



# Alaska Department of Transportation & Public Facilities House Finance Committee

Marc Luiken, Commissioner  
Mary Siroky, Admin Services Director

February 1, 2016

*Keep Alaska Moving* through service and infrastructure



- Mission/Core Services/Statutes
- Organizational Structure Overview
- FY2016 Budget Changes
- FY2017 Budget Overview
- Look Back Graphs

# Our DOT&PF People: Alaskans Serving Alaskans

- Hilary Lindh
  - Southcoast Region Environmental Manager
  - B.S. Biology and M.S. Conservation Ecology
  - Born and raised in Juneau; returned with husband 5 years ago to raise daughter
  - 13 years on U.S. National Ski Team; Olympic Silver Medalist 1992 and World Champion in 1997; inducted into U.S. Ski and Snowboard Hall of Fame 2005 and Alaska Sports Hall of Fame 2009
  - In 4<sup>th</sup> year serving DOT&PF
- Hilary, with assistance from her staff, has direct oversight and responsibility for the environmental requirements of all projects developed within the Southcoast Region.
- Led by Hilary, the region's environmental section provides support critical for projects that align with DOT&PF core services to Maintain and Expand Infrastructure.
- Hilary is the common thread to all region projects and she instills teamwork, a strong work ethic, and a positive attitude not only in the region but across the state.



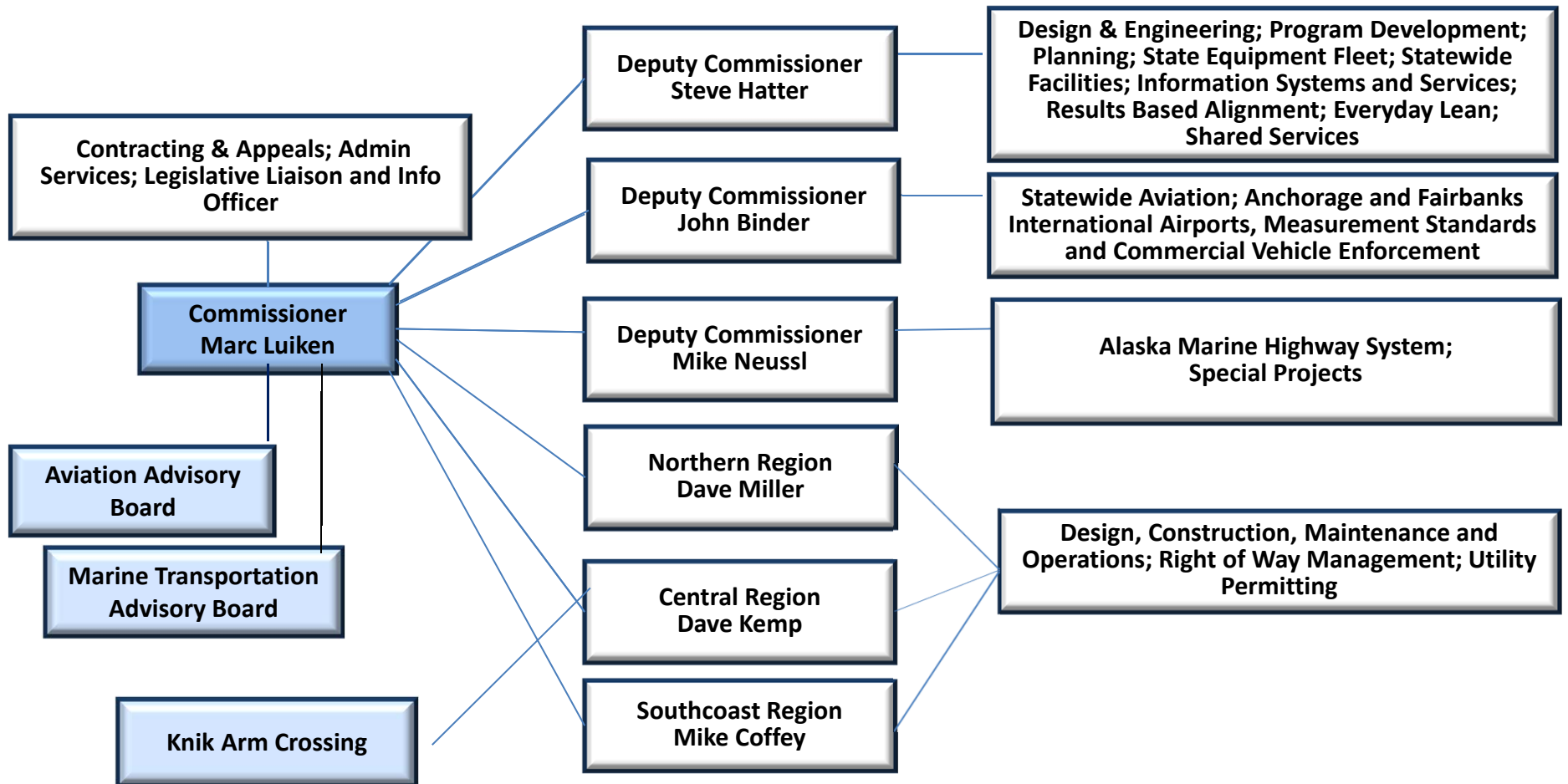


# Mission and Core Services

*“Keep Alaska Moving through service and infrastructure.”*

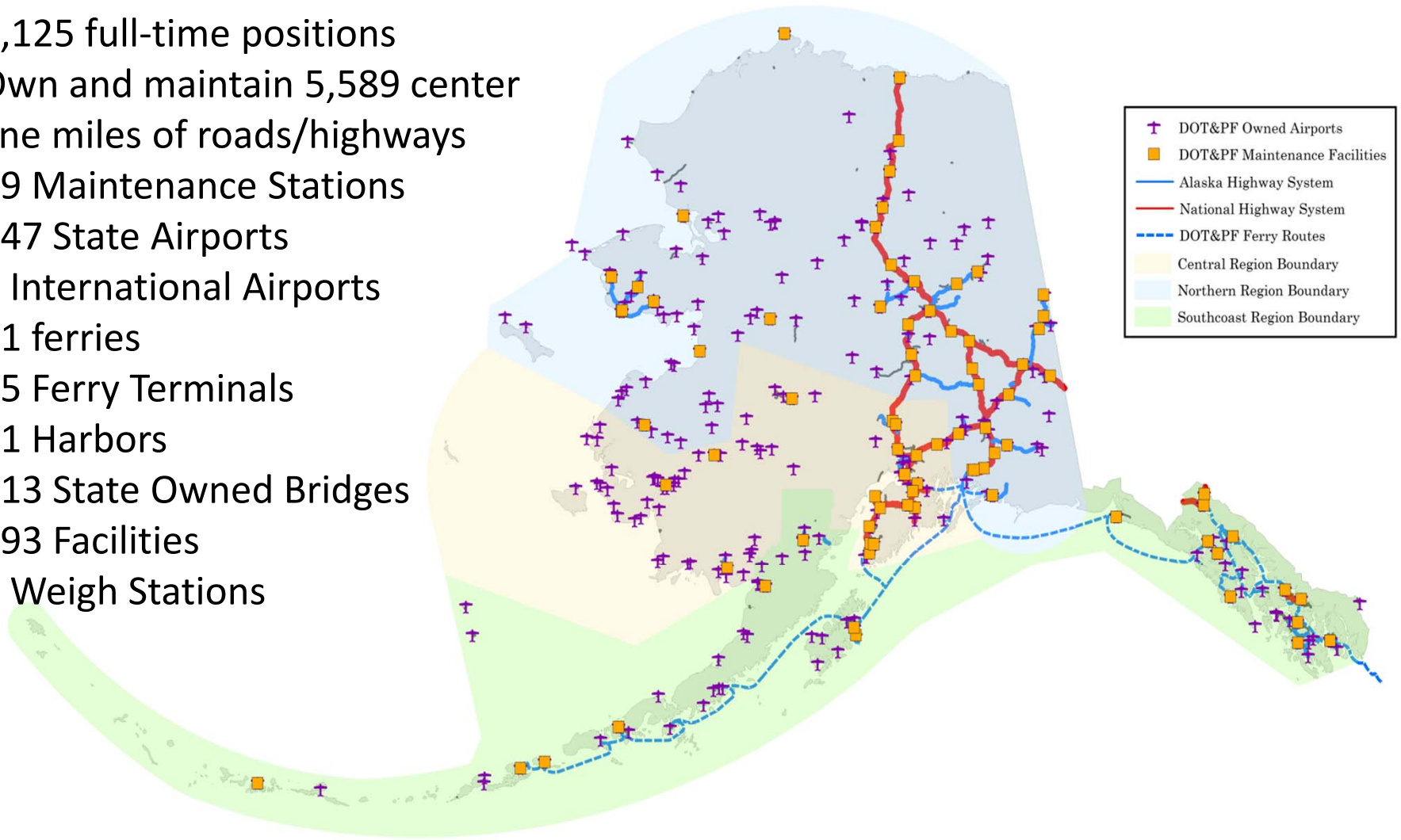
- **Operate Alaska’s Transportation Infrastructure**
  - Cost per operation lane mile maintained
- **Maintain Alaska’s Transportation Infrastructure**
  - Actual maintenance cost per lane mile maintained
  - Number of miles meeting goal-target/total miles
- **Expand Alaska’s Transportation Infrastructure**
  - Total dollars obligated vs total dollars planned to be obligated
- **Operate Marine Transportation Services**
  - Number of weeks of services/total cost of operation

