

HOUSE FINANCE COMMITTEE  
March 18, 2009  
1:41 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:41 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair  
Representative Bill Stoltze, Co-Chair  
Representative Bill Thomas, Jr., Vice-Chair  
Representative Allan Austerman  
Representative Harry Crawford  
Representative Anna Fairclough  
Representative Richard Foster  
Representative Les Gara  
Representative Reggie Joule  
Representative Mike Kelly

MEMBERS ABSENT

Representative Woodie Salmon

ALSO PRESENT

Frank Richards, Deputy Commissioner, Highways & Public Facilities, Department of Transportation and Public Facilities; James Armstrong, Staff; Nancy Slagle, Director, Division of Administrative Services, Department of Transportation and Public Facilities; Christine Klein, Deputy Commissioner of Aviation, Department of Transportation and Public Facilities

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 154 "An Act making supplemental appropriations and capital appropriations; amending appropriations; and providing for an effective date."

HB 154 was heard and HELD in Committee for further consideration.

HB 155 "An Act relating to the authorization for the Department of Transportation and Public Facilities to participate in the American Recovery and

Reinvestment Act of 2009; and providing for an effective date."

HB 155 was postponed.

#hb154

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HOUSE BILL NO. 154

"An Act making supplemental appropriations and capital appropriations; amending appropriations; and providing for an effective date."

FRANK RICHARDS, DEPUTY COMMISSIONER, HIGHWAYS & PUBLIC FACILITIES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, presented an overview of HB 154. He explained that HB 154 contains the federal economic stimulus funds for transportation assets. The department must adhere to the conditions contained in the federal legislation in order to receive and expend the funds. The bill provides approximately \$175 million for highways, \$42 million for transit, and \$85 million for aviation purposes.

Mr. Richards described the funding process. Federal Highway and Transit funds will be received directly to the Department of Transportation and Public Facilities (DOT) through the usual formula funding in accordance with Title 23. Aviation funds will be received via the Federal Aviation Administration (FAA) as discretionary allocations. In order to access the formula funds the project must have been developed under Title 23 rules. Fifty percent of the funds must be obligated in 120 days (June 15, 2009). The remaining funds must be used by February 17, 2010. Any funds not obligated will be swept back and redistributed to another state.

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Mr. Richards elaborated on the conditions for allocation of surface transportation funds. Federal law requires three percent of the funds must be used for transportation Enhancement; 11 percent must be distributed to communities with a population greater than 200,000, and 19 percent for communities with less than 5,000 residents. The remaining 67 percent of the funds can be used for any state road, highway, or bridge project and must be included in the Statewide Transportation Improvement Program (STIP). He emphasized that the federal legislation mandates the stimulus funds must be spent on previously developed projects in accordance with the federal rules under Title 23 and project selection must adhere to the provisions of federal legislation. The department selected existing projects that have been approved by the legislature, began design work, approved environmental review, and acquired

right-of-way easements. The list totals approximately \$330 million on highways and bridge projects.

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Mr. Richards explained that the department developed a project ranking system based on the federal criteria, project safety, and location in areas designated economically distressed. This is defined by the federal government as areas that have at least a one percent higher unemployment rate than the national average, presently 8.1 percent.

Vice-Chair Thomas stated that he represents a large population of commercial fishers. Most are not eligible for unemployment benefits. He asked if the department factored this into their criteria. Mr. Richards said he relied on state and federal Department of Labor statistics, which defines all of Alaska as economically distressed except the North Slope, Anchorage, Juneau, Fairbanks, Sitka, and Ketchikan. He stressed that federal regulations did not prescribe a proportioned amount of the stimulus funds to the economically distressed areas, only that these areas should be "emphasized" so the projects can stimulate and create employment.

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Mr. Richards reported that "gas line logistics" projects were identified as part of the ranking criteria. These are projects that would support gas line construction. The department also identified projects that leveraged other funds. He exemplified a causeway project in Gustavus that leveraged \$6 million in National Park Service Funds out of a total cost of \$20 million. Finally, the project must begin construction in 2009. He reasoned that the intent of the federal legislation was to provide jobs. This provision will support that intent. The department then compiled the stimulus fund list of priority and contingency projects.

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Co-Chair Hawker asked if the projects in HB 154 had to previously been included in the Statewide Transportation Improvement Program (STIP) or eligible for future inclusion in the STIP to be considered for stimulus funding. Mr. Richards clarified that he misspoke earlier. The bill contains the list of projects that are in the current STIP. The department amended the STIP (STIP Amendment 18) last week to include eligible projects. He noted that any additional projects appropriated by the legislature would have to be included via the STIP amendment process to access federal dollars.

