

House Transportation Committee

Alaska DOT&PF
STIP and Plans
Fall 2009



Presentation Outline

- ▣ Mission and Purpose
 - DOT&PF's Mission
 - Constitution , Alaska Statutes, Federal Statutes
- ▣ DOT&PF's Planning Process
 - Why do we plan?
 - Types of plans, and changes expected
- ▣ Project Identification And Funding
 - STIP rules and issues
 - Draft STIP for 2010 to 2013
- ▣ Wrap Up

DOT&PF's Mission

**Provide for the safe
movement of people and
goods and the delivery of
state services.**

Transportation in the Alaska Constitution

Article 8:

- ▣ **§ 1. Statement of Policy** It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.
- ▣ **§ 5. Facilities and Improvements** The legislature may provide for facilities, improvements, and services to assure greater utilization, development, reclamation, and settlement of lands, and to assure fuller utilization and development of the fisheries, wildlife, and waters.

DOT&PF Purpose

- ▣ Alaska Statutes: AS 19.05.125 Purpose.
 - The purpose of AS 19.05 - AS 19.25 is to establish a highway department capable of carrying out a highway **planning, construction, and maintenance** program that will provide a common defense to the United States and Alaska, a network of highways linking together cities and communities throughout the state (thereby contributing to the development of commerce and industry in the state, and aiding the extraction and utilization of its resources), and otherwise improve the economic and general welfare of the people of the state.

DOT&PF Powers & Duties

- ▣ Alaska Statutes: AS 44.42.020. Powers and duties.
 - (a) The department shall: (1) plan, design, construct, and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities;
 - (15) at least every four years study alternatives available to finance transportation systems in order to provide an adequate level of funding to sustain and improve the state's transportation system.

- ▣ Alaska Statutes: AS 44.42.050. State transportation plan.
 - (a) The commissioner shall develop a comprehensive, intermodal, long-range transportation plan for the state. ...
 - (d) The commissioner shall develop a list of projects scheduled for design, construction, or other necessary activities for a period of not less than two years that is consistent with the plan developed under (a) of this section.

Federal Planning Requirements

- ▣ 23 USC § 134 Metropolitan Transportation Planning
 - Sets up requirements for MPOs (AMATS, FMATS)
 - Establishes both Long Range Transportation Plan (LRTP) and Transportation Improvement Program (TIP) duties
 - Both required to be fiscally constrained
 - Consultation and coordination required with others
- ▣ 23 USC § 135 Statewide Transportation Planning
 - Sets up requirements for State Long Range Transportation Plan (LRTP)
 - Establishes Statewide Transportation Improvement Program (STIP)
 - Consultation and coordination required with others

Why do We Plan?

- ▣ Required by both state and federal laws
- ▣ Provides “road map” needed for long-term investments
 - Typical major project takes 6-12 years; some far longer
- ▣ Serves to communicate intent, build support for chosen solution
- ▣ Like them or not, necessary step in today’s world

What do we Plan?

- ▣ Multi-levels, prepared at different scales, and in various categories (yellow= federally required)
 - Geographic Plans at many scales
 - ▣ Statewide, MPOs, regional sub-areas, corridors, boroughs
 - Modal Plans
 - ▣ Aviation, Marine Highways, Ports & Harbors, Transit, Highways, Trails
 - Topical Plans
 - ▣ ITS, Strategic Safety, Air Quality, Commercial Vehicles, Data Collection, Scenic Byways, Safe Routes to School, Natural Gas Pipeline, Vessel Replacement, ADA, Congestion Mgmt., Functional Class, Bridge Mgmt., Safety Mgmt., Resource Development, Financial Plans, Transportation Security, Emergency Response, Bridge Seismic and Scour, Non-motorized
 - Emerging Federal Plans (soon to be required)
 - ▣ Greenhouse Gas Reduction, Reliance on Foreign Oil, Climate Change Adaptation, Wildlife Corridors, Environmental Mitigation, Freight, Critical Assets

