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July 14, 2025

Mr. Ryan Anderson, P.E., Commissioner
Alaska Department of Transportation and Public Facilities
P.O. Box 112500
3132 Channel Drive
Juneau, AK 99811

Subject: Federal Actions:

- 1) Approval of Air Quality Conformity Finding for AMATS 2023-2026 Transportation Improvement Program (TIP)
- 2) Approval of 2024-2027 Alaska State Transportation Improvement Program (STIP) Amendment #2 which incorporates the AMATS 2023-2026 TIP Amendment #3 and the FAST Planning 2023-2026 TIP Amendment #1

Dear Mr. Anderson:

On July 1, 2025, we received the Department of Transportation & Public Facilities (DOT&PF) 2024 – 2027 Statewide Transportation Improvement Program (STIP) Amendment #2. Upon review of the STIP submittal, the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) have determined that pursuant to 23 CFR 450.220(b)(1)(i), the STIP Amendment #2 is Approved.

STIP Amendment #2 also incorporates the Fairbanks Area Surface Transportation (FAST) Planning Metropolitan Planning Organization (MPO) Transportation Improvement Program (TIP) Amendment #1 and Anchorage Metropolitan Area Transportation Solutions (AMATS) MPO TIP Amendment #3. The FAST Planning MPO TIP Amendment #1 is submitted with the notes from an Interagency Consultation held on

February 28, 2025 where EPA, FHWA, and Alaska Department of Environmental Conservation concluded that the conformity finding made by FTA and FHWA on May 12, 2023 for the FAST Planning TIP Amendment #1 remains valid and does not require a new air quality conformity analysis. The AMATS MPO TIP Amendment #3 is submitted with the Air Quality Conformity Analysis, dated January 22, 2025, and FTA and FHWA determined this satisfies the requirements of 40 CFR 93 and, therefore, a conformity finding is also approved by FHWA and FTA for the AMATS MPO TIP Amendment #3.

FHWA and FTA are required to make a joint Federal Planning Finding (FPF) on the extent to which the transportation planning processes through which statewide transportation plans and programs are developed is consistent with 23 U.S.C. 134 and 135 (for FHWA) and 49 U.S.C. 5303 and 5304 (for FTA). The Federal Review Team's FPF concludes that the STIP Amendment #2 was developed in accordance with the applicable requirements. The issuance of a FPF is a prerequisite to FHWA and FTA's approval of the STIP and STIP amendments (23 U.S.C. 135(g)(7) and 49 U.S.C. 5304(g)(7)).

The FPF provides recommendations to support improvements to the planning and STIP development processes. The FPF also establishes a STIP Working Group of the FTA, FHWA, DOT&PF, AMATS MPO, FAST Planning MPO, and the Mat-Su Valley Planning for Transportation (MVP for Transportation) MPO which will hold monthly coordination meetings, at a minimum, beginning in August 2025.

We appreciate the DOT&PF's engagement to improve the STIP and coordination processes and look forward to the advancement of projects in Alaska.

If you have any questions, please reach out to Emily Haynes at emily.haynes@dot.gov and Danielle Casey at danielle.casey@dot.gov.

Sincerely,

Randy Warden
Division Administrator, Alaska Division
Federal Highway Administration

Susan Fletcher, P.E.
Regional Administrator, Region 10
Federal Transit Administration

Attachments:

Federal Planning Finding (FPF)

Electronically cc:

Katherine Keith, Deputy Commissioner, DOT&PF
Dom Pannone, Program Management and Administration Director, DOT&PF
Aaron Jongenelen, Transportation Planning Manager/MPO Coordinator, AMATS

Jackson Fox, Executive Director, FAST Planning
Kim Sollien, Executive Director, MVP for Transportation

Alaska

2024-2027 Statewide Transportation Improvement Program

Amendment #2

Federal Planning Finding

Introduction

The Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) are required to make a joint Federal Planning Finding (FPF) on the extent to which the transportation planning processes through which statewide transportation plans and programs are developed is consistent with 23 U.S.C. 134 and 135 (for FHWA) and 49 U.S.C. 5303 and 5304 (for FTA). The FPF review includes a determination whether the Statewide Transportation Improvement Program (STIP) and the Metropolitan Planning Organization (MPO) Transportation Improvement Programs (TIPs) were developed in accordance with applicable requirements. The issuance of a FPF is a prerequisite to FHWA and FTA's approval of the STIP and STIP amendments (23 U.S.C. 135(g)(7) and 49 U.S.C. 5304(g)(7)).