Co-Chair Hawker questioned the purpose for the document previously generated by the department, "Is Your Surface Transportation Project Eligible For Economic Stimulus Funding..." (copy on file). Mr. Richards answered that it was intended to help legislators determine eligibility of projects requested by constituents. The document explained that proposed projects would have to meet the criteria and timetable listed as prioritization factors. Co-Chair Hawker again asked if the project would become eligible for consideration if it met the criteria but was not listed on the current STIP. Mr. Richards said yes. He conceded that the project does not have to be on the current STIP. He qualified that the project would become eligible if the legislature includes it in an appropriations bill. The department would have to go through another STIP amendment process to access the stimulus funds if the project was appropriated. Co-Chair Hawker thought it was a very important distinction.

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Mr. Richards reported that the "local" category of funding proved problematic for the department. The communities of Fairbanks, Juneau, Ketchikan, Palmer, and Wasilla fall under the 19 percent funding category with populations between 5,000 and 200,000. They are not eligible for stimulus funding for any project designated as "local roads". Mr. Richards opined that it was an unfortunate consequence. The federal legislation precluded an exemption Alaska had been granted since 1991. The Alaska delegation would have to pursue a technical correction via legislation. That process would take longer to obtain than the timeframe that exists to expend the stimulus funds.

Mr. Richards delineated that out of the \$42 million of stimulus funds for transit to the state, \$32 million will go directly to the Anchorage and Fairbanks Metropolitan Planning Organizations. Fairbanks will receive \$760, thousand of the \$32 million and Anchorage will receive the remaining funds for distribution to the Anchorage Metropolitan Area Transportation Study (AMATS). A large portion [approximately \$26 million] of the AMATS funds is committed to the Alaska Railroad. He reminded the committee that the distribution is mandated by formula funding.

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Representative Gara understood that the Railroad has secured preferential treatment by Congress for the transportation stimulus funding. He asked how that happened. He wondered, if the legislature can go outside of the STIP process, can they also manipulate the formula funding, if by policy call it is determined that the formula is not practical.

JAMES ARMSTRONG, STAFF, CO-CHAIR STOLTZE, briefly explained that the Intermodal Surface Transportation Efficiency Act (ISTEA, called "Ice-Tea) provided for federal transit 5307 funds to flow directly into AMATS Transportation Improvement Program (TIP). The distribution of the funds is greatly influenced by AMATS policy committee.

Representative Gara described his understanding that a very large portion of non-road transportation funding for AMATS is dedicated to the railroad by formula. Mr. Armstrong concurred and requested the committee refer to a letter by the Alaska Railroad Corporation (ARRC) explaining the stimulus funding process to the ARRC (copy on file).

Representative Gara felt that allowing ARRC to expend much of the transit fund might not be in the best interest of the state if the purpose of the stimulus money is to maximize employment and benefits to communities. He suggested there were other community needs that would take precedent over some of the railroad's projects. Therefore, a change in the formula would be warranted if possible.

Co-Chair Stoltze added that ARRC representatives will attend a future hearing.

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Representative Gara disagreed with lobbying efforts in Washington where one state entity can divert funding away from other state entities. Co-Chair Stoltz agreed. Mr. Richards clarified that transit funds go directly to AMATS and do not flow through the state's appropriation process. Mr. Armstrong concurred and added that the Federal Transit Administration (FTA) must approve the TIP funding that AMATS oversees.

Representative Gara asked if the state has any way to control AMATS funds. Mr. Armstrong suggested that the AMATS policy committee request by letter that the Alaska delegation change the process.

Co-Chair Stoltze emphasized that Mr. Armstrong has no current association with AMATS.

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Mr. Richards reported that the remaining \$9 million for transit flows through the department and would be used for replacement vehicles, transit assets, and parking structures. He offered to go through the projects in HB 154 individually as detailed in the spreadsheet provided by Office of Management and Budget (copy on file).

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Representative Gara asked if the 19 page spreadsheet only listed projects in the bill or also projects eligible for stimulus funds.

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NANCY SLAGLE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, replied that all items on the spreadsheet are projects in the bill. She explained that some of the projects that were previously appropriated by the legislature required a funding source switch to the economic stimulus funds. This category is reflected in Section 4 of HB 154. The legislation contains a combination of projects. Some of the projects do not require additional legislative authority, but others require partial or full approval by the legislature due to fund source changes.

Representative Fairclough asked if a federal match is required for any DOT stimulus projects. Mr. Richards stated that the funding is 100 percent for all highway aviation and transit funds subject to legislative approval.