Plans Change Due To

- ▣ New legal requirements
 - Past: ISTEA, SAFETEA-LU Pending: Next-TEA, Clean Water Act
- ▣ Funding changes: deductive earmarks, rescissions
- ▣ Emerging issues:
 - Greenhouse gas reductions
 - Natural Gas pipeline preparedness
 - Resource roads to major deposits
 - Connecting communities
 - Freight delivery
- ▣ Political leadership changes
- ▣ Demographic, economic and technology forces
- ▣ Legal update cycles: typically 4-5 years

Planning Issues

- ▣ Seem endless; always being updated, reworked, changed
- ▣ Legally challengeable; not updating plans sure path to legal blockades
 - Multiple lawsuits in past 10 years: courts uphold plans, deny projects lacking plans
 - STIP approval tied to plans meeting requirements
- ▣ Rapid growth in number, type and complexity of plans
 - AASHTO comment: “good job market for transportation planners in decades to come”

Changes Ahead

- ▣ More federal oversight, review panels, benefit-cost analysis
- ▣ Much more data collection, and performance measures
 - Will be used to allocate funds among states
 - Will restrict project selection to improve performance (pavement and bridge condition)
 - **ARRA-level oversight** could be new “normal”
- ▣ Much new emphasis on “sustainable” modes
 - Trails, transit, trains
 - Roads de-emphasised (no \$\$ for new capacity?)