The Alaska Department of Transportation & Public Facilities (DOT&PF) has made improvements throughout STIP Amendment #2. Based on the Federal involvement in the statewide and metropolitan planning processes, and review of the required documents, the FHWA and FTA has determined that DOT&PF has demonstrated conformance with the requirements of 23 U.S.C. 134 and 135 and 49 U.S.C. 5303 and 5304. The FHWA and FTA has included Recommendations in this FPF that will continue to help improve the Alaska transportation planning process.

In development of the 2026 – 2030 STIP, FHWA, FTA, Anchorage Metropolitan Area Transportation Solutions (AMATS) MPO, Fairbanks Area Surface Transportation (FAST) Planning MPO, and Mat-Su Valley Planning for Transportation (MVP for Transportation) MPO will establish a STIP Working Group to meet at least monthly to collaboratively draft the STIP. FHWA and FTA will arrange for the first kick-off meeting in August 2025.

Federal Action Definitions

The FPF outlines the Federal planning regulations for which there are findings based on review of the STIP and other required planning processes and activities. Findings act as the official record for what State DOTs and MPOs are doing well, where improvements are needed and where there are compliance issues that must be resolved. For each finding, a Federal action is also documented. These actions are defined as:

- **Corrective Actions:** Items that do not meet statutory and regulatory requirements. Each corrective action requires action by the State and/or MPO.
- **Recommendations:** Items that meet the statutory and regulatory requirements but may represent opportunities to improve the transportation planning processes.

- **Commendations:** A planning activity that demonstrates innovative, highly effective, well-thought-out procedures for implementing the planning requirements or represents a national model for implementation and can be cited as an example for others.

Alaska DOT&PF STIP Amendment #2: Findings and Federal Actions

1. 23 CFR 450.218 Development and content of the statewide transportation improvement program (STIP)

STIP Amendment #1 Findings:

The DOT&PF STIP Amendment #2 provides over 1400 pages of material relevant to the planning, prioritization and selection of projects programmed for Federal funds from Federal Fiscal Year (FFY) 2024 through 2027. A Narrative document provides details relevant to the development and execution of the STIP while the data and programming of projects is documented in four subsequent Volumes.

Project data and information is provided in multiple ways, including numerical order and alphabetical order. The STIP Amendment #2 Online Dashboard provides additional ways to search projects programmed in the STIP. Additionally, the Dashboard includes multiple features to view changes from Amendment #1 to Amendment #2.

It is clear the DOT&PF is interested in transparency and has made significant improvements to consistency in information across the Dashboard and the documentation. The changes were identified within STIP Amendment #2 Volume 3 submitted to FHWA and FTA but there is no publicly available document or tool to see changes between the final Amendment #1 and the Amendment #2 submitted for approval until the STIP Amendment #2 is approved.

The FAST Planning MPO TIP Amendment #1 covers a period of five years, 2023 through 2027. A TIP may only be approved for a period of four years; however, there is no issue – and may, in fact, provide a benefit for public transparency – with including additional years to outline intentions for future programming. The approved FAST Planning MPO TIP Amendment #1 will only cover the period of 2023 through 2026 and the period covering 2027 is considered to be informational.

Corrective Actions:

None.

Recommendations:

- a. We continue to recommend significant simplification of the STIP to ensure requirements are met and to ensure information remains transparent but is easy for the general public to access and use.
- b. To support an expedited review process and make modifications more easily identifiable to all stakeholders, including the general public, any proposed STIP amendment should only include those projects that are being amended along with the fiscal constraint demonstration to support the amendment.

Commendations:

- a. The Amendment #2 Online Dashboard is an effective way to provide an overview of the STIP, project details, geographic region and a simple way to show changes between amendments. The dashboard is intuitive and easy for the general public to access and use.