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Co-Chair Hawker referred to the governor's press release requesting authorization for \$461 million of DOT stimulus funding. He voiced that \$300 million was stated by Mr. Richards as the requested amount. Co-Chair Hawker asked which number is correct. Ms. Slagle explained the difference between new authority and total projects is reflected in Section 4 of the bill. The difference includes the projects requiring a fund source change. This includes \$66.8 million for aviation, and \$56 million for surface transportation. Co-Chair Hawker reiterated his question of which amount reflects new stimulus fund dollars. Ms. Slagle said the larger figure of approximately \$400 million is the total amount of new funds included in the bill.

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CHRISTINE KLEIN, DEPUTY COMMISSIONER OF AVIATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, discussed the department's federal economic stimulus projects for aviation.

#### SECTION 1

Airport Stimulus Projects - Allocation  
Akiachak: Airport Relocation

This project will relocate and construct a new Akiachak Airport, 3,300 foot runway, new apron, taxiway and

airport access road, construct snow removal equipment buildings, and install fencing and airport lighting.  
11,500.0

Ms. Klein stated that the previous airport is located in a poor location and has incursion issues.

Airport Stimulus Projects - Allocation  
Allakaket: Airport Improvements

Repair and stabilize the runway embankment, taxiway and apron to correct areas that have experienced serious differential settlement, side slope failures and erosion. Work will include resurfacing, addition of a dust palliative and lighting adjustments or replacement as needed, improve apron setback from the runway, and make other improvements as funding allows. 3,600.0

Airport Stimulus Projects - Allocation  
Fairbanks International Airport: Access Control Improvements

This project is the result of a Federal Aviation Administration (FAA) directive to identify access control measures to reduce deviations and incursions at Fairbanks International Airport (FAI), i.e., fencing, gates, and improved signage. The Fairbanks International Airport ranks among the top 20 of 400 certified airports in incursions and deviations. Every effort will be made to implement the least costly and restrictive measures that accomplish the objective of reducing incursions and deviations.  
3,000.0

Ms Klein noted this will enable the airport to comply with federal regulations regarding pedestrian deviations. This is a high FAA priority.

Airport Stimulus Projects - Allocation  
Fairbanks International Airport: 1L-19R - Taxiway and Apron Improvements

This request will fund construction of the initial phase of Taxiway Echo and pave aircraft apron areas proximal to runway 1L-19R. The initial phase of Taxiway Echo consists of excavating, filling, grading, paving, lighting, and marking approximately 400' of new taxiway. 3,000.0

Airport Stimulus Projects - Allocation  
Fort Yukon: Airport Improvements

Resurface and include a dust palliative on the apron, taxiway and runway at the Fort Yukon Airport. Correct

drainage problems, clear overgrown vegetation, and complete other improvements as funding allows. 6,500.0

Ms Klein explained that this airport is in poor condition. It is 30 years old and has had minimal repairs in that time.

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Representative Gara asked if more airport projects could have qualified other than what is listed in HB 154. He wondered how they were chosen. Ms. Klein explained that the FAA has the ultimate authority and discretion to decide which projects are funded. They determine eligibility and select projects based on rankings by the Airport Project Evaluation Board (APEB) scores and other national scores.

Representative Gara asked if the aviation projects were in the order prioritized by the FAA. Ms. Klein said the projects were not prioritized by the FAA, but all of the projects selected had to meet federal criteria. All of the aviation projects selected are included in the bill.

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Representative Gara asked if the state can prioritize the projects. Ms. Klein responded that the state has no discretion to prioritize or switch projects.

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Airport Stimulus Projects - Allocation  
Hoonah: Airport Improvements

Extend airport runway to state standard to reduce weight penalty on aircraft serving Hoonah; expand lease lots and apron space to accommodate additional general aviation and commercial traffic, provide additional lease lots for hangars and commercial development; provide dedicated parking area for short and long-term passenger parking; construct a ramp to allow float planes to be hauled out and serviced or based at the airport; and other improvements. 100.0

Airport Stimulus Projects - Allocation  
Kodiak: Chemical Storage Building

This project will provide a safe storage and mixing area for liquid de-icing materials and equipment. Without the building and storage tanks to mix the dry urea for liquid application, the use of sand for runway de-icing will continue. New Alaska Airlines jets have a less-forgiving engine for sand or foreign object debris ingestion which could lead to engine failure. The need to switch from sand to chemical de-icing at

Kodiak is further underscored by Central Region Maintenance and Operations' inability to obtain sand that meets the minimum specifications identified by the Federal Aviation Administration (FAA). 1,200.0

Airport Stimulus Projects - Allocation  
Kotzebue: Apron Expansion

Expand the terminal apron to the south and east. This project will also construct new general aviation aircraft parking, a new access road and taxiway, security fencing and drainage improvements, and will provide new leasing areas. 5,300.0

Ms. Klein stated that this project responds to complaints by the aviation industry for expansion needs.