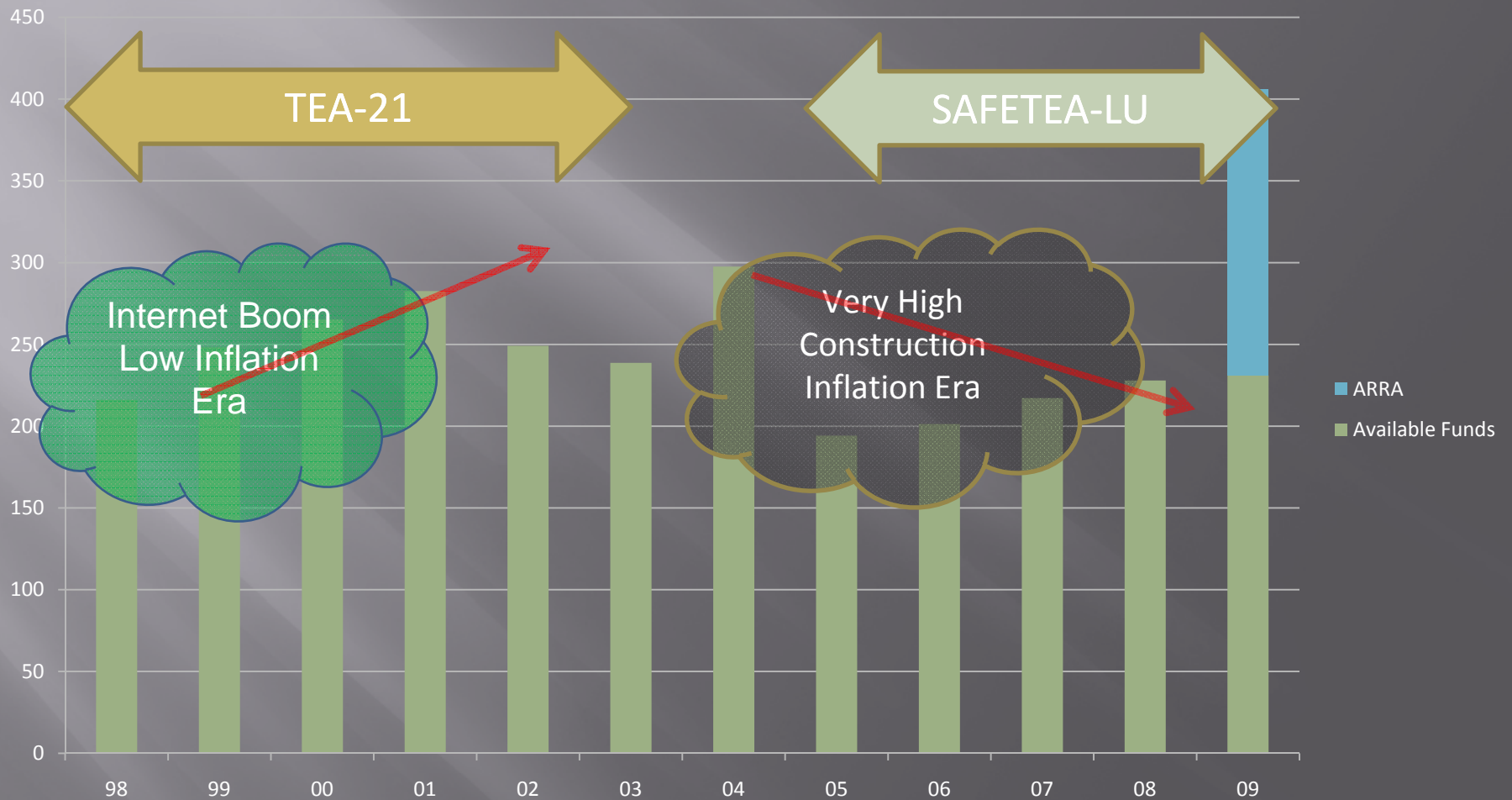
Project Identification & Funding

- ▣ Plans are boring; project selection and funding draws far more public attention
- ▣ STIP = Statewide Transportation Improvement Program
 - Required since 1991
 - 4-year timeline; updated as changes occur
 - Rules have tightened substantially over 2 decades
 - ▣ Fiscal constraint now rigorous
 - Public process grown more involved, numerous requirements