2. 23 CFR 450.208 Coordination of Planning Process Activities

STIP Amendment #2 Findings:

The DOT&PF held a working session with three MPOs, FHWA, and FTA, to help develop an internal Alaska DOT&PF document that describes collaborative efforts between the DOT&PF and the MPOs in the development and management of the STIP. This document is described as part of the DOT&PF Planning Manual. The DOT&PF and MPOs are working on developing this finalized 3C process. At the June DOT&PF/MPO Quarterly meeting, which FTA and FHWA attended, DOT&PF identified September as a target date to get a final document out for consideration by the MPOs. It is clear there is commitment from DOT&PF and the MPOs to have clear, agreed to expectations to promote all transportation planning within Alaska which FTA and FHWA support. In development of STIP Amendment #2, it is not clear whether the coordination process is currently inculcated throughout the DOT&PF.

To this point, the DOT&PF has not taken action on the FAST Planning MPO's or AMATS MPO's revised Metropolitan Planning Area (MPA) boundaries which were submitted to DOT&PF in December 2023 to reflect the 2020 Census revised Urban Area Boundaries (approved by FHWA on March 5, 2024) and the area forecasted to become urbanized within the next 20 years. There has been interest to update the MPO Operating Agreements simultaneously with the MPA boundary updates. MPA boundary updates do not require any changes to the MPO Operating Agreements and requiring the Operating Agreement to be updated could unnecessarily delay the MPA boundary update. While DOT&PF may like to see improvements to the Operating Agreement, those could be pursued as an ongoing effort after the MPA boundary is updated which would allow for the time to negotiate thoughtfully and considerately. At a minimum, the revised MPA boundaries must be approved by December 29, 2026; however, the MPOs may not perform planning efforts for the revised area until they are finalized. The updated MPA boundaries are critical to the MPOs' ability to update their metropolitan transportation plans currently underway.

STIP Amendment #2 incorporates TIP Amendments for both the FAST Planning and AMATS MPOs. These TIP Amendments were approved by the MPOs in April 2025; however, they were not submitted to FHWA and FTA for approval until July 2025. The delay in the approval for these TIPs can lead to delays in projects advancing in a timely manner.

Corrective Actions:

None.

Recommendations:

c. The State DOT should develop processes and limitations on changes between the public version and the final submittal. If these changes are significant and meet the amendment guidelines, the DOT&PF should provide the opportunity for public review and comment of the most recent amended version.

As an example, the STIP Amendment #2 submitted to FTA and FHWA indicates an overall program change of \$229.5M in less revenue and \$214.2M in less programming from the draft version posted for public review. The Change Log in Volume 3 outlines all of these changes and includes 9 new projects and 26 removed projects, and a total of 140 project changes between the public draft and the STIP Amendment #2 submitted to FTA and FHWA for approval.

d. Through the STIP Working Group, DOT&PF and the MPOs should develop an agreed-to process for timely development and completion of Amendments and new STIPs.

e. FHWA and FTA recommend including the MPOs as signatories to the 3C Process document and finalize with concurrence from all parties. As the 3C Process is implemented, continuous monitoring of effectiveness should be incorporated for all parties to provide feedback.

f. The DOT&PF must develop and implement processes and procedures for a continuing, cooperative, and comprehensive planning process that meets the requirements of 23 CFR 450.208. These documented procedures should result in a tangible demonstration of coordination among the MPOs and the DOT&PF such that information is coordinated among the agencies in the development of documents including the STIP and STIP amendments. In addition, this coordination must provide for timely resolution of differences to ensure MPO processes are supported and before draft documents are released for public review.

Commendations:

None.

3. 23 CFR 450.210 Interested Parties, Public Involvement, and Consultation.

STIP Amendment #1 Finding:

STIP Amendment #2, Volume 3, Engagement Summary, provides an overview of the public engagement procedures used for STIP Amendment #2 and the DOT&PF's process to involve and coordinate with affected local and appointed officials. Many improvements to public involvement have been made since STIP Amendment #1.

Volume 3 references a Change Log on page 58 and the change log is included starting on page 654. The Change Log is a very helpful document to clearly see the changes from STIP Amendment #1 to public draft to the submitted STIP Amendment #2 and also identifies any changes made as a result of public comment. The public was not given the opportunity to comment on the final STIP Amendment #2 prior to submittal for Federal approval.

