



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Transportation and
Public Facilities

OFFICE OF THE COMMISSIONER
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The Honorable James Kaufman
Chairman, House Transportation Committee

Delivered via email to Senate.Transportation@akleg.gov

Dear Chairman Kaufman,

Thank you for the opportunity for Director James Marks to present to the Senate Transportation Committee on February 14th regarding a summary of the department's Data Summit earlier in February 2023. Please find attached follow-up responses to member questions from that presentation.

Sen. Tobin asked what they (the legislature) can do to help off-ramp projects that after 20 years of design are now going to construction, but current public sentiment or conditions have changed so that the project may no longer be desired. Because the vast majority of the department's projects utilize federal funds, federal law and regulations determine how the department manages projects once they start expending federal dollars in preconstruction. The default under federal regulation, which aims to incentivize a robust project planning and programming process, is that once federal funds are expended in preconstruction, the failure to advance the project through to completion requires that federal funds be paid back. However, there are exceptions to this rule. The FHWA understands that sometimes facts on the ground change, and that the best option may be to close a project prior to construction. In which case, the project can be closed with federal participation.

With regards to what the Alaska State Legislature can do to help off-ramp projects that should not move forward to completion after having expended federal funds in preconstruction, there are several options.

- Pass statute that requires the department to review all projects every two years that have an estimated total cost of over ~\$35 million and that have been in pre-construction for at least 3 years; and assess their continued viability with a written best interest finding by the Commissioner that either proscribes that the project should proceed as planned, undergo a reevaluation, or seek federal approval to close the project with participation.
 - This process could utilize the Roads and Highways Advisory Board and in the case of marine highway projects the Alaska Marine Highway Advisory Board as adjudicating bodies that makes proposals to the Commissioner. If not utilizing the advisory boards, a similar body comprised of subject matter experts and or local government officials could fulfill this role.
- Pass statute that provides either dedicated funding or a process for ensuring that state funds are available for the repayment of federal funds, in those instances when a project is determined to not be in the state's best interest to advance to completion.
 - Acknowledging that sometimes it is better to cut one's losses than continue with certain projects, could enable the department to make better and more nimble decisions about which projects should proceed and which should not.

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The committee then asked the department about strategies to reduce the “high risk” projects and how to streamline those project to shorten timeframe (e.g. so they aren’t lasting 20-30 years). The department’s current approach can be factored into two major areas of process improvement investigative work: (1) Planning & Program Development and (2) Project Delivery. This response will focus on Planning & Program Development.

Large infrastructure projects are commonly plagued with highly publicized cost and schedule overruns. Most cost and schedule estimates take the form of only a single expected outcome supplemented with a contingency. This approach offers little to no information about the likelihood of other possible outcomes and associated risk to the project and can hinder efficient and cost-effective program delivery across a portfolio of projects. The risk assessment process comprehensively assesses uncertainties in quantities and unit prices and quantifies risk events, such as unexpected utilities or geotechnical issues with respect to schedule and cost. Schedule impacts are also translated into cost effects due to escalation, extended overhead and project management costs. The risk management process helps agencies and project teams understand project risks and risk response strategies within a quantitative and probabilistic framework. The risk management process engages key stakeholders (including the client, the design engineer, technical teams, local agencies, and others) at several stages using technical and open forums to identify, quantify, and develop mitigation strategies for each potential risk. Risk analysis can be performed on a portfolio of projects or on a project-by-project basis.

Benefits of conducting risk analysis include:

- Reducing costs and accelerating delivery across a program and on project-level
- Accelerating lower risk projects to allow time for higher risk projects to mature or resolve
- Reducing inflationary and year-of-expenditure cost pressures by developing projects as quickly as possible based on cash flow rather than on risk-laden project delivery schedules
- Finding money via risk reduction and releasing costs held in unnecessary contingency
- Identifying efficiencies in contracting to accelerate resolution of high-contingency activities (such as ROW)
- Using a data-based approach to resolving conflicts over project priorities
- Providing a systematic approach to risk management across an agency and its stakeholders
- Improving communication of risk within program and between agencies
- Increasing efficiency and effectiveness to activities related to regulatory compliance

Director Marks mentioned that the department has received federal funds for community bridges that do not require a state match and inquired if the department will be sending out a solicitation requesting applications from communities for bridge projects in the next quarter. The committee also requested some additional detail about this funding and how it will be allocated to community bridges. Additionally, Senator Kaufman asked that the department ensure that our office is notified when that solicitation goes live so that we can share with the committee and our constituents.

The Federal Program being used to fund this effort is the Bridge Formula Program (BFP). The federal fact sheet can be found at: <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/bfp.cfm>. A minimum of 15% of this funding is dedicated, distributed to States in discrete tranches, towards local and community off-system bridges. These bridges are inherently local and locally-owned in nature. The State program being established is not limited to local off-system bridges, but bridges in that category will have the benefit for applicants of not requiring a federal matching share. The State of Alaska’s program is named the ‘Community Bridge Investment Program’ (CBIP). The State program will be a competitive process that takes into consideration economic benefits, state of good repair, safety benefits, detour length, etc. Detailed information can be found at: <https://dot.alaska.gov/stwdplng/cip/stip/projects/CBIP.shtml>.