 - Long-range plan and STIP must be consistent

STIP Definition

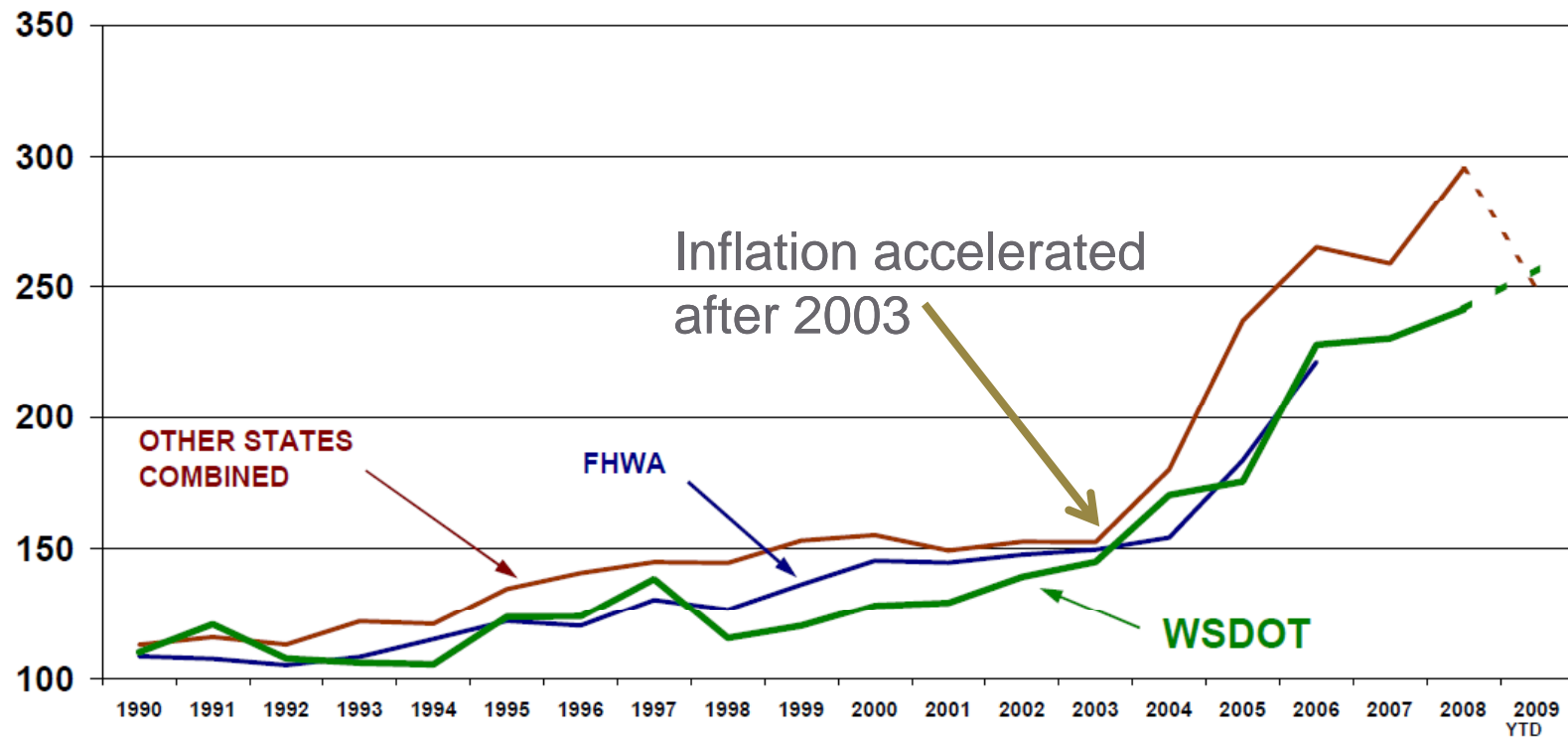
- ▣ STIP - noun, *“wild guesses about future project costs and federal appropriations, disguised with decimal point precision...”*
- ▣ And, if we guess wrong, we get to do it all over again.
- ▣ Observation: STIP fiscal constraint rules have tightened during a period of rising uncertainty regarding both costs and revenue