The documented DOT&PF's public participation process does not address how the public will be engaged when significant changes take place prior to adoption or submittal for Federal approval or how project comments are considered. Volume 3 identifies 222 comments received for STIP Amendment #2 and the Change Log identifies two project changes occurring as a result of public comment. The Change Log identifies 9 projects as added following public review with one attributed to a change as a result of public comment. Additionally, 26 projects were removed following public review. It is noted that of those 26, 16 were removed as a correction because they are programmed in the Tribal TIP which is incorporated by reference, and should not be duplicated into the STIP. Overall, 140 project changes were identified following public review ranging from seemingly minor funding adjustments to new/removed projects.

Corrective Actions:

None.

Recommendations:

g. The public participation process should define changes allowed between public review and final submittal as well as document processes to engage the public when significant changes are made to Federal documents such as the STIP and STIP Amendments and how the disposition of public comments are made available.

h. The disposition of comments should address the comments received and the public should be able to find their comment and understand how it was considered for the final document. Therefore, the disposition of their comments should address their specific comment.

An example of this is the response to AIDEA's March 20, 2025 comment which does not address the projects identified by AIDEA.

Commendations:

b. As stated in Commendation (a), the STIP Amendment #2 Online Dashboard was an intuitive way to provide information to the public on projects in the STIP.

c. The DOT&PF engaged with FTA and FHWA in the months leading up to the STIP Amendment #2 draft being released for public review. FTA and FHWA found these coordination meetings to be very effective and recommend the continuation of this as a STIP Working Group to include the three MPOs.

d. The Change Log developed for the Online Dashboard was a great tool to clearly see the changes between the STIP Amendment #1 and the draft STIP Amendment #2 during public review and the Change Log provided in Volume 3 was a helpful document to see all of the changes from Amendment #1 through the submitted Amendment #2.

4. 23 CFR 450.218(m) Fiscal Constraint

STIP Amendment #2 Findings:

The Alaska DOT&PF STIP Amendment #2, Narrative of the STIP provides significant improvements to the Fiscal Constraint Demonstration Detail. Funding sources are clearly labeled by year and include the local match and State funds anticipated throughout the life of the STIP. STIP Amendment #2 has also improved on the consistency in data between tables within the fiscal constraint demonstration.

The STIP Amendment #1 Volume 1, provides a Deep Dive page for projects considered programmed in the STIP. Deep Dive pages outline how State, local and Federal funds are programmed and provides project details, the year in which each funding source is programmed and how much is programmed by phase of the project. The project description provided is enough information for most projects to determine general eligibility for the funding source identified.

For large projects that extend over several years, the Deep Dive pages document the "Parent" and "Child" relationships. The documentation of this Parent-Child relationship in the Deep Dive pages provides a clearer pathway to tracking large projects that are expected to be completed over several years. Beyond the Deep Dive pages, the conceptual relationship of "Parent" to "Child" and the use of this concept within the STIP is not clarified or documented. This lack of clear documentation may

confuse how Parent-Child projects move through the Amendment and Administrative Modification processes and in some cases the project design phase.

How the DOT&PF uses Advance Construction (AC) and the conversion of AC (ACC) at the time of project authorization or when funds are requested for obligation is often inconsistent with the programming of projects in the STIP. As a result, the FHWA Division is unable to process these requests; though, these rejections may be reduced following STIP Amendment #2. Additionally, there is no clear documentation in the STIP that describes how the DOT&PF intends to use AC or ACC nor does it document the processes for which AC and ACC may support cash management or other programming decisions. A total of approximately \$783M in AC is identified in the Project Deep Dive pages for ACC after FY27 which is approximately 87% of the overall FHWA program anticipated in FY27 (FHWA Formula Exempt from Limitation and FHWA Formula Subject to Limitation). The use of AC depends on the availability of state funds which may be reduced in the future. The state should realistically assess their future federal funding allocations and obligations to ensure they will be able to convert the advance-constructed projects to federal aid in accordance with funding availability and fiscal constraints. Not doing so may impact their ability to deliver the STIP.