# Organization



# DOT&PF Assets

- 3,125 full-time positions
- Own and maintain 5,589 center line miles of roads/highways
- 79 Maintenance Stations
- 247 State Airports
- 2 International Airports
- 11 ferries
- 35 Ferry Terminals
- 21 Harbors
- 813 State Owned Bridges
- 793 Facilities
- 7 Weigh Stations





# Statutory Requirements

- AS 44.42 Department of Transportation and Public Facilities
- AS 44.68.010 Use of State-owned Vehicles
- AS 44.68.210 Highway Equipment Working Capital Fund
- AS 35 Public Buildings, Works, and Improvements
- AS 19 Highways and Ferries
  - AS 19.10 State Highway System
    - AS 19.10.300 Commercial Motor Vehicle Requirements
  - AS 19.25 Utilities, Advertising, Encroachment and Memorials
  - AS 19.65 Alaska Marine Highway System
    - AS 19.65.050 Alaska Marine Highway System Fund and Budget
  - AS 19.75 Knik Arm Bridge and Toll Authority
- AS 2 Aeronautics



# Commissioner's Office

## **Commissioner's Office** – Marc Luiken, Commissioner

- 13 full-time budgeted positions
- .4% of FY2017 budget request
- \$2,190.1 (UGF \$743.0)
- Department leadership and contracting and appeals
- Challenges
  - Operating and maintaining a continually growing transportation infrastructure with reduced operating resources
  - Transitioning the culture at all levels of the department to make decisions using performance measures
  - An increase in the number and complication of federal reporting requirements
  - Recruitment and retention of qualified operators, mechanics and tradesmen in rural Alaska
  - Researching opportunities to divest or share responsibilities to operate and maintain transportation infrastructure where it makes sense

# Administrative Services Division Program Development Division

## **Administrative Services Division** – Mary Siroky, Director

- 92 full-time budgeted positions
- 2.8% of FY2017 budget request
- \$16,546.3 (UGF \$2,646.3)
- Finance, budget, human resources, procurement, internal review, equal employment and civil rights
- Challenges
  - Budget reductions
  - Implementation of the new accounting system
  - Increased federal financial reporting requirements

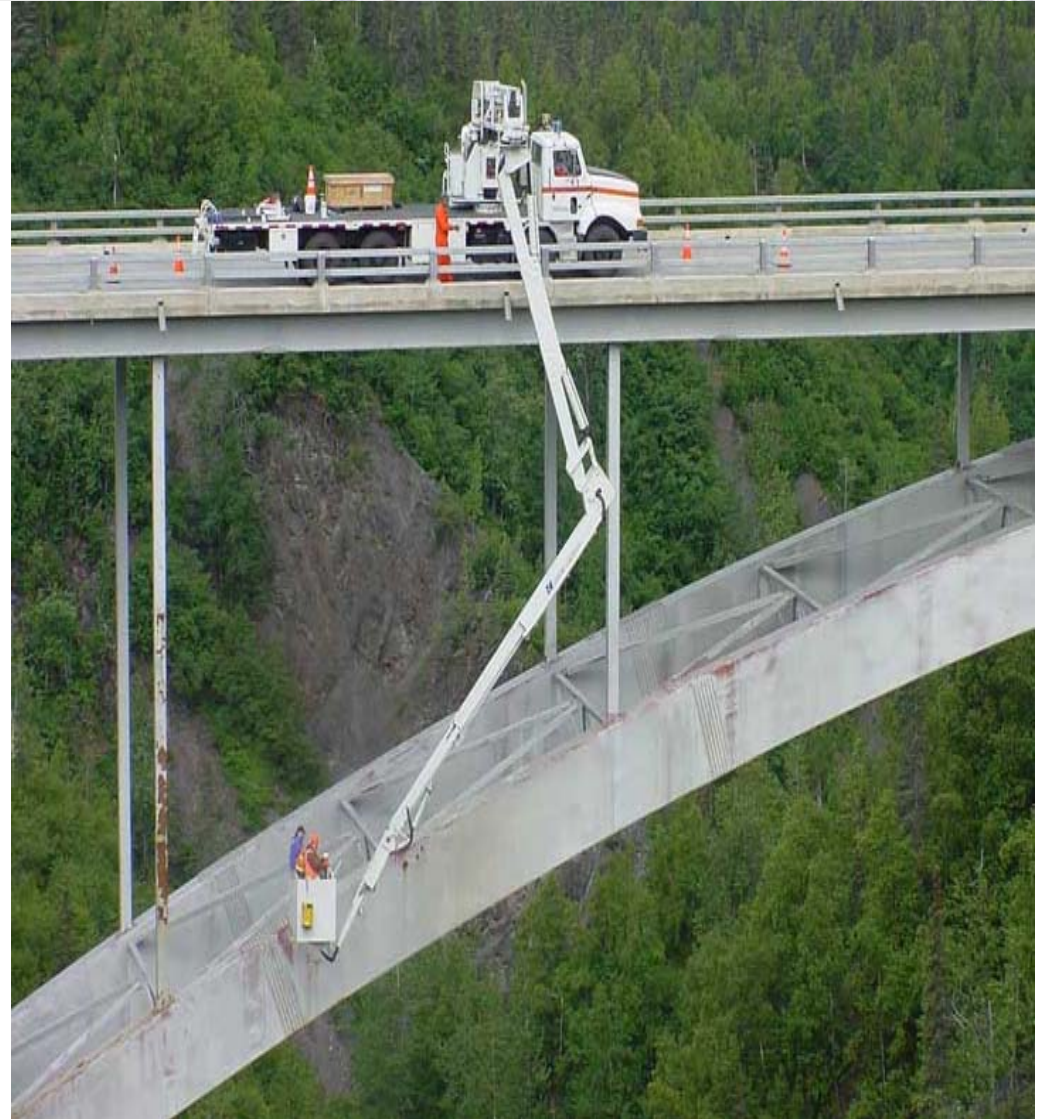
## **Program Development** – Mike Vigue, Director

- 64 full-time budgeted positions
- 1.4% of FY2017 budget request
- \$8,552.6 (UGF \$520.2)
- Statewide Transportation Improvement Program (STIP), federal-aid highway agreements, long range transportation plan, capital budget, Strategic Highway Safety Plan, Alaska Highway Safety Office, community transit program
- Challenges
  - Consolidating planning functions to gain efficiencies
  - Implementation of the Fixing America's Surface Transportation (FAST) Act

# Statewide Design & Engineering Services

Roger Healy, Chief Engineer

- 77 full and part-time budgeted positions
- 2.3% of FY2017 budget request
- \$13,718.4 (UGF \$482.4)
- Bridge design, design and construction standards, asset management, materials and quality assurance, National Environmental Policy Act (NEPA) review and approval, harbor program development
- Challenges
  - Implementing changes required by MAP-21 and new FAST Act
  - Assuming federal responsibility for NEPA decisions
  - Transitioning department to an asset/performance management agency