'98-'09 Unrestricted Federal Funds



Construction Inflation 1990 to 2009

CONSTRUCTION COST INDICES

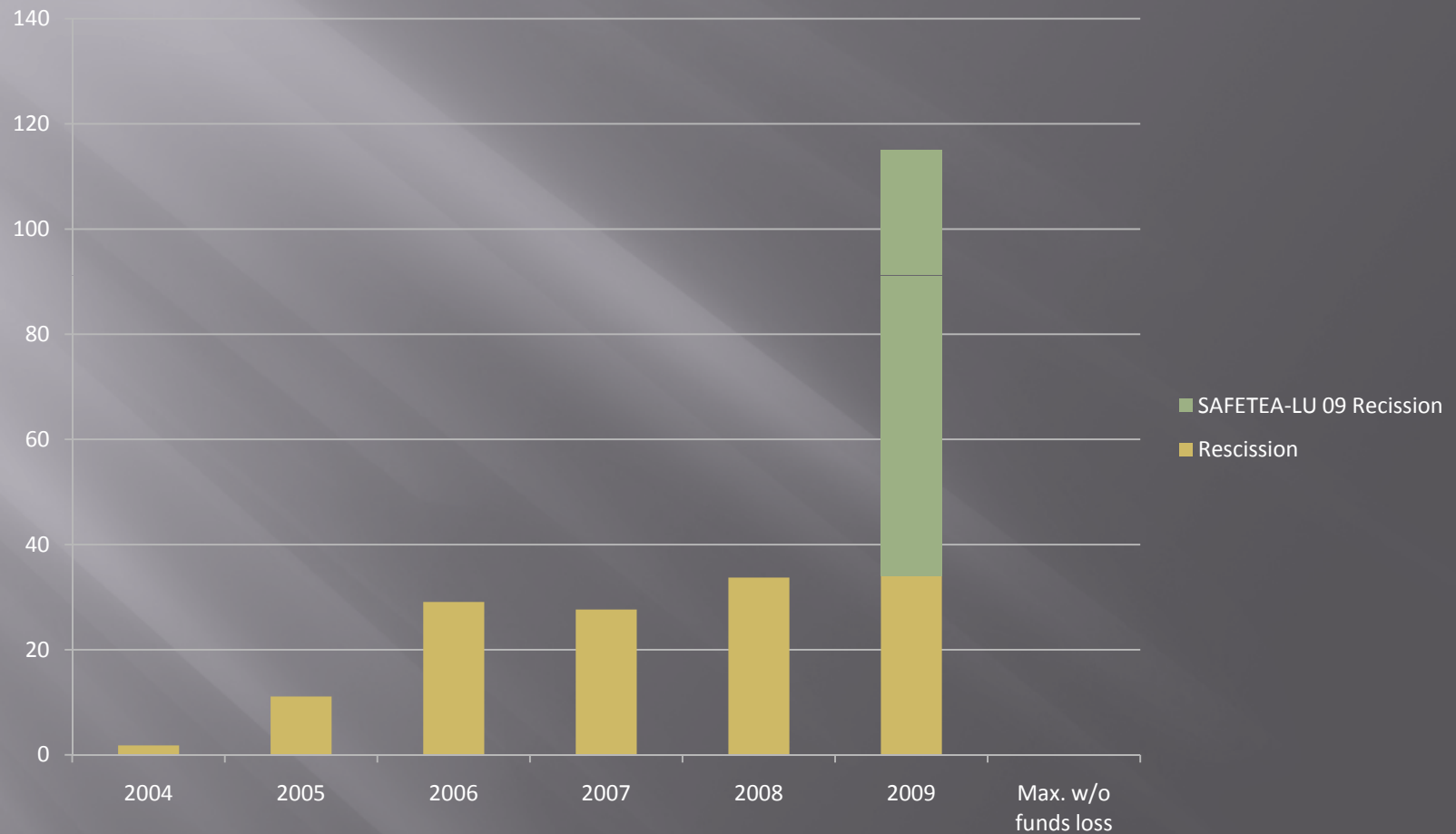


WSDOT BASE 1990 = 110
FHWA AND OTHER STATES BASE 1987 = 100
OTHER STATES: CALIFORNIA, COLORADO, OREGON, SOUTH DAKOTA & UTAH

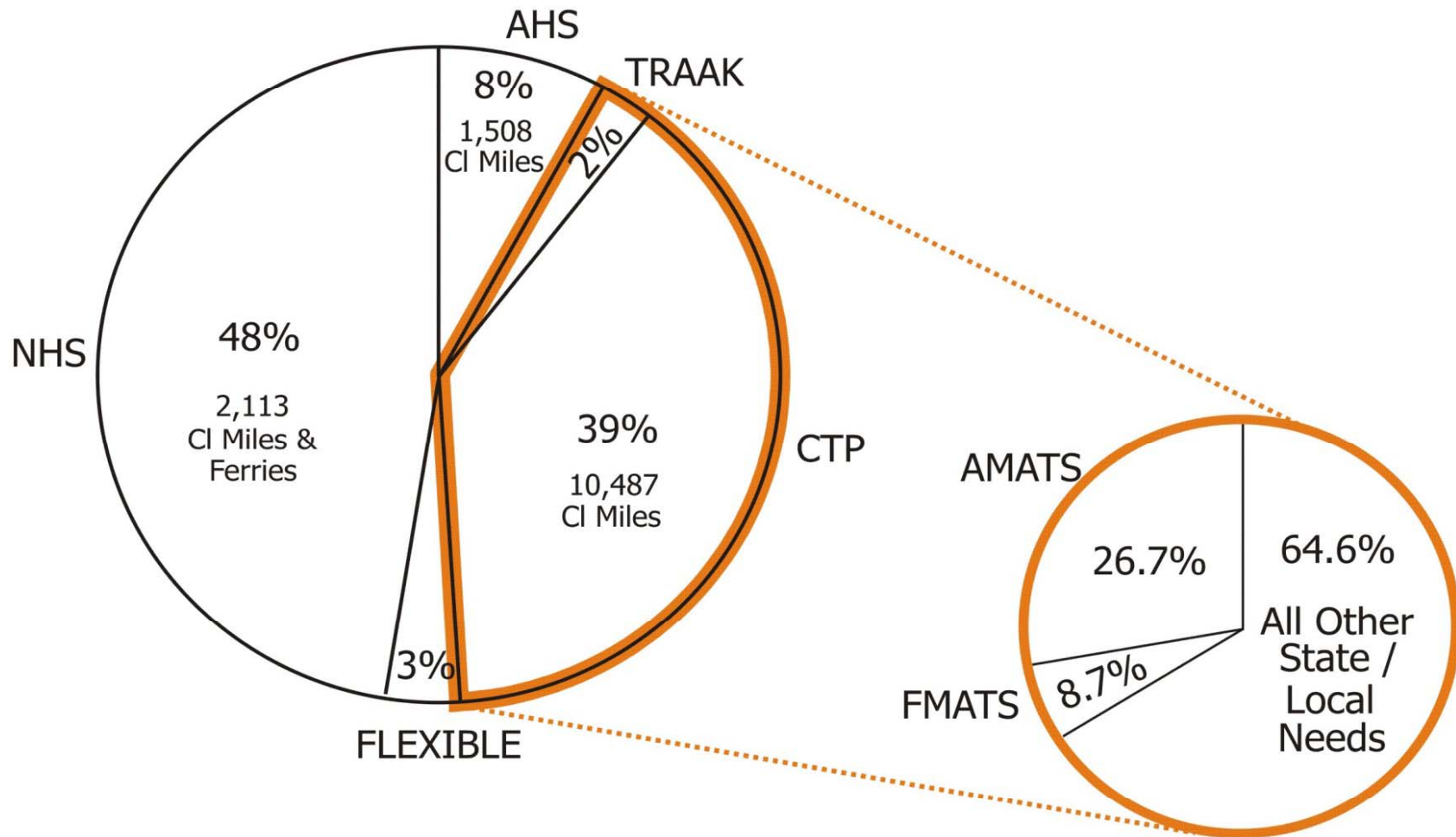
Note: 2003 and 2004 WSDOT CCI data points adjusted to correct for spiking bid prices on structural steel