Airport Stimulus Projects - Allocation  
Ouzinkie: Airport Reconstruction and Relocation

Project will entail the final design, right of way acquisition, and construction of a new airport and access road for the village of Ouzinkie located near Kodiak. 8,400.0

Airport Stimulus Projects - Allocation,  
Ted Stevens Anchorage International Airport: North Terminal Gate N8

Reconstruct the deteriorated gate apron pavement, including all associated lighting, hydrant system, jet bridge foundations, drainage, pavement, subgrade preparation, etc. Expand the portland cement area to provide better support for ground service equipment during aircraft servicing. This project is needed to avoid continued high maintenance costs and potential damage to aircraft from Foreign Object Debris (FOD). 3,000.0

Ms Klein noted that the weight of the aircrafts cause the pavement to crack over time. She also noted the following projects were recently added by the FAA due to their high priority.

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Airport Stimulus Projects - Allocation  
King Salmon: Apron and Taxiway Resurfacing

Resurface the terminal and transient ("Fish Haul") aprons at King Salmon Airport, and also several taxiways, whose Pavement Condition Indexes are well within the "reconstruct" range. 9,750,000

Airport Stimulus Projects - Allocation  
Huslia: Airport Improvements

Airport repairs and runway extension.  
7,525,000.

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Co-Chair Stoltze asked the amount of the previous appropriation for Hulisa Airport. Ms. Slagle answered that it was \$7.525 million.

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Mr. Richards turned to Transit projects.

Transit Stimulus Projects - Allocation  
Statewide: Transit Rural Formula Capital Projects

This program provides federal stimulus funding from the Federal Transit Administration (FTA) for the purchase of vehicles and equipment, installation and repair of bus shelters/bus stops and other capital expenditures. These funds require no match and are available to both public transit systems and private nonprofit organizations through a grant process. 5,183.9

Co-Chair Stoltze asked what is also included in this category. Mr. Richards replied that it included buses, commuter vans and para-transit.

Transit Stimulus Projects - Allocation  
Juneau: Downtown Transit Center Construction

This project will construct a combination transit center and parking facility in downtown Juneau. This investment in public transportation will benefit economic development in the capital city, reduce parking congestion, and improve transportation options for those who choose not to drive or who cannot afford a personal vehicle. Adequate public transportation is critical for those making the transition from welfare to work. 3,000.0

Transit Stimulus Projects - Allocation  
Mat-Su: Park and Ride at Seward Meridian/Parks Highway

Project would construct a parking and ride area somewhere along the Parks Highway near or east of Wasilla. Possible locations include near the southern extension of Trunk Road and near Seward Meridian Parkway. Approximately 10,000 people commute daily between the Mat-Su Valley and Anchorage and the

existing park and ride facilities are consistently over capacity. Van-pool, carpool and bus service from the valley is in the process of being expanded and parking demands are increasing. 900.0

Mr. Richards elaborated that increasing numbers of people are commuting from the Mat-Su Valley to Anchorage and the park and ride facilities are at maximum capacity and overflowing.

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Mr. Richards introduced Highway and Bridge projects.

Highway and Bridge Stimulus Projects - Allocation  
Dalton Highway Culverts: Milepost 260 to 321

This project replaces existing culverts at seven locations between MP 260 and 321, addresses the Oksrukuyik Creek Bridge and raises the roadway grade between MP 311.7 and 313.3.

This project will preserve and extend the service life of the highway, enhance highway safety and provide adequate fish passage. Within the project area, seven stream crossings have culverts that are undersized and/or failing. Failure of any of these culverts could lead to washouts which would severely diminish transportation capabilities along the Dalton. There is an approximately 2.1 mile stretch of road (MP 311.7 to 313.9) that is routinely overtopped and threatened by floodplain overflow of the Sag River. 26,300.0

Mr Richards stated the importance of the project because the Dalton Highway services the North Slope oil fields and its future service to the gas pipeline.

Co-Chair Stoltze spoke of failing salmon stream culverts in the Mat-Su borough that affect the Cook Inlet fishery. He wondered if DOT has looked at that problem. Mr. Richards referenced an earmark for that purpose. The department, in collaboration with the Department of Fish and Game, received funds to rehabilitate fish passage culverts in the entire state. He elaborated that the challenge with these repairs is that it requires ripping up the road. The work must be done in conjunction with slated road rehabilitation projects. The culverts are being identified, prioritized, and repaired as the monies become available.

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Representative Gara returned to the transit projects for \$9 million and asked if that was the full amount allocated for

those projects. Mr. Richards affirmed. Representative Gara asked for clarification regarding the remaining \$32 million for transit. Mr. Richards reported that the \$32 million flows directly to AMATS.

