

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB59(FIN)
 (S) Publish Date: 4/24/02

Revision Date/Time (Note if correction): 4/23/2002 Dept. Affected: DOT&PF
 Title An Act relating to awards of federal BRU DOT&PF Capital Budget
funds to municipalities for road projects... Component DOT&PF Capital Budget
 Sponsor Senator Torgerson
 Requester Senate Rules Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
-----------------------------	------------------	------------------	------------------	------------------	------------------	------------------

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB59 requires that the local government sponsor provide the local match for their project. This will have the effect of reducing state local general fund match need by approximately \$1.5M per year.

Key points: the state cannot "grant" Federal Highway funds; DOT&PF remains "on the hook" and responsible for the satisfaction of federal requirements. The state can obligate the local sponsor to meet those requirements through a project agreement, but cannot transfer the ultimately responsibility for the proper use of the funds. The engineering capability of most Alaska communities is very modest; the federal requirements are substantial. Our experience is that local staff have little experience meeting federal environmental (NEPA) and federal right-of-way acquisition requirements.

The result is that both the local sponsor and DOT must exercise project oversight which expands the cost of the project administration and construction engineering. For projects that have problems, this duplication of oversight is substantial, leaving less of the project funds to be used for actual construction than would be the case if DOT&PF administered the project.

Prepared by: Dennis R. Poshard, Assistant to Commissioner
 Division: Commissioner's Office
 Approved by: Joseph L. Perkins, Commissioner
 Agency: Alaska Department of Transportation and Public Facilities

Phone 465-3904
 Date/Time 4/23/02 3:40 PM
 Date 4/23/2002