WSDOT 2009 INDEX IS FOR QUARTER 1 & 2
FHWA INDEX DISCONTINUED IN 2007
OTHER STATES 2009 DATA IS THE AVERAGE OF CALIFORNIA, COLORADO AND OREGON FIRST QUARTER DATA

Alaska Rescissions 2004 to 2009



Distribution of Federal-Aid Transportation Formula Funds Per 17 AAC 05.155-200



Basis for STIP Project Selection

“Needs List” - Potential STIP Projects

Federal/Legal
Requirements

Continue Active
Projects

Identified in
Plans

Management
Systems

AMATS/FMATS
Selection

Nominated &
Scored Projects

Prioritized List of Projects for STIP

Basis for STIP Project Selection (2)

Continued from prior page...



Costs Estimates
by Phase & Year

Revenue Estimate
by Type & Year

Draft STIP

Fiscally Constrained by:

Fund Type

Year and Phase

Sub-programs (NHS, CTP, AHS, TRAAK)

Official Notice of No Information!



U.S. Department
of Transportation

**Federal Highway
Administration**

Notice

Subject:

ADVANCE NOTIFICATION PURSUANT TO 23 U.S.C. § 104(e)

Classification Code

Date

Office of Primary Interest

N4510.709

June 29, 2009

HCFB-1

1. **What is the purpose of this Notice?** Pursuant to Section 104(e) of Title 23 U.S.C., in order to permit the States to develop adequate plans for the utilization of apportioned sums, the Secretary shall advise each State of the amount that will be apportioned each year under Section 104 of Title 23, U.S.C. not later than 90 days before the beginning of the fiscal year (July 1). This Notice is a notification to the States of the anticipated amount of funds to be apportioned effective October 1, 2009.
2. **What is the status of the Advance Notification of Apportionments?** Advance notification of the anticipated apportionment of Federal-aid highway funds cannot be provided at this time pending action by Congress to reauthorize the program beyond FY 2009.
3. **What action is required?** Division Administrators should ensure that this Notice is provided to State departments of transportation.