Representative Fairclough thought it was going to FMATS (Fairbanks Metropolitan Area Transportation Study) and AMATS. Mr. Richards qualified that he forgot to include the \$760,000 appropriated to FMATS out of the \$32 million. Mr. Richards reiterated that out of \$42 million of stimulus transit funds \$9.1 million is a direct allocation to the state, approximately \$32 million is directly appropriated to Anchorage AMATS and \$760,000 to Fairbanks FMATS.

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Highway and Bridge Stimulus Projects - Allocation  
Parks Highway: Milepost 72 to 83 Rehabilitation, Willow to Kashwitna

Rehabilitate the Parks Highway, from MP 72 to 83, between Willow Creek and the Kashwitna River. The improvements include widening the embankments for 8-foot shoulders; rehabilitate the pavement; add a total of seven miles of alternating north and south bound passing lanes; and construct paved roadside pull outs at Kashwitna Lake and Grey's Creek. 23,000.0

Mr. Richards stated that there is a subsurface problem associated with this section of road.

Highway and Bridge Stimulus Projects - Allocation  
Alaska Highway: Milepost 1412 to 1422

Rehabilitate, improve drainage, re-level and resurface the highway. Substandard embankment conditions have been identified in this area causing significant pavement failures. This project will improve the Alaska highway to accommodate increased truck traffic associated with gas line construction. 5,300.0

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Representative Fairclough shared that she went on a tour of the Dalton Highway and was informed that location of gravel sites are a problem for that corridor. She asked if funding has been allocated to solve the problem. Mr. Richards spoke of a conversation with the Department of Natural Resources to define areas for a geotechnical investigation to find usable gravel that does not contain asbestos particles. He also spoke with the Denali Pipeline Company who is also working to identify gravel sources along the Dalton Highway

for their project. The department is currently seeking information and funding for that project.

Representative Fairclough asked if this expense was included in the Dalton Highway stimulus projects and what portion of the cost is for gravel for these projects. Mr. Richards answered that he did not know. Representative Fairclough advised that it might increase project costs and state funding might be required to complete these projects.

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Highway and Bridge Stimulus Projects - Allocation  
Glenn Highway: Hiland to Eklutna Resurfacing

Mill and resurface mainline driving lanes on the Glenn Highway from the Hiland Interchange to Eklutna Interchange. Project will also resurface all ramps and bridges encompassing Hiland Road and Artillery Road Interchanges, and replace guardrail and pavement markings. 25,000.0

Mr. Richards noted that the Glen Highway has some surface distress and rutting. The project will benefit the commuters. Co-Chair Stoltze commented that the Glen Highway is a national highway connecting Alaska's largest municipality (Anchorage) to the second and third largest municipalities in the state.

Representative Fairclough asked if there is a gravel pit source identified for the Glenn Highway project. Mr. Richards said he was unaware of any. Representative Fairclough requested information on the gravel allocations the state has claimed for the NW corner, Section 25 of the Glen Highway Project.

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Representative Gara wondered if the legislature has any discretion to select other qualified highway and bridge projects and how these were chosen. Mr. Richards explained that there are two sections in HB 154: Highway and Bridge Stimulus Projects, and Highway and Bridge Stimulus Contingency Projects. These projects were able to meet the criteria and requirements for stimulus eligibility under Title 23. Communities can identify other eligible projects and DOT will confer with the Federal Highway Administration to determine if they can be added to the list. He voiced that from the department's perspective these are the projects available for stimulus funds.

Representative Gara asked if more funds were available if more projects are found. Mr. Richards reported on the use it or lose it clause of the federal legislation. The

contingency list was provided in the event that more stimulus money is redistributed to Alaska if other state's falter. Representative Gara summarized his understanding that \$148 million of the stimulus funds are appropriated for the Highway and Bridge Stimulus projects. The contingency projects listed will only be funded if the state receives additional stimulus money. Mr. Richards agreed.

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Co-Chair Hawker asked Mr. Richards to name for the record any other eligible projects he is aware of that is not included in HB 154. Mr. Richards responded that he is aware of an eligible project in Whittier.

Representative Gara requested DOT provide the committee a list of any additional eligible projects as they become known to the department. Mr. Richards added that the Port of Anchorage is also eligible to receive stimulus funds under the bridge and highway category.

Co-Chair Stoltz asked if the Port of Anchorage is the only port in the state eligible for stimulus funds. Mr. Richards reported that any port is eligible as long as their project meets the same federal criteria.