# Statewide Aviation

John Binder, Deputy Commissioner

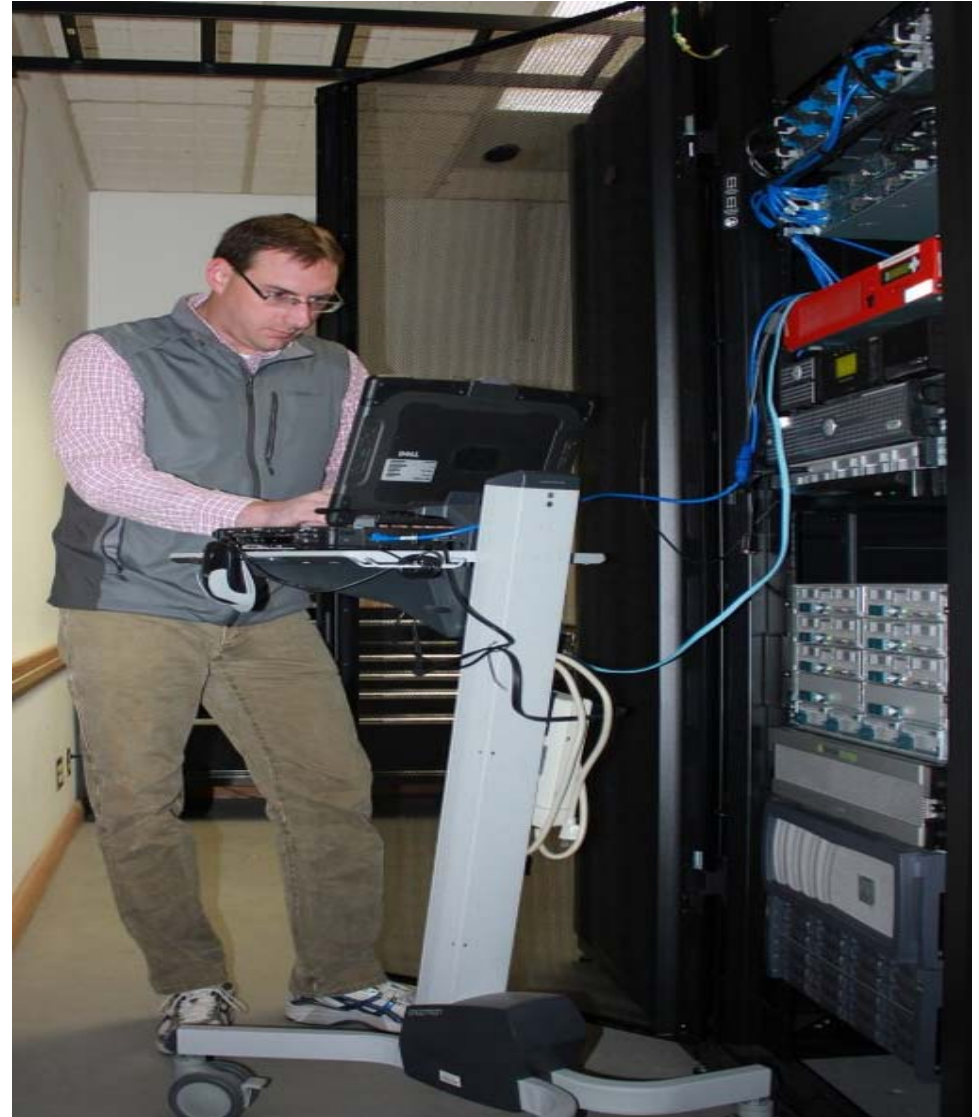
- 31 full-time budgeted positions
- .7% of FY2017 budget request
- \$4,070.0 (UGF \$301.6)
- Aviation leasing, system planning, capital program management, safety & security compliance, carrier compliance
- Challenges
  - Increasing federal regulations
  - Lack of geospatial information data
  - Land-use compliance
  - Airport obstructions
  - Wildlife management
  - Efficiently organizing structure to meet emerging aviation issues in a consistent and standardized manner statewide



# Information Systems & Services Division

Bill Anker, Director

- 71 full-time budgeted positions
- 1.7% of FY2017 budget request
- \$10,304.5 (UGF \$1,614.8)
- Network support, security, application development and management, client support services, server and database administration, geospatial data system maintenance and reporting
- Challenges
  - Implementation and maintenance of secure and reliable systems that maximize performance and efficiency
  - Consolidating disparate systems to minimize cost
  - Assuring alignment of technology priorities



# Statewide Equipment Fleet

Diana Rotkis, Fleet Manager

- 165 full and part-time budgeted positions
- 5.7% of FY2017 budget request
- \$33,930.1 (UGF \$0)
- Management of Highway Working Capital Equipment Fund (HWCF), credit card fuel process, fleet maintenance, parts and repairs, fleet procurement, fleet sales
- Challenges
  - Parts availability for an aging fleet
  - Technical advances in equipment vs availability of a skilled workforce
  - Inability to find trained/skilled technicians in rural areas, increasing costs of servicing those locations from urban areas like Anchorage



# Measurement Standards & Commercial Vehicle Enforcement

Dan Smith, Director

- 62 full-time budgeted positions
- 1.1% of FY2017 budget request
- \$6,643.2 (UGF \$1,393.2)
- Commercial vehicle inspections, oversize permitting, weigh stations, weights and measuring device certification, metrology lab
- Challenges
  - Mandatory federal programs that were discretionary = New Entrant Safety Assurance Program





## Statewide Public Facilities

David Kemp, Regional Director

- 31 full-time budgeted positions
- .8% of FY2017 budget request
- \$4,642.9 (UGF \$100.0)
- Project management for new construction and deferred maintenance for DOT&PF and other departments; Alaska Energy Savings Performance Program, leading statewide Facilities Maintenance Shared Services Project



# AK International Airport System (AIAS)

John Binder, Exec. Dir./Deputy Commissioner

- 477 full and part-time budgeted positions
- 14.1% of FY2017 budget request
- \$83,599.2 budget request (UGF \$0)
- Composed of Ted Steven's and Fairbanks International Airports
- Operate the system office, maintain the runways, float ponds, fields and equipment, manage the airside leases, manage the airport terminals and concessions, airport police and fire department
- Challenges
  - International cargo mode shifts
  - Competitor airports
  - Carrier fleet mix changes
  - Global economy





## **Alaska Marine Highway System**

John Falvey, General Manager

- 909 full-time and part-time budgeted positions
- 24.1% of FY17 budget request
- \$142,370.4 (UGF \$92,189.1)
- Management, reservation and marketing ; operation of the fleet; construction and repair of 11 vessels and 35 Terminals. Operates 3,500 route miles serving 35 ports of call
- Challenges
  - Meeting needs of Alaskans, visitors, commercial shippers with reduced budget
  - Fewer ships and increasing maintenance requirements
  - Correcting tariff inequities
  - Implementing new reservation system
  - Right sizing the fleet and shoreside infrastructure



## Southcoast Region

Mike Coffey, Regional Director

- 266 full and part-time budgeted positions
- 8.1% of FY2017 budget request
- \$47,803.8 (UGF \$22,829.3)
- Design and engineering; construction; facilities, highways and aviation maintenance and operation; traffic signal maintenance
- Challenges –
  - Disasters
  - Meeting the public's expectations particularly for winter maintenance
  - Recruitment and retention of equipment operators in rural areas



## Central Region

Dave Kemp, Regional Director

- 565 full and part-time budgeted positions
- 17.7% of FY2017 budget request
- \$104,820.7 (UGF \$41,991.9)
- Design and engineering; construction; facilities, highways, aviation maintenance and operation; traffic signal maintenance; Whittier Tunnel; Knik Arm Crossing
- Challenges
  - Disasters
  - Urban congestion
  - Meeting the public's expectations particularly for winter maintenance
  - Recruitment and retention of equipment operators in rural areas



## Northern Region

David Miller, Regional Director

- 654 full and part-time budgeted positions
- 19.2% of FY2017 budget request
- \$113,881.9 (UGF \$67,881.2)
- Design & engineering; construction; facilities, highways and aviation maintenance and operation; traffic signal maintenance
- Challenges
  - Disasters
  - Meeting the public's expectations particularly for winter maintenance
  - Recruitment and retention of equipment operators in rural areas

