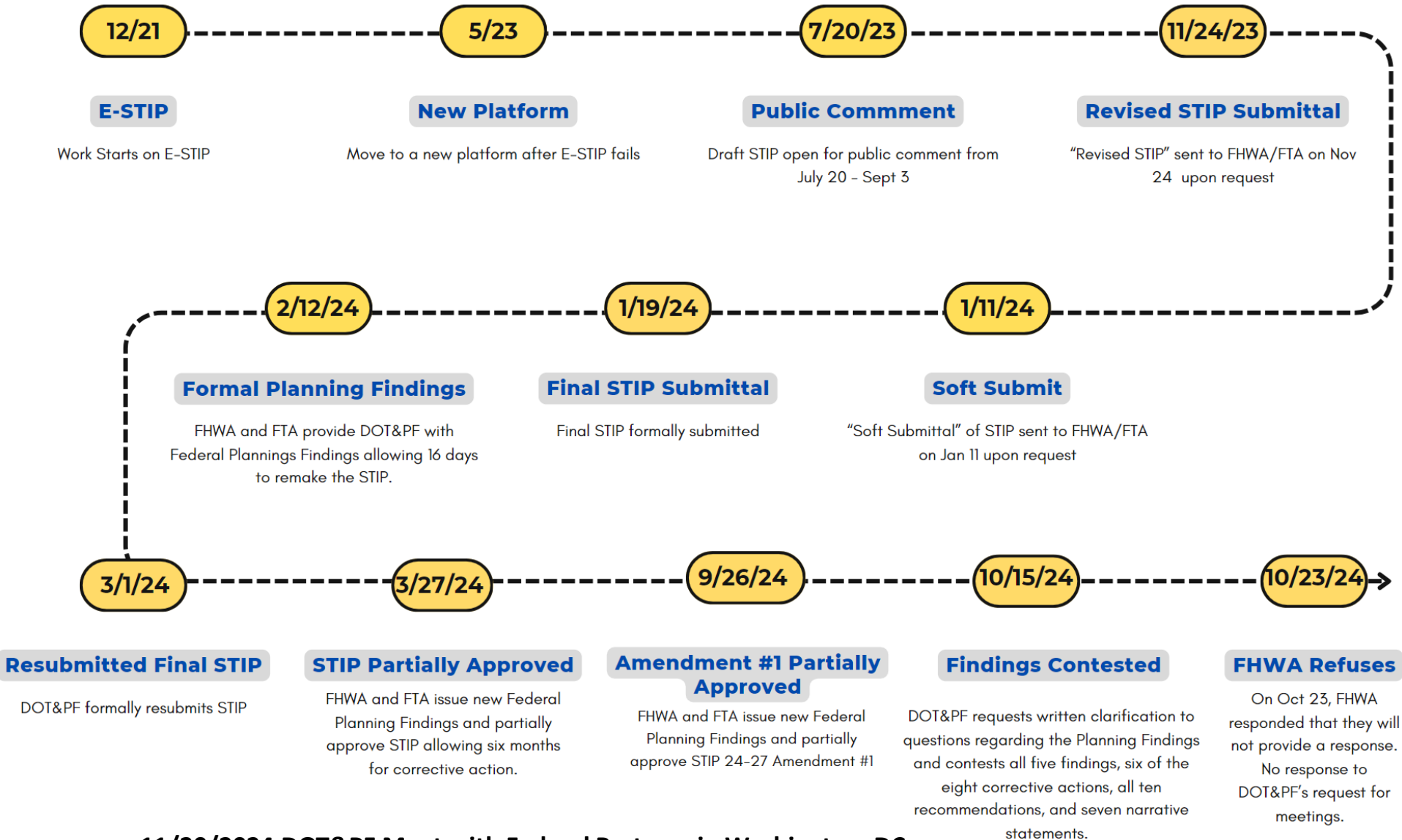
Enhance outdoor recreational activities through funding of recreational trail projects across Alaska. Per 23 CFR 450.218(j) this STIP program groups together categorically excluded projects (23 CFR 771.117(c)) for the installation of fencing and signs where no substantial land acquisition will occur. Recreational trails, as defined by 23 USC 206(2), are not subject to the Location of Project requirement in 23 U.S.C. 133(c).

COMMENT ON THIS PROJECT



activities through funding of Alaska. Per 23 CFR 450.218(j) this categorically excluded projects (23 as defined by 23 USC 206(2), are project requirement in 23 U.S.C.

# STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) TIMELINE



- **11/20/2024 DOT&PF Meet with Federal Partners in Washington, DC**
- **1/8/2025 DOT&PF Provides Draft Amendment #2 to FHWA and FTA for Early Review**
- **~2/14/2025 STIP Amendment #2 Out for Public Comment**



# DOT&PF MEETS WITH FEDERAL PARTNERS IN DC FOR CLARIFICATION

NOVEMBER 20-21, 2024

## 99% of Projects Approved

**DOT&PF and LAW met with FHWA and FTA leadership at their Washington, DC headquarters, including FHWA Executive Director Gloria Shepard.**

- **Richardson Highway Milepost 346:** Must be programmed in the STIP not TIP
- **Safer Seward Highway:** Allowed to change termini
- **'MUST' Statements (28):** Require attention
- **'SHOULD' Statements (38):** Lack measurable goal and/or legal requirement
- **MPO Engagement Finding:** Ongoing; completion measured in stakeholder happiness
- **Discretionary Grants:** USDOT lacks a comprehensive list requiring inclusion in the STIP





# KEY ISSUES AHEAD

## Timing of Federal Fund Distribution

- Continuing Resolution Impacts Delivery
- August Redistribution has Limited Window

## Build America Buy America (BABA)

- Supply Chain Challenges
- Utilities Unwilling to Take on Risk

## Right-of-Way Acquisition / Material Sites

- Federal Acquisitions Hindered by Unreasonable Unnecessary Easement Stipulations
- Right-of-Way Acquisition Expertise is Increasingly Limited

## Program Adjustments

- National Electric Vehicle Infrastructure Program
  - Recent Approval of Third Annual Plan
  - Alaska Energy Authority/DOT&PF Joint Effort
  - \$41M Allocated; Implementation Challenges
- PROTECT Program
- Carbon Reduction Program



## Work Continues on STIP Practices

DOT&PF, FHWA, and MPO teams continue to work together to address remaining issues and changes in practices.

# KEY ACTIONS AHEAD

## **Addressing Inflationary Impacts**

Sequence larger projects into stages, creating more opportunities for Alaska-based contractors to participate competitively, and potentially increasing competition.

## **Timing of Federal Fund Distribution**

Leverage financial tools such as advanced construction, or pre-awarding grant-based projects, allowing projects to move forward without waiting on federal funding release schedules.

## **Buy America/Build America (BABA) Compliance**

Evaluating options to address supply chain issues: Advance purchases, stockpile reimbursable accounts, DOT&PF taking risk to relocate utilities through construction contracts, etc.

## **Right-of-Way Acquisition Delays**

For Federal Highways Highway Easement Deeds with Bureau of Land Management (BLM), requesting renewed reviews by Department of Interior of BLM easement stipulations.

## **Gravel/Rock Excavation Sites**

Asking for renewed review of Free Use Permits on BLM lands and developed new policy guidance for staff to seek out material site authorizations in preconstruction phases.





# KEY ACTIONS AHEAD

## **Addressing Resource Constraints: General Engineering Consultants**

Multidisciplinary engineering firm or team contracted to provide comprehensive support services for transportation infrastructure projects. These services are designed to supplement the capabilities of a transportation agency, such as the Washington Department of Transportation (WSDOT), by offering expertise in a wide range of disciplines, including planning, design, environmental compliance, project management, and construction oversight.

## **Addressing Internal Controls: Agile Project Management Office (PMO)**

Establishing project management expectations, standards, and best practices to enhance the efficiency and effectiveness of project delivery. The PMO serves as a strategic oversight body, ensuring that transportation projects are executed consistently, meet agency goals, and align with state and federal regulations.

## **Modernizing Project Delivery and Forecasting Tools**

- DOT&PF Capital Project Dashboard
- Enhanced Tentative Advertising Schedule (TAS)
- Project Delivery Plan (PDP)
- Modernized Statewide Transportation Improvement Program (STIP)



# THANK YOU

**Deputy Commissioner Katherine Keith, PMP, PMI-ACP  
Program Management and Administration Director Dom Pannone**

**Alaska Department of Transportation & Public Facilities  
[DOT.Commissioner@alaska.gov](mailto:DOT.Commissioner@alaska.gov)**



2/13/2025