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Highway and Bridge Stimulus Projects - Allocation  
Kotzebue: Shore Avenue Rehabilitation and Erosion Protection

Reconstruct Shore Avenue from Lake Street, through the primary commercial area of Kotzebue, approximately 4,400 feet to the end of the road at Crowley Dock. Shore Avenue will be paved, new sidewalks, a pathway, parallel parking, an open space on the seaward side, and an erosion protection revetment on the seaside. This request includes \$8.5 million of Federal Receipts and \$6.5 million of Federal Economic Stimulus Funds.  
8,500.0

This project requires additional legislative authority and is time sensitive. Lead time is required to order the steel sheet piles and deliver it to the barge lines for delivery to Kotzebue in order for construction to begin this summer.

Co-Chair Stoltz asked how the project could be expedited quickly. Mr. Richards specified two ways for the project to proceed on time. He offered that swift legislative appropriation or requesting bids for the project contingent on legislative approval are the solutions to ensure the project proceeds on time.

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Representative Joule asked how long the Kotzebue project was on the STIP. Mr. Richards answered that he did not know.

Highway and Bridge Stimulus Projects - Allocation,  
Alaska Highway: Milepost 1308 - Tok Weigh Station

Reconstruct the Tok Weigh Station to include multi-platform scales, a new scale house, and a heated inspection facility. The current facility does not meet the needs of the vehicle inspection crews on site. A new weighing system is needed to facilitate simultaneous axle group and gross weight enforcement. The site will be expanded to accommodate a new scale house. This request includes \$1.0 million of Federal Receipts and \$3.0 million of Federal Economic Stimulus Funds. , 1,000.0 , 3,000.0 , 4,000.0

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Representative Gara wondered if there was another weigh station in the area. Mr. Richards answered that the next weigh station was in Fairbanks on the Richardson Highway. This services trucks entering from Canada. Representative Gara wondered if there was another one near Canada. Mr. Richards said there was not.

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Highway and Bridge Stimulus Projects - Allocation  
Yakutat: Areawide Paving

Resurface Airport Road from approximately MP 0 to MP 4. Extend existing Dangerous River Road pavement approximately 0.2 miles to access new entrance to city landfill. Resurface and extend existing Ocean Cape Road pavement along the segment extending approximately 0.23 miles from the intersection with Airport Road. Pave and improve drainage on approximately 1.4 mile long Max Italo Road. Replace two tidal relief culvers and related work on Mallot Avenue. 3,800.0

Highway and Bridge Stimulus Projects - Allocation  
Haines: Front Street to Union Street

Rebuild this 28'-wide section of road, remove existing asphalt, grade and restore existing sub grade as required, and place new surface to match existing finish grades. Rebuilding this section of roadway will complete reconstruction of the remaining section of highway from town to the ferry terminal, streamlining access to the ferry system and other port facilities.

Pedestrian safety is vastly improved, as is transport efficiency. 2,500.0

Highway and Bridge Stimulus Projects - Allocation  
Glenn Highway: Milepost 34 to 42 - Parks Interchange to Palmer Resurfacing

Mill and resurface mainline driving lanes on the Glenn Highway from the Parks Highway / Glenn Highway Interchange to the Palmer-Wasilla Highway Intersection in Palmer.

This project will provide an improved driving surface and extend the service life of the facility. The route has pavement ruts ranging from .25 inch to 1.5 inches deep. Guardrail is in need of repair or replacement, and guardrail end terminals need to be upgraded to current design standards. 8,000.0

Highway and Bridge Stimulus Projects - Allocation  
Nome Road Improvements

The community has seen an increase in vehicle traffic over the past decade. This increase has made dust mitigation such as paving or chemical treatments on local roads a significant issue. The project will also improve drainage on city streets that are typically impacted by permafrost and migration of fine soil particles caused by snowmelt and seasonal rain. Improving drainage is critical to the effectiveness of any dust-abatement surface treatment. Proper drainage will also prevent potholing and any further loss of pavement on the few paved streets in the community. 4,000.0

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Highway and Bridge Stimulus Projects - Allocation  
Emmonak: Community Road Improvements

The community roads in Emmonak lack proper surfacing material. Due to the silty soil conditions in the area, the roads are extremely dusty in dry weather and rutted in wet weather. The roads lack proper drainage structures resulting in standing water in many locations throughout the community. The dusty road conditions are a serious health issue and need to be addressed. Although this project is jointly funded from federal and state sources, additional funding is needed to successfully complete this project and to significantly improve the health and quality of life in Emmonak. 3,000.0

Highway and Bridge Stimulus Projects - Allocation

Marshall: Airport Access Road Bridge Replacement  
Replace the existing temporary bridge on the Marshall Airport Access Road. The existing temporary bridge is inadequate and does not meet the needs of the community. It was installed as a temporary measure several years ago to keep the access to the airport open. This road is the only vehicular access the village has to the airport. Replacing the bridge with a safer more durable structure would make the delivery of passengers and freight more efficient and improve the overall safety for the traveling public. 2,800.0