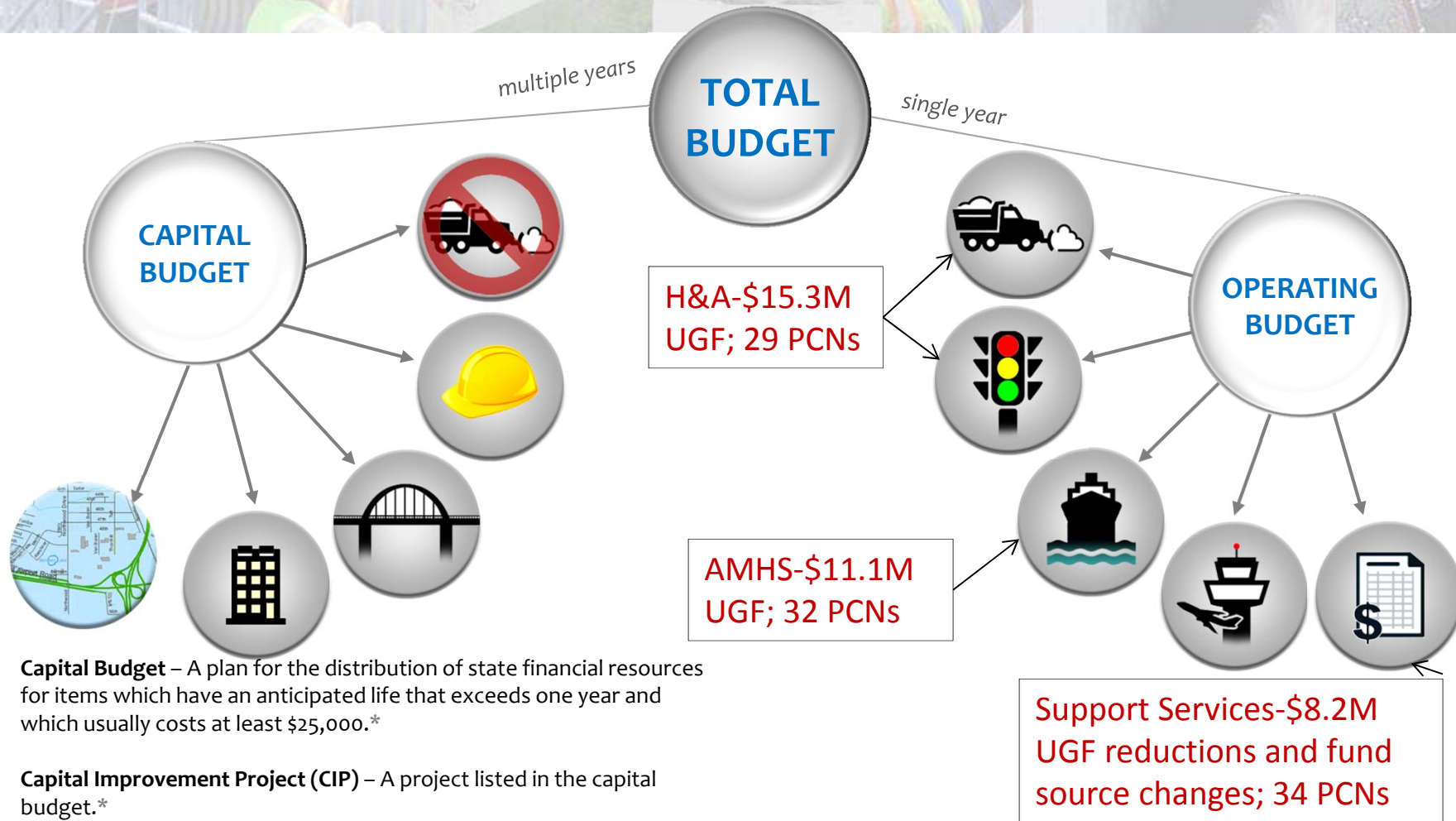
# Dalton Highway Aufeis Flooding

- Ice/flooding impacted 24 miles
- Road closed total of 28 days
- Partners: Alaska Trucking Association, Alyeska Pipeline, BP, Carlile, ConocoPhillips, ENI Petroleum, ExxonMobil, North Slope Borough, Lynden Transport, Peak Oilfield Services
- Contractors: AFC, Big Horn, Brice, Cruz
- Two state disaster declarations: April 7 and May 21



# FY2016

## \$34.6M UGF Reduction



**Capital Budget** – A plan for the distribution of state financial resources for items which have an anticipated life that exceeds one year and which usually costs at least \$25,000.\*

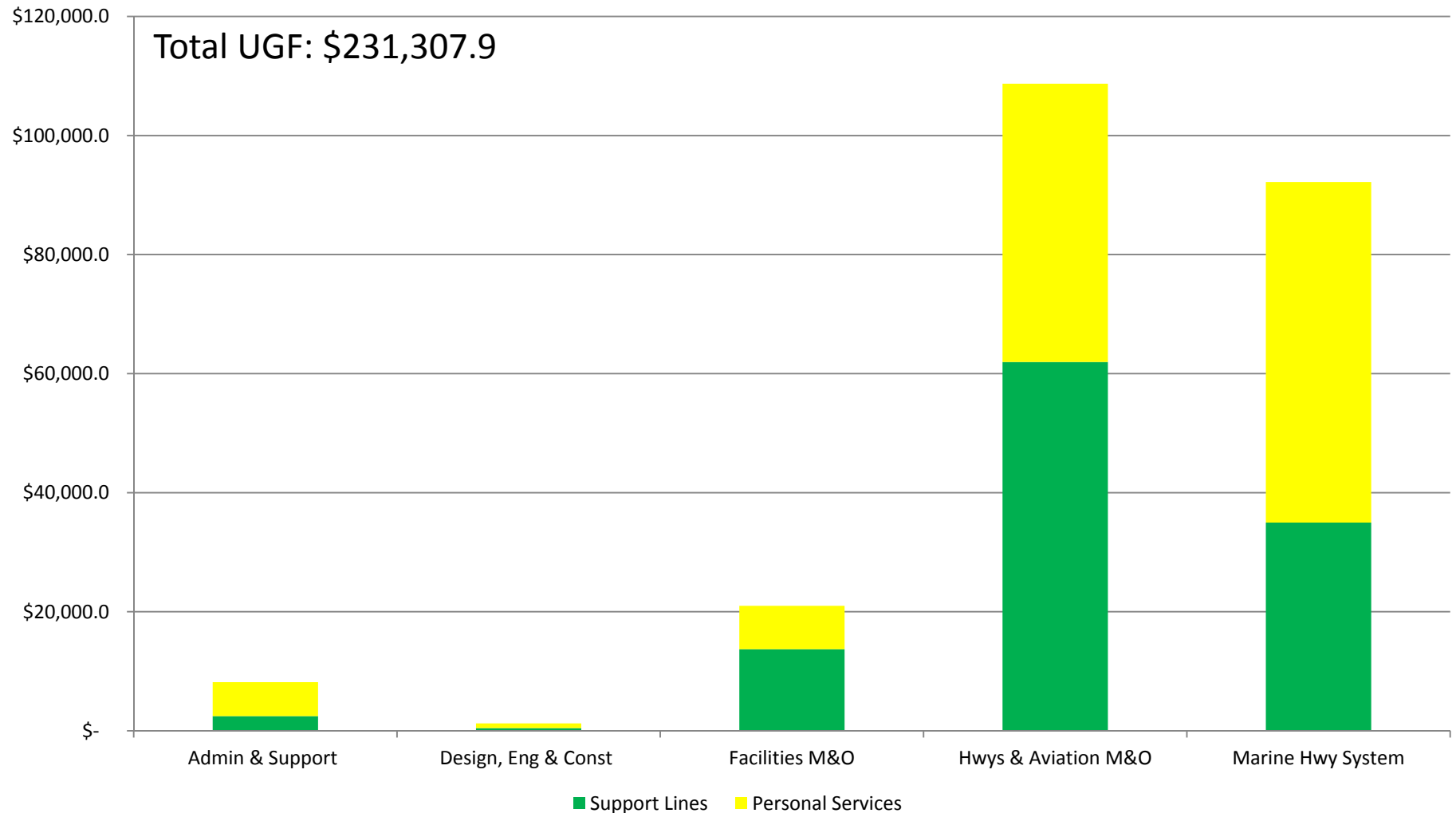
**Capital Improvement Project (CIP)** – A project listed in the capital budget.\*

**Strict rules and regulations** prohibit spending capital \$s on routine maintenance and general operating budget activities.

**Operating Budget** – A plan for the yearly distribution of state resources to cover the ongoing operations of state programs.\*

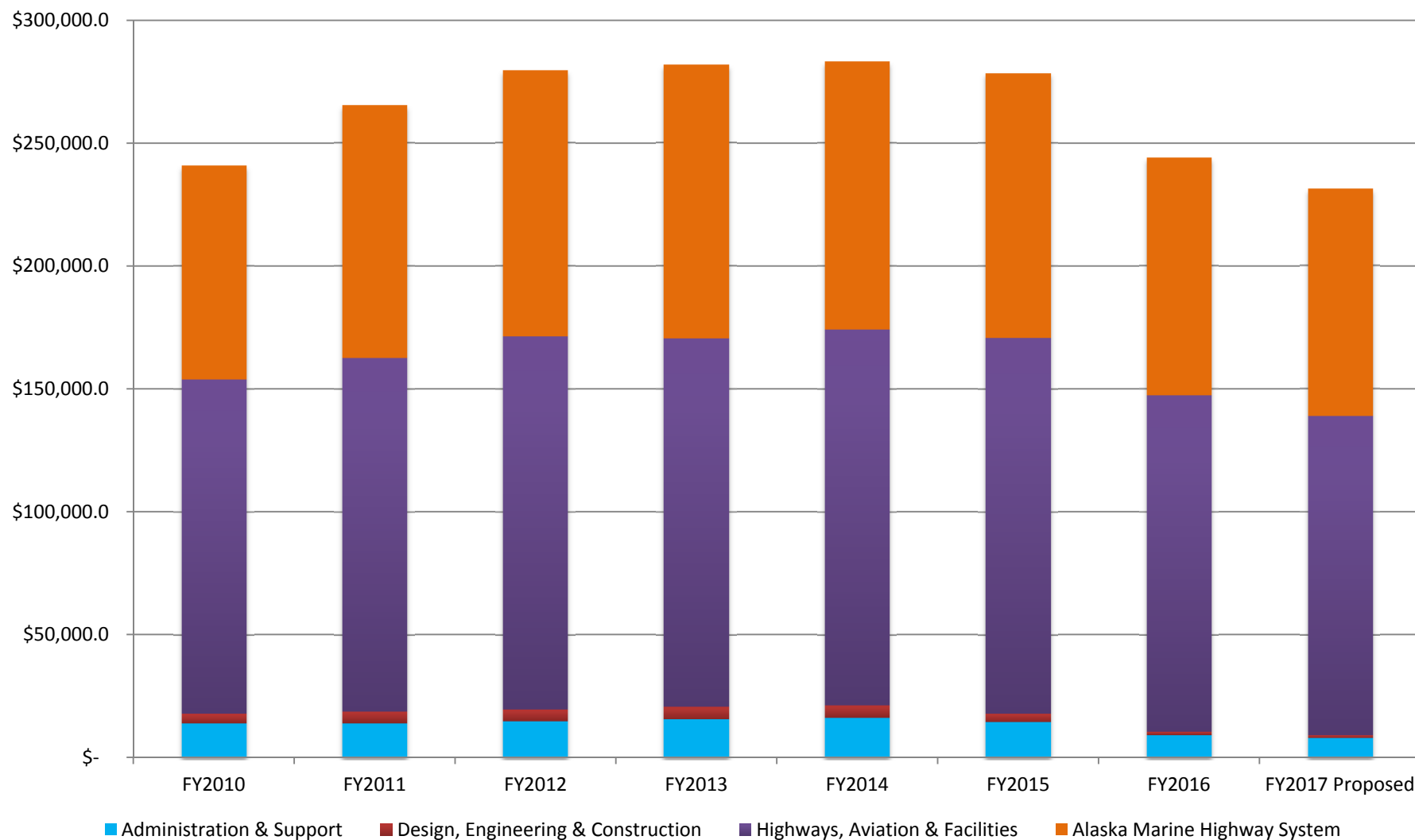
\*Alaska Legislative Budget Handbook, November 2014