STIP Amendment #2 only identifies toll credits (a mechanism to reduce the non-federal share required by using credits approved by FHWA) in the Project Deep Dives. The STIP Amendment #2 narrative only defines what toll credits are but not how DOT&PF is implementing this program. Toll credits balances are not identified in the fiscal constraint or elsewhere in the STIP Amendment #2. It is noted that toll credits are not a revenue source and should not be identified as such but they should be identified as a credit to be earned and used. Through the Project Deep Dives, approximately \$91M of toll credits are applied across these years. Toll credits are not a funding source and, therefore, when they are applied, it reduces the amount of apportionment available for other projects which is beneficial for the public and interested parties to understand.

Corrective Actions:

None.

Recommendations:

- i. The conceptual use of “Parent” and “Child” in the STIP should be clearly documented. This includes defining the terminology, the programming processes and any special considerations given to projects captured in this concept. In addition, the concept description should consider how final design is programmed for the Parent vs. for the Child projects; how STIP revisions are determined; and the relationship of Parent and Child projects to the NEPA process and NEPA decisions.
- j. The STIP should clearly show the total, cumulative AC within the fiscal constraint demonstration and the accurate representation of AC conversions within the Project Deep-Dives.

An example of this is Need ID 33242 which shows \$118,002,807 in AC from prior to FY25 and only a \$86,301,869 to be converted after FY27. It is not clear if the State of Alaska is intending on the difference of \$31,700,938 to remain as state funds for this project or if there is an error in the fiscal constraint where another \$31,700,938 should be programmed for ACC or identified as a post-FY27 conversion.

k. The STIP should document how the Alaska DOT&PF uses AC and ACC and the processes by which these funds may be applied to projects programmed in the STIP during project authorization and obligation.

l. The STIP should outline how DOT&PF is implementing the toll credit program and what may occur if toll credits anticipated to be used in future years are not available. Additionally, the STIP should clearly show the total toll credits already received, anticipated to be received, and the overall balance.

m. Project groupings included in the STIP should be limited to a single work type. In addition, the list of individual projects intended for any group listed in the STIP should be made available whenever it is requested.

Commendations:

None.

5. 23 CFR 450.218(q) Transportation Performance Management (TPM) and 23 CFR 450.206(c) Performance-Based Planning and Programming

STIP Amendment #1 Findings:

Alaska DOT&PF's STIP Amendment #2, Narrative, Appendix C, provides the Transportation Performance Management (TPM) analysis. The information provided documents the DOT&PF's strategic approach make informed investment and policy decisions that achieve national performance goals. This includes alignment with the State's policies and guidance, the statewide long range transportation plan, and various performance plans. Appendix C also describes the collaborative process for developing and formalizing Federal metrics and performance targets with the MPOs. Each target is described in detail and provides data and visual representation of the DOT&PF's expected outcome of meeting these targets through the projects programmed in the STIP. Most targets are likely to be met within or ahead of the timeline anticipated. However, the data is showing that some targets are not currently begin met or are likely to be met as required. Appendix C also provides a detailed listing of potential actions the DOT&PF may take for those targets that are not being met. However, it is not clear what actions the DOT&PF is currently taking to address those targets that are underperforming.

In STIP Amendment #1, Volume 4 was included that provided a series of references and documents related to various project prioritization processes and remains unchanged in the submission for STIP Amendment #2. In the FPF for STIP Amendment #1, FTA and FHWA identified issues with Volume 4 and made recommendations for improvement. STIP Amendment #2 does not include a modified Volume 4 and does not include any replacement process for demonstrating how projects are selected for programming into the STIP. Recommendations related to performance management and performance-based planning and programming from the FPF for STIP Amendment #1 remain for STIP Amendment #2.

Corrective Actions:

None.

Recommendations:

n. The STIP must clarify the performance-based planning processes and the project selection processes that support the investment priorities programmed in the STIP. This includes identifying not only the final list of prioritized projects but how projects are selected and programmed into the STIP.

o. For Federal transportation performance management targets that are under performing or for those that are not meeting their targets, the DOT&PF should document the actions currently underway to improve the State's ability to meet those targets.

Commendations:

None.