Jeffrey F. Paniati
Acting Deputy Administrator

STIP for 2010 - 2013

- ▣ Postponed hoping to better understand likely future federal funds
- ▣ Federal funds picture not resolved; time now forces us to issue draft document in order to have valid STIP for 2010
 - 2010 federal year begins today
- ▣ Estimate of funding based on “business as usual”
 - Continuation of federal formulas (>5:1 ratio to Alaska)
 - Assumed very minor annual growth rate (<2%)
- ▣ This carries risk; but there is no meaningful basis for a different estimate

Draft 2010 - 2013 STIP

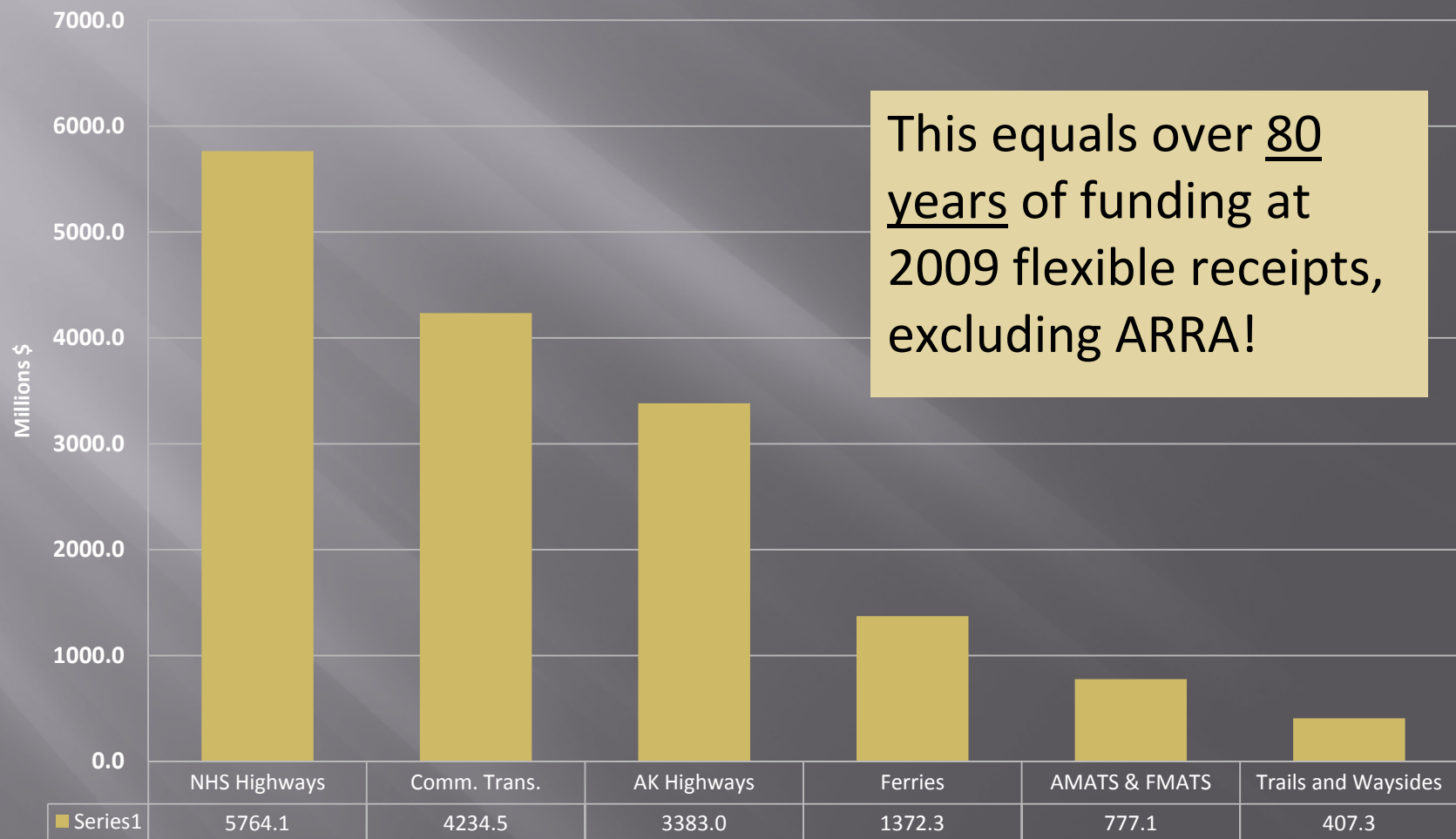
- ▣ Public comment period closes October 16
- ▣ Thereafter:
 - Make adjustments, send out for federal approval
 - State must certify that all relevant rules were followed
 - FHWA & FTA both must approve
 - Federal review includes process rules, funding estimates, fulfilling numerous federal mandates
- ▣ Major change in FHWA oversight
 - FHWA installing new 2010 “stewardship” agreement
 - Many new performance benchmarks required