# FY2017 Unrestricted General Fund (UGF) Broken out by Appropriation Further Broken out by Personal Services & Support Lines



# DOT&PF Unrestricted General Fund by RDU

## FY2010-FY2017 Governor's Proposed



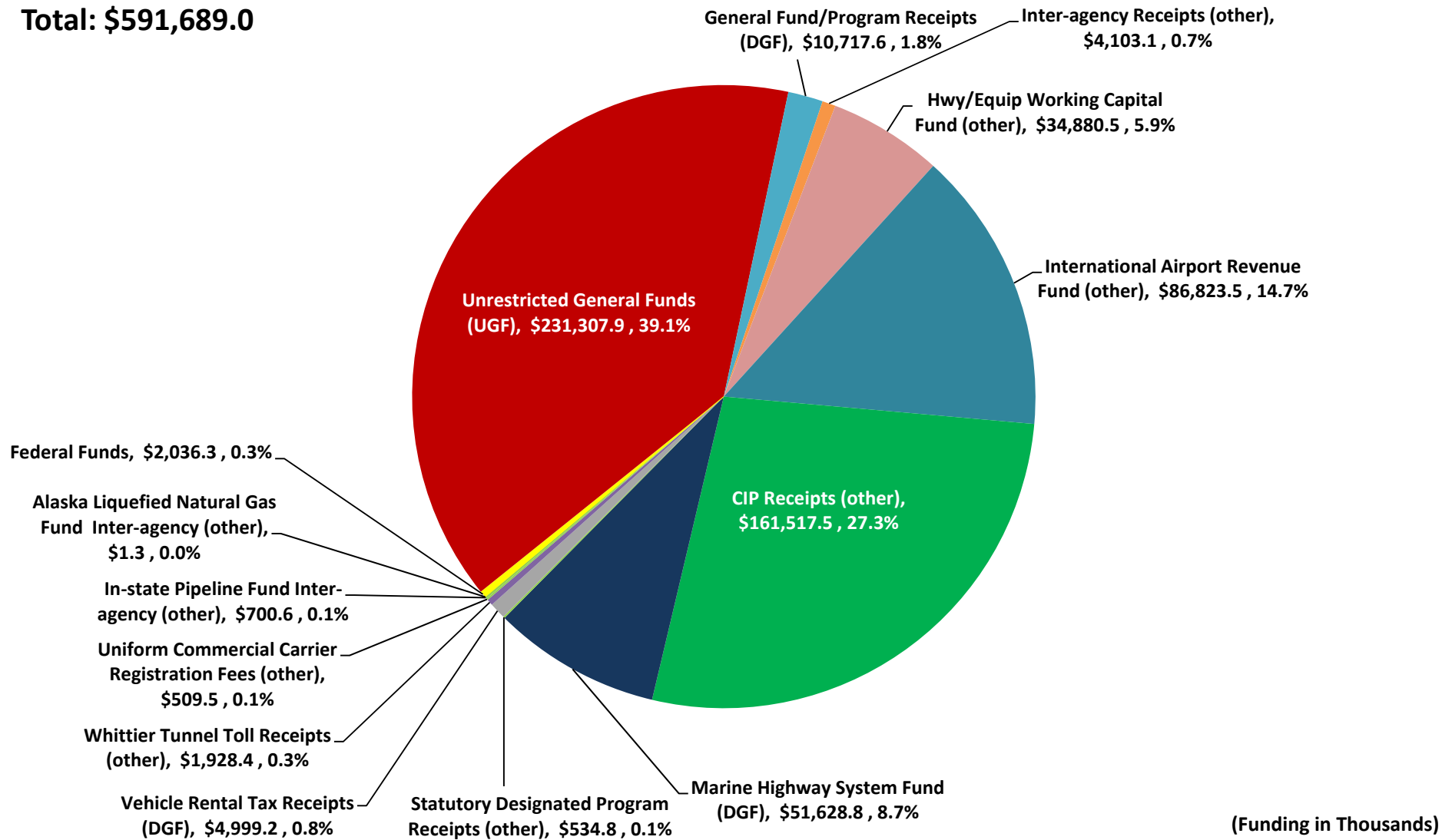
# Summary of FY2017 Governor's Proposed Budget Development

	<u>Funding Sources</u>					<u>Positions</u>			
	UGF	DGF	Other	Fed	Total	PFT	PPT	NP	Total
<b>FY2016 Management Plan:</b>	244014.4	74777.4	289447.4	2028.7	610267.9	3125	390	222	3737
<b>FY2017 Adjusted Base (Legislative Finance) Actions:</b>									
Net FY17 Contractual Salary Increases	920.8	311.8	188.8	7.6	1429.0				
Reversal of NOA Fiscal Note for HB258	(35.3)				(35.3)				
Reversal of Gas Pipeline; AGDC; Oil and Gas Production Tax HB266			(70.0)		(70.0)				
Reversal of Other One-Time Appropriations		(2600.0)	(250.0)		(2850.0)				
Agency-wide Unallocated Reduction	(1393.9)		0.0		(1393.9)				
<b>FY2017 Adjusted Base (Legislative Finance):</b>	243506.0	75089.2	289566.2	2036.3	607347.7	3125	390	222	3737
<b>FY2017 Governor Budget Increments:</b>									
Increase Highway Safety Corridor Safe Driving Authority	0.3				0.3				
New Entrant Program Staff			73.0		73				
Mitigate Service Loss due to Past Reductions (multiple components)		700.0	110.0		810.0				
Utilize Available General Fund/Program Receipts for Existing Activities		312.1			312.1				
Tunnel Maintenance and Operations Contract Adjustment			1500.0		1500.0				
Technical Adjustment for Negative Fund Source	8.8				8.8				
<b>Subtotal Increments:</b>	9.1	1012.1	1683.0	0.0	2704.2	0	0	0	0
<b>FY2017 Governor Budget Decrements:</b>									
Budget Reductions Across all Divisions	(12207.2)	(6155.7)			(18362.9)	-27	-11	-14	-52
<b>FY2017 Governor:</b>	<b>231307.9</b>	<b>69945.6</b>	<b>291249.2</b>	<b>2036.3</b>	<b>591689.0</b>	<b>3098</b>	<b>379</b>	<b>208</b>	<b>3685</b>
<b>Comparisons:</b>									
% Change FY2017 Adjusted Base to FY2017 Governor	-5.0%	-6.8%	0.6%	0.0%	-2.6%	-0.9%	-2.8%	-6.3%	-1.4%
% Change FY2016 Management Plan to FY2017 Governor	-5.5%	-6.9%	0.6%	0.4%	-3.1%	-0.9%	-2.9%	-6.7%	-1.4%

(Funding in Thousands)