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Highway and Bridge Stimulus Projects - Allocation  
Hoonah: Airport Road Paving - Ferry Terminal to Airport

Grind and repave Airport Road from the Ferry Terminal (MP 0) to the Airport (MP 2.2). The degraded condition of Hoonah's airport road has resulted in controllability issues, with extremely poor conditions in front of the post office. Maintenance crews have had difficulty staying on top of patching, and freeze-thaw cycles regularly generate new potholes and other degradations. Rutting is extreme, with ½ inch ruts along at least ½ the length of the road. 3,000.0

Highway and Bridge Stimulus Projects - Allocation  
AMATS: Stimulus Highway and Bridge Funded Projects

This funding will be assigned to specific projects by the Metropolitan Planning Organization (MPO) policy board, as required by federal law. Because of the rapid timeline in developing the Stimulus bill, there has not been time to pre-identify the specific projects.  
18,953.9

Mr. Richards apologized for not having the detailed list of AMATS projects. He stated he was aware of one project on Minnesota Avenue to repair ruts. Co-Chair Stoltze wondered if a specific portion of the Highway and Bridge funding must be spent on bridges. Mr. Richard said that the stimulus dollars received were not specifically prescribed for bridges.

Representative Fairclough asked about a \$310 million federal fund designated for Indian Reservation Roads. She identified specifically the Eklutna Bridge that is in desperate need of repair. The bridge falls under AMATS jurisdiction and is not a priority at this time. She asked if this historic bridge is eligible for repair under the reservation funds. Mr. Richards replied that the reservation dollars flow through the Bureau of Indian Affairs (BIA). He elaborated on the

issue and suggested addressing the Eklutna tribe directly to discuss their priorities and the allotment of BIA dollars. He thought that the Eklutna tribe will receive additional stimulus money through the BIA.

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Representative Austerman asked if the list of projects in HB 154 is in order of priority. Mr. Richards replied that the governor prioritized the list according to how the project met the federal criteria and if the project addressed infrastructure that benefited the construction of the gas pipeline. Representative Austerman asked if the order in the bill is the order of priority. Mr. Richards said yes.

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Highway and Bridge Stimulus Projects - Allocation,  
Valdez: Areawide Bike and Pedestrian Trail Pavement  
Refurbishment

Repave the bike path along the Richardson Highway from Egan Drive to Robe River Subdivision (7 miles). The surface of this bike path has deteriorated and cracked in many areas. This path is used for summer and winter recreational opportunities. The Blueberry Lake Campground road is used to access the popular state recreation site at Blueberry Lake. The existing road is narrow, potholed with no surfacing. These improvements will provide better access to campsites, fishing and trails. 3,290.0

Highway and Bridge Stimulus Projects - Allocation  
Denali Highway: Milepost 7 Wayside

Provide wayside parking and traveler information near the east end of the Denali Highway. Includes parking for RVs and automobiles. Enhancements include interpretive signs along the viewing area, vaulted toilets and trash receptacles. The Department of Transportation and Public Facilities will perform maintenance of the pavement surface and the Bureau of Land Management will perform maintenance of the enhancements. 330.0

Mr. Richards concluded that he addressed the entire list of stimulus fund projects in HB 154. He invited questions concerning the contingency list.

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Co-Chair Stoltze asked Mr. Richards to list the next set of items by priority. He wondered how speculative or likely it was that additional funds will become available.

Representative Thomas asked for the status of the Gustavus Dock Replacement project. Ms. Slagle responded that it was in Section 4 of the bill. The project was previously approved by the legislature. The department is only requesting a fund source change of \$7.7 million for part of the total cost.

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Mr. Richards continued that the same criteria and priorities were used to rank the contingency list and claimed the projects were listed in priority order.

Co-Chair Stoltze asked if there was a reasonable expectation of receiving new money or is the contingency list there in case an original project becomes ineligible. He wondered what a more likely scenario is. Mr. Richards contended that it will be both. He felt that additional money will likely become available as a redistribution but the amount is unknown. He expressed concerns that some impediment might surface to cause an original project to slip off the list and be replaced by a contingency project.

Representative Fairclough wondered if the Port of Anchorage qualified for the contingency list projects. Mr. Richards replied that it qualifies under the surface transportation category as long as the projects meet Title 23 and other stated criteria. Representative Fairclough opined that Port of Anchorage projects are being penalized for the port's Anchorage location. She felt the contingency funds should be used for the port as it benefits the entire state.

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Mr. Richards reminded the committee that the projects in HB 154 have previously been in the STIP. The Port of Anchorage is available to receive STIP stimulus fund through the AMATS TIP and those TIP projects are not listed separately. He said the legislature can authorize a specific port project if it meets the eligibility requirements. Representative Fairclough believed that port projects should be a priority for the contingency funds. She felt it should not replace original stimulus projects but should be prioritized if additional funds are captured. She felt that the port benefits the entire state at large. She suggested an appropriation of \$20 million.