The department welcomes the opportunity to share information and ‘get the word out’. We are working to improve our public involvement processes and we are actively looking for new ways of sharing. This is a great and value-added way of engaging so we thank the committee for the open offer to collaborate in outreach efforts.

Director Marks indicated that prioritization criteria was changing in 2023 and the committee asked for more detail on the shift in prioritization criteria and inquired if that change is expected to shift the way projects are currently ordered.

The 2022 Bridge Criteria was ‘reactive’ and tended to favor bridge replacements. This was due to the ‘additive value’ of the improvements gained per dollar spent, going from a rating of 0-5 to 6-10 yielded a strong delta for reconstruction and replacement projects. As this delta, the improvement, accounted for half of the weighted score we did not see many simple treatments and preservative activities score and place. A balanced approach to asset management is necessary to maximize investments, meaning funding should not solely be focused on ‘worst-first’ approach which is the most expensive approach. A mixed portfolio of treatments that includes simple to mild preservation activities, medium rehabilitations, and also the replacements and reconstructions. It is expected that with this more balanced approach, including reactive and proactive criteria, will reorder the priorities and bring more true preservation to the top of the list while still prioritizing poor bridges. The Transportation Asset Management Program (TAMP) provides a matrix of anticipated level of investment necessary to maintain performance targets for each work type on the National Highway System. Detailed information on the TAMP can be found at:

There was discussion in committee about how long it takes projects from beginning to end. Specifically, Senator Wilson and Senator Kaufman asked what the department is doing to streamline projects and what the legislature can do to facilitate efficiency with transportation planning and completion (e.g. so we don’t end up with long-range plans that go uncompleted).

This is a timely conversation for the department as there is an evaluation process internally regarding projects over certain thresholds, particularly larger projects with long development histories, where Commissioner Anderson is focused on a concerted effort to resource and resolve outstanding issues that bring projects to the benefit of the public. This initiative has been called Transportation X, or TrX for short, is a pilot program that practices new ways of working for high-risk, high-profile projects. This draws on professionals, both internal personnel and external contracted resources, to diagnose and resolve project-specific issues causing an impasse for one reason or another (varies by project). Opportunities to improve our transportation network have increased with the new infrastructure laws, and we are being asked to adapt and improve with resources that are increasingly constrained. TrX teams are outcome focused, versus process focused, and emphasize teams that span organizational, community, and agency boundaries. The cross-regional collaboration of these Transportation X teams allows best-in-class solutions to reimagine and reprioritize specific projects and issues. They leverage agile project management processes and encourage new ways of working to achieve success. Opportunities to try new ways of working in real world applications can serve as a catalyst for innovation in real ways that will ultimately improve our transportation system in Alaska.

Director Marks referenced a public involvement plan that incorporates more innovative methods and partnerships to help gather public input. The committee asked if there was a plan in writing they could review. This request was accompanied by an associated ask for the department to share with legislators, in relevant districts, when a project is out for public comment. They commented that most, if not all, legislators would be happy to include in newsletters/social media such opportunities to help spread the word.

In general, there are Public Involvement Plans (PIP) made for each major planning effort. The Long Range Transportation Plan, as an example, developed its own PIP and Non-metropolitan local officials coordination plan (NMLOCP) and those documents can be found at: <https://alaskamoves2050.com/wp-content/uploads/2022/09/Appendix-H-Stakeholder-Public-Involvement.pdf>. What Director Marks referenced in his presentation was the way the department has traditionally engaged in public involvement, while meeting federal and state requirements has not been sufficient, and will be improved. Typical processes and procedures are passive, where postings are made to public sites, news outlets and online listservs such as Online Public Notice (OPN) and GovDelivery. A more intentional and active outreach effort is required, particularly for addressing equity and provided equal access to opportunities for rural, remote, and economically disadvantaged communities. The Division of Planning & Program

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Development welcomes ideas and opportunities to partner with the Legislature in general, and the Transportation Committees in particular, to establish new ways of engaging with the public.

Senator Myers asked for contacts in other states on how they assess the economic impacts of transportation projects with interest in creating a scorecard or mechanism for evaluating the economic impacts of infrastructure investment. The Division of Planning & Program Development would greatly appreciate the opportunity to partner on this effort to create a shared model, program goals and objectives, criteria weighting across state agencies. Using the same “measuring stick” across agencies and entities will be important for alignment and in collaborating. Some of the key contacts Alaska DOT&PF Planning & Program Development have been coordinating with and where mentioned to the hearing include the following:

Minnesota DOT- Deanna Belden, Director of Performance, Risk & Investment Analysis,
deanna.belden@state.mn.us

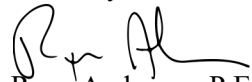
Virginian DOT- Margie Ray, Performance Management Manager, margie.ray@oipi.virginia.gov PH:
804-840-0417

High Street Consulting - Brittany Gernhard, Project Manager, gernhard@highstreetconsulting.com,
PH: 814-221-8466

Texas Transportation Institute - Texas A&M- David Schrank, Senior Research Scientist & Program Manager, d-schrank@tti.tamu.edu, PH: 979-317-2464

Please let me know if there is anything more the department can provide your office.

Sincerely,



Ryan Anderson, P.E.
Commissioner

cc: Andy Mills, Legislative Liaison, DOT&PF
Laura Stidolph, Legislative Director, Office of the Governor