Fiscal Constraint – What Does It Mean?

- ▣ Occurs on two levels
 - **By year**, cost of all projects= expected funding
 - **Over life of project**, full cost must be “reasonably foreseeable”
- ▣ Mega projects (>\$100 M) now require annual “fiscal plan” prepared to *accounting reporting standards*
 - Projects costs, schedule and fund sources must be firm
 - Currently, 10-12 likely require such plans
- ▣ Without a predictable stream of funding, large projects may be effectively blocked by this rule

Alaska Highway Needs: \$16 Billion

2009 Needs List Summary



Funding: 2010 & Beyond

- ▣ Many worrisome issues going forward:
 - Highway Trust Fund solvency
 - Emphasis on big urban areas, **bias against low population states**
 - Emphasis on preservation, maintenance projects
 - ▣ Diminished funds for capacity increases
 - Emphasis on **transit, trains, trails**
 - Prospect of reducing travel for sake of GHG emissions
 - ▣ Less fuel tax to HTF
 - ▣ Several new user fees; not returned to highway improvements
 - Emphasis on **toll revenue** to build major projects
- ▣ Alaska has the most to lose but lacks compelling arguments
 - Next 50 years, likely very different than the last 50 years

Risks in Draft 2010 – 2013 STIP

- ▣ Estimated funding too high
 - **Rapidly revise draft STIP** with fewer projects; another public comment period
- ▣ Funding rules change dramatically
 - **Rapidly revise draft STIP** and adjust projects to meet new rules and requirements; another public comment period
- ▣ Estimated funding too low
 - Draw projects forward from 2011 year or beyond
 - Revised STIP can take more time; public comment period can wait until 2010
- ▣ Major changes in 2010 year unlikely; too much legislative work still ahead for Congress which means “business as usual” most likely in first year

MPOs Explained

- ❑ MPOs required in federal law
- ❑ Established when population/density reach threshold (per Census Bureau)
- ❑ Serve as “planning” organization typically; project execution remains with owner of facility (transit, highway, trails and walks)
- ❑ Federally required; to give greater decision making authority to local officials and agencies
- ❑ Decisions apply to all transit and highway elements within MPO boundary

MPO Decision Making

- ▣ AMATS: 5 voting members
 - 3 MOA, 2 state agencies (DOT, DEC)
- ▣ FMATS: 7 voting members
 - 5 local government seats (2 FNSB, 2 Fairbanks, North Pole)
 - 2 state agencies (DOT, DEC)
- ▣ Boards make decisions on both Long Range Transportation Plan and TIP (projects and funding)
 - Governor holds veto authority over the TIP, but not LRTP
- ▣ Role of legislatures in such bodies is ambiguous
 - Hawaii example, Alaska law change

Anchorage: State Owned Roads Subject to MPO Decisions

1,300 lane miles of
state highways are
subject to decisions by
the MPO (AMATS)



Wrap Up

- ▣ Federal (and state) planning and STIP processes complex, demanding, and legally necessary
 - Fulfilling these rules is what ensures that funds are available
- ▣ Federal funding has seen 5 years of turmoil:
 - Rescissions, deductive earmarks, loss of Shaktwak, funding by month, delays in reauthorization, trust fund insolvency
- ▣ Future going forward very uncertain:
 - funds provided, eligibility and process to use, all appear to be facing significant change