Representative Austerman asked about the priority of the Richardson Highway contingency project. Mr. Richards said it was on the STIP and is the top contingency project.

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Representative Austerman observed that some projects had been removed or moved from contingency to priority or vice versa during the legislative process. He wondered if the projects listed in Section 4, requesting fund source changes from federal receipts to stimulus funds, affected the changes in the project list. Mr. Richards replied that there had been challenges tracking the bill as it traveled through the legislature. He said that the final version contained fewer projects because of the constriction in the timeline. The original timeline, which called for expenditure of fifty percent of the funds in 90 days with 18 months for the remainder, was reduced to expenditure in 120 days with the remainder used within one year. He explained that based on the final version of the bill some projects had lost eligibility and the priority of contingency projects had shifted.

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Representative Austerman felt his question had not been answered. He wondered if the shift of project lists was affected by inclusion of the language section of the bill. Specifically he wondered if the fund source changes pulled original projects off the list. Ms. Slagle believed that the fund source change section had been considered along with the original and contingency list through the entire process of the bill.

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Representative Gara wondered about ports. He asked if there were other funds that the port was eligible for through the stimulus package. Mr. Richards stated that the U.S. Department of Transportation is establishing a \$1.5 billion discretionary fund that both highways and ports are eligible for by application. Projects must be nominated and ranked for distribution of these funds. Representative Gara emphasized that although the Port of Anchorage does benefit the entire state and is a great Alaskan asset he did not feel that the port should be a top priority over all other contingency projects in the state. The port has requested \$170 million for expansion. He relayed that Representative Young said he will get the port the money it needs for expansion. He cautioned that an additional arbitrary appropriation of \$20 million should be justified by what it will accomplish for the port as opposed to pressing needs in other parts of the state.

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Representative Gara referred to the Kodiak Rocket Launch. He understood that the Governor proposed using stimulus funds for the rocket launch and asked if it is appropriated in HB 154. Mr. Richards responded that the facility is not

utilizing surface transportation funds and is not in the bill.

Representative Gara asked about the last contingency project, Bike Trail Pavement Refurbishment project on the Glen Highway, Eagle River to Birchwood. He asked if this project could encompass connecting Eagle River to the Coastal Trail. Mr. Richards reported that the Glenn Highway portion is currently available to meet the mandated timeline. It would take longer to qualify the rest of the project. Representative Gara thought that the Municipality of Anchorage identified a trail project around Ship Creek that was ready. Mr. Richards stated he was not aware of it. Co-Chair Stoltze asked if there are any eminent domain issues surrounding the section of trail. Mr. Richards did not know of any.

Representative Fairclough questioned Anchorage's allocation out of the \$175 million of Highway funds. Mr. Richards replied that for the Highway and Bridge allocation AMATS received \$18.9 million. Anchorage will be eligible for some of the Transit project funding of \$5.2 million for a total of approximately \$20 million. He questioned whether the \$25 million Glenn Highway Rut Repair project could be counted as an Anchorage project. The funding for this project flows through the Anchorage MPO (Metropolitan Planning Organization). Representative Fairclough pointed out that Anchorage represents only a portion of the Glen Highway project. She stressed that \$20 million for Anchorage was a small amount and additional funding for the port of Anchorage was not unreasonable. She stressed the benefits that the Port provides to the entire state. She argued that area wide use of the Port of Anchorage should not rank lower than some of the other projects prioritized by the state.

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Vice-Chair Thomas understood that the stimulus projects were formerly appropriated to individual legislators as capital projects and allocations throughout the years. He pointed out that the Gustavus project was approved and appropriated four years ago. The Hoonah, Yakutat, and Haines projects were on the STIP plan for years. He determined that rural areas have paid politically for these projects already because they were previously appropriated but never built. He contended that rural area projects are not a priority.

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Co-Chair Hawker argued that what is unacceptable is that approximately \$37 million of the projects on the stimulus list as fund source changes are projects that previous legislatures committed full funding to. He believed these projects should not be used for stimulus funding. The \$37

million could be spent on the contingency list projects. The projects were fully committed in the past. The stimulus money should be used to go forward with new projects such as the Whittier project.

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Ms. Slagle explained that three projects out of the \$37 million in fund source changes have previously been appropriated: Dalton Highway, Denali Highway, and Gustavus Causeway. It is not unusual for projects to receive legislative authority and funding and yet not go forward for a number of reasons. The delays could be due to design problems, environmental permits, right-of-way issues, etc. The three projects were previously appropriated with federal receipts. They are just now ready to move forward.

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Co