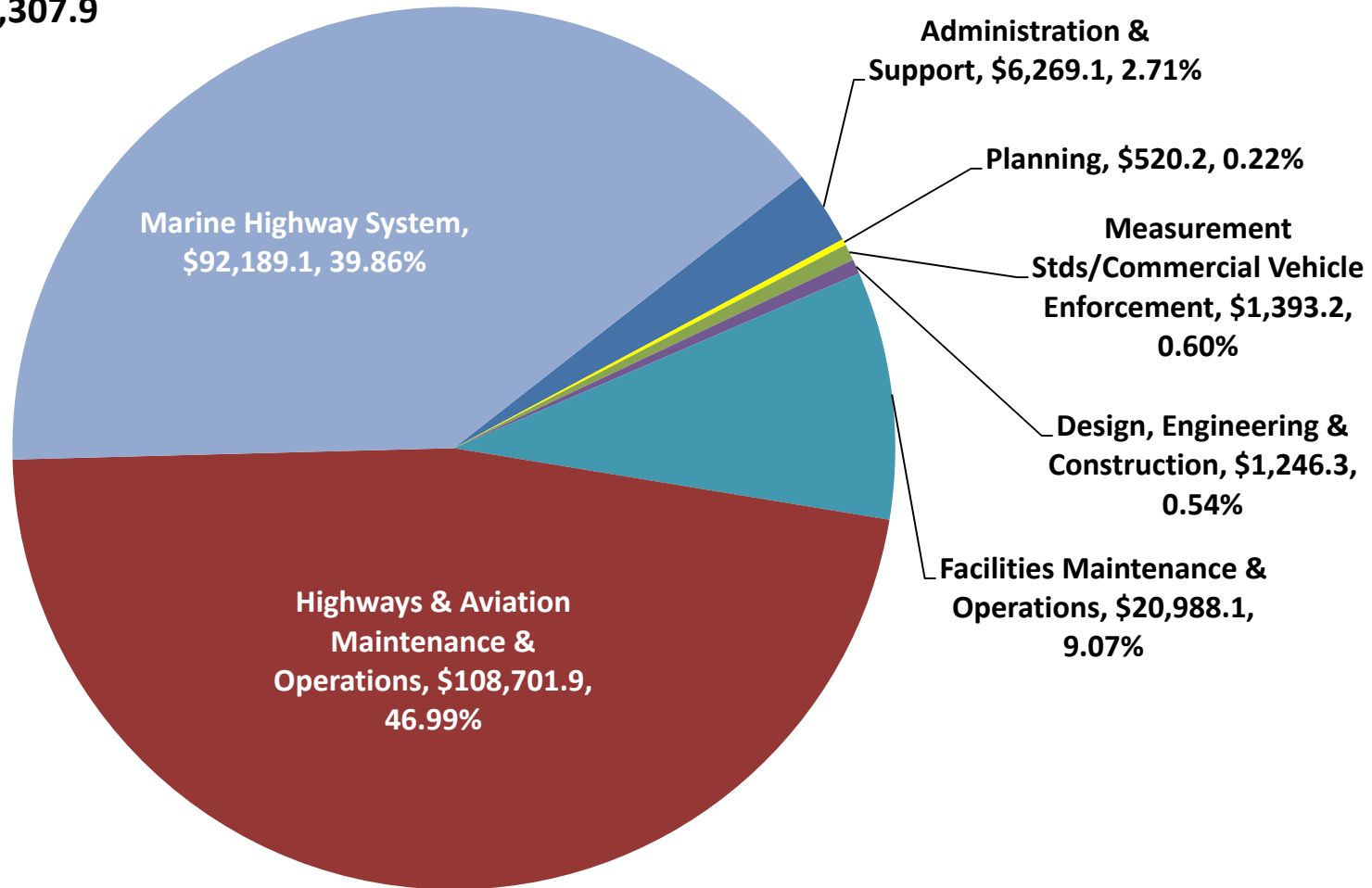
# FY2017 Governor's Proposed Operating Budget All Funding Sources

**Total: \$591,689.0**



# FY2017 Governor's Proposed UGF Operating Budget by Allocation

**Total Unrestricted General Fund  
(UGF): \$231,307.9**

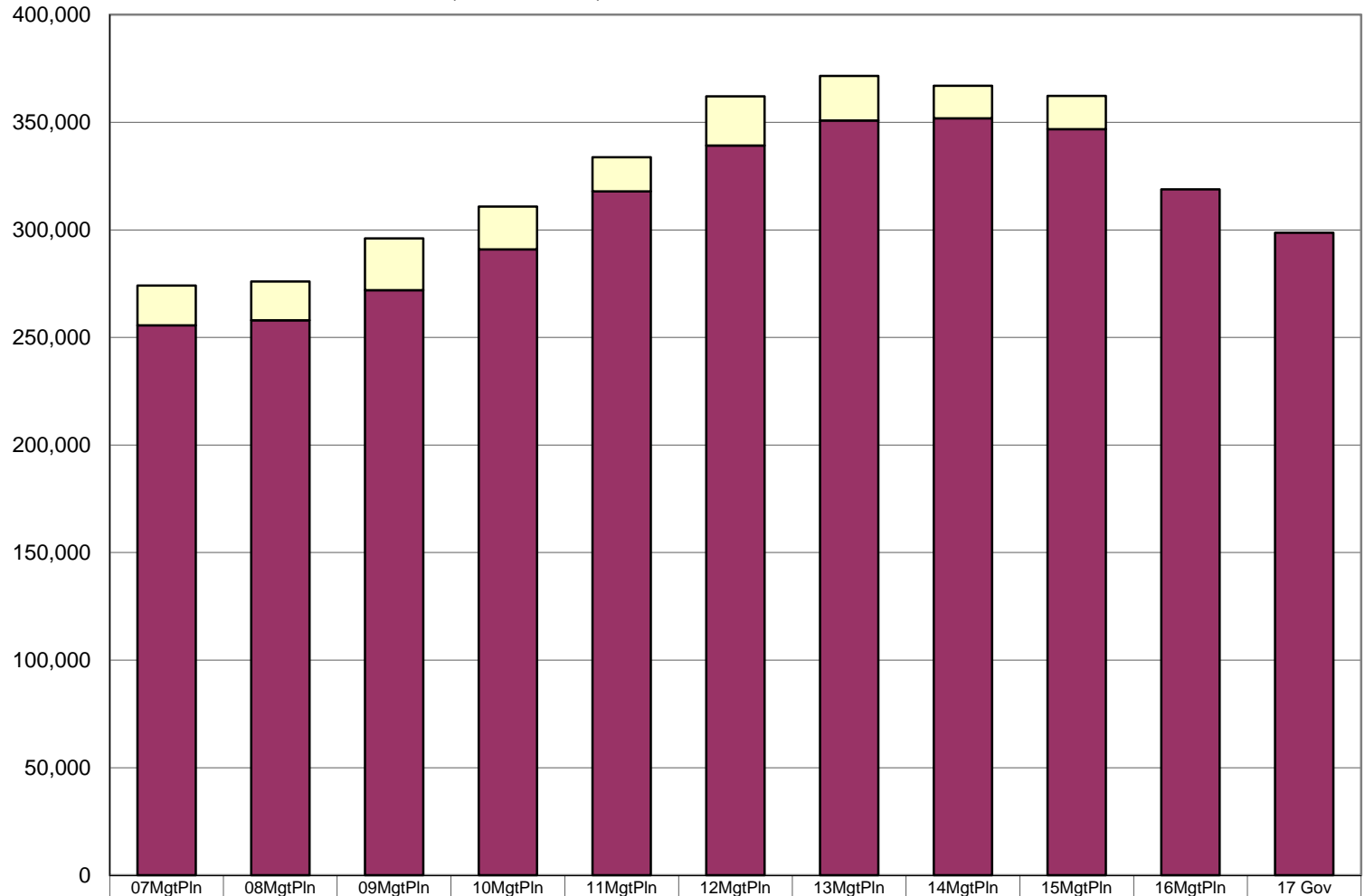


(Funding in Thousands)

## Department of Transportation & Public Facilities Share of Total Agency Operations (GF Only) (\$ Thousands)

Including the "Fuel Trigger" appropriation, the GF budget for DOT&PF grew from \$274 million in FY07 to a peak of \$372 million in FY13 - an increase of \$97 million (at an annual average growth rate of 5%). Since then, the budget has been reduced to \$319 million in FY16 (a decline of \$53 million from the peak). The Governor's FY17 budget proposes reductions of another \$20 million from the FY16 Management Plan level.

**The FY17 Gov GF budget equates to \$896 per resident worker (based on 333,283 Alaskan workers).**

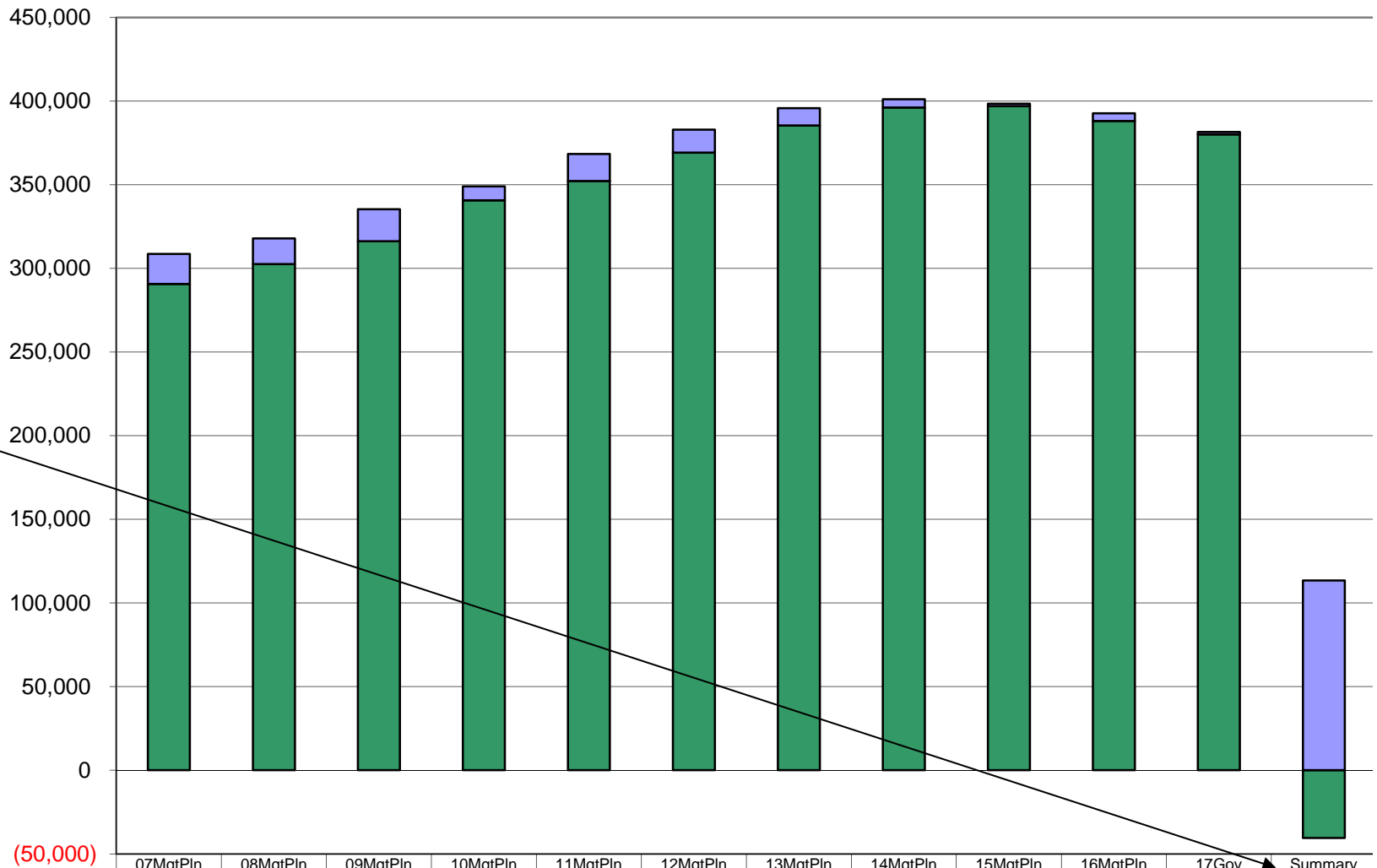


Note: An amount for the fuel trigger appropriation has been added to the management plan of each year as necessary for an accurate comparison.

**Department of Transportation & Public Facilities**  
**Salary Adjustment Increases and Personal Services Costs**  
**(All Funds)**  
(\$ Thousands)

Personal Services increased by \$73 million between FY07 and FY17--an increase of 24%.

**Summary\***  
The change consists of a \$113 million increase for contractual salary adjustments and decreases of \$40.5 million in non-contractual personal services costs.



Salary Adjustments	17,923.7	15,355.7	19,184.2	8,281.1	16,210.8	13,749.3	10,365.6	4,934.3	1,429.2	4,588.5	1,429.0	113,451.4
Personal Svcs less Salary Adjustments	290,687.7	302,546.5	316,209.2	340,708.6	352,210.2	369,226.6	385,446.0	396,157.2	396,980.2	388,102.6	380,137.3	(40,496.5)

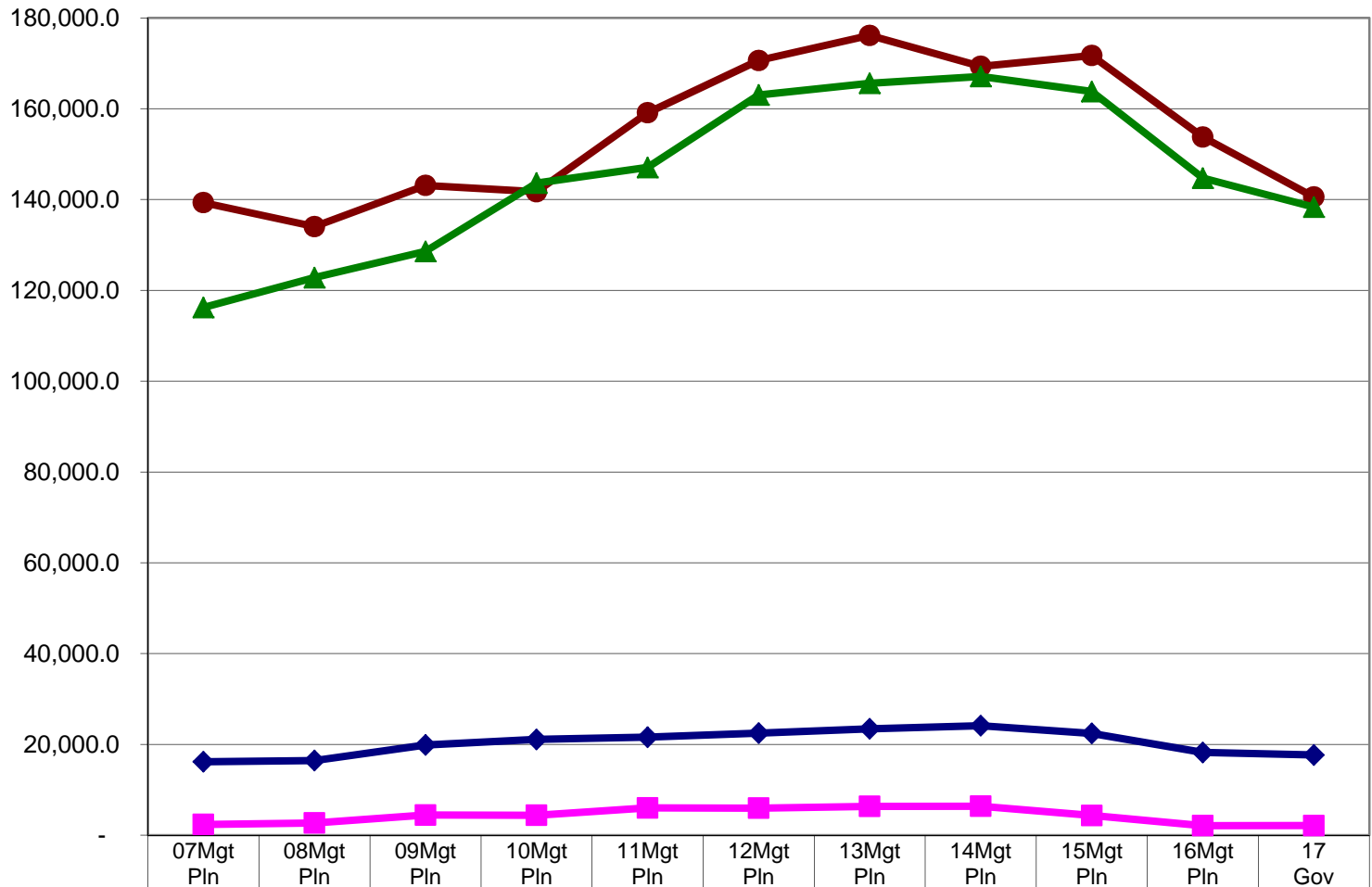
\* Changes in the personal services line from FY07 to FY17 Governor's Request are segregated into two parts: (1) base increases (primarily due to contractual negotiations) and (2) other personal services increases such as transfers between line items or increases from new positions. The final "Summary" column sums the two types of changes during the period.

## Appropriations within the Department of Transportation & Public Facilities (GF Only) (\$ Thousands)

The **Alaska Marine Highway System (AMHS)** and the **Highways, Aviation and Facilities** appropriations are the two largest GF appropriations within the agency. In the FY17 Gov Request they amount to **47%** and **46%** of the budget, respectively.

Budgeted general funds to **AMHS** increased 26% (\$37 million) between FY07 and FY13, and have subsequently been reduced to near the FY07 level in the Governor's FY17 budget.

Budgeted GF to **Highways, Aviation and Facilities** peaked in FY14 at \$167 million declining to \$138 million in the Governor's FY17 budget.

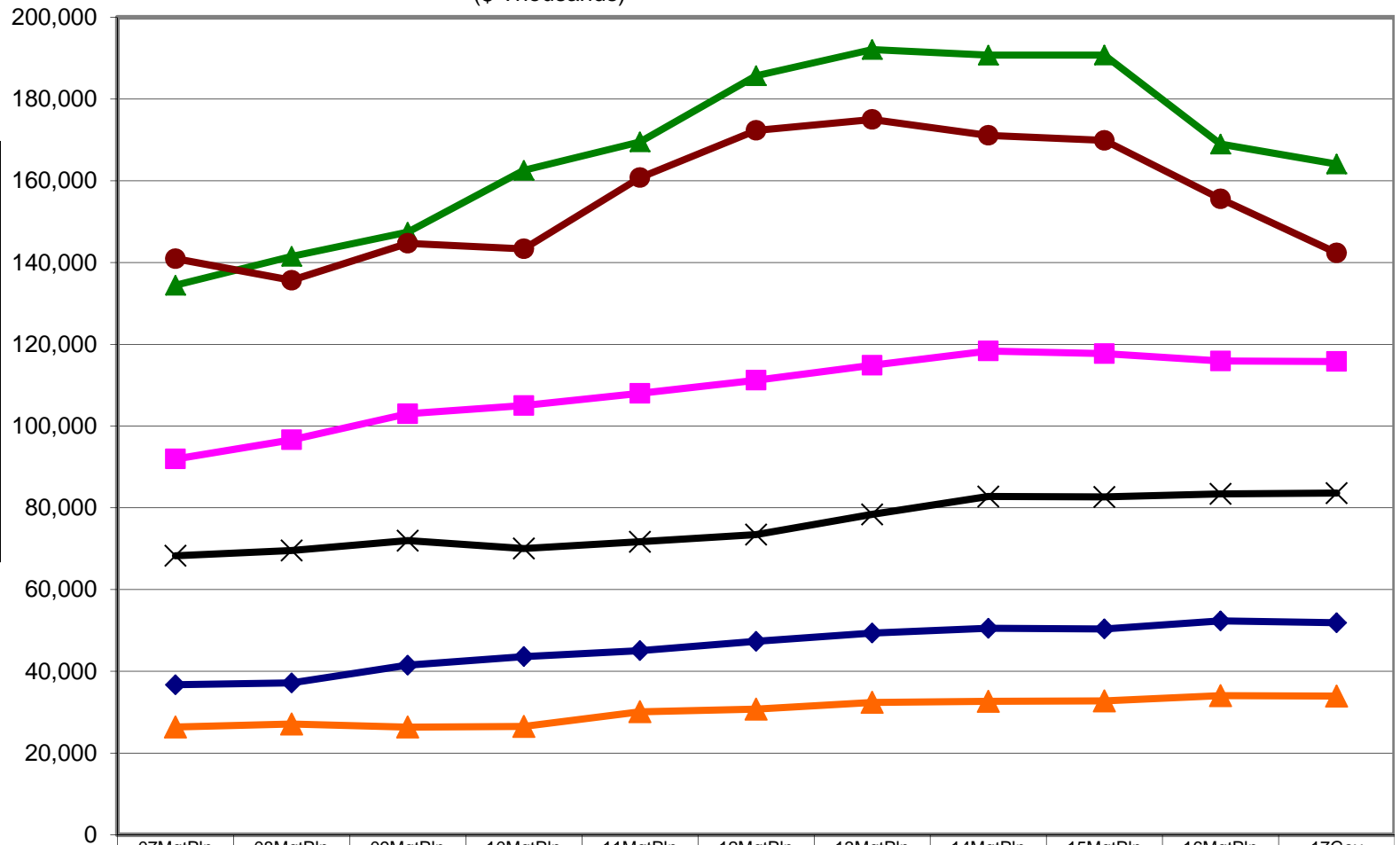


<span style="color: red;">—●—</span> Marine Highway System	139,305	134,026	143,099	141,704	159,086	170,601	176,127	169,320	171,702	153,757	140,537
<span style="color: green;">—▲—</span> Highways, Aviation and Facilities	116,212	122,789	128,567	143,617	147,058	163,011	165,596	167,092	163,785	144,705	138,329
<span style="color: blue;">—◆—</span> Administration and Support	16,178.	16,444.	19,879.	21,101.	21,587.	22,479.	23,428.	24,122.	22,424.	18,217.	17,669.
<span style="color: magenta;">—■—</span> Design, Engineering and Construction	2,371.9	2,685.4	4,444.2	4,395.4	6,007.4	5,961.6	6,343.5	6,390.3	4,335.9	2,111.2	2,117.4

## Appropriations within the Department of Transportation & Public Facilities (All Funds) (\$ Thousands)

When counting all funding sources, **Highways, Aviation and Facilities** nudges **AMHS** in size (28% versus 24%). **Design, Engineering and Construction** rounds out 3rd at 20%. CIP Receipts via the capital budget (primarily federal) comprise this appropriation.

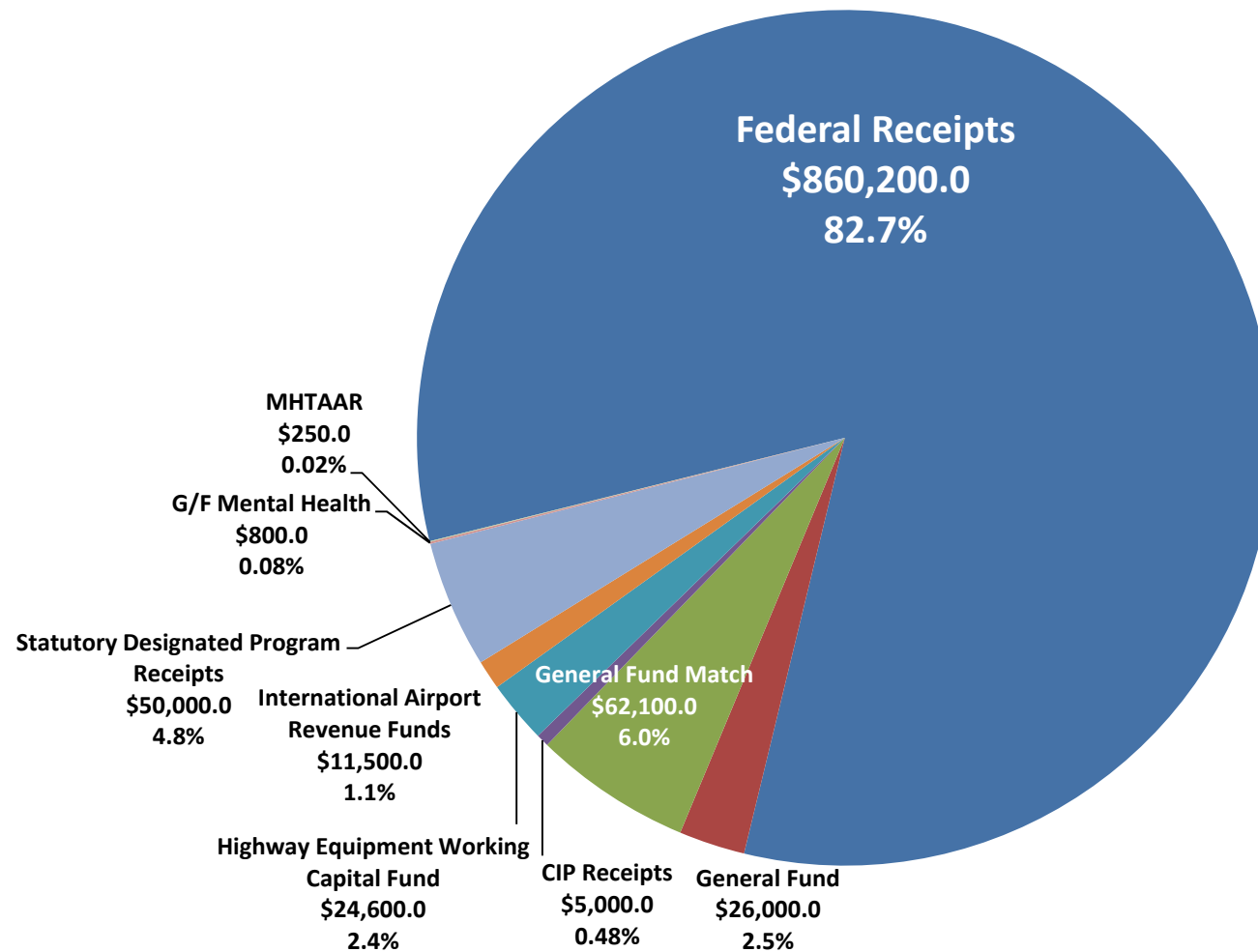
The **International Airport System** comes in 4th at 14% of the budget.



	07MgtPln	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17Gov
Highways/Aviation & Facilities	134,443.4	141,508.1	147,437.3	162,569.7	169,529.3	185,707.4	192,121.5	190,745.4	190,769.1	168,983.8	164,107.6
Marine Highway System	140,944.7	135,666.2	144,702.0	143,347.5	160,774.2	172,331.0	175,012.6	171,115.8	169,885.8	155,590.8	142,370.4
Design, Engineering & Constr.	91,948.6	96,640.4	102,996.3	105,018.7	108,007.7	111,209.6	114,880.3	118,369.4	117,722.0	115,919.1	115,798.8
International Airports	68,272.0	69,559.8	71,967.4	70,053.4	71,694.7	73,439.1	78,401.3	82,758.3	82,665.5	83,402.8	83,599.2
Administration and Support	36,705.5	37,166.4	41,498.1	43,593.6	45,046.8	47,325.1	49,361.3	50,520.7	50,367.8	52,330.8	51,882.9
State Equipment Fleet	26,368.8	27,100.2	26,343.0	26,494.2	30,102.8	30,736.4	32,380.7	32,648.6	32,743.3	34,040.6	33,930.1

# FY2017 Proposed Capital Budget

Total = \$1,040,450.0





# The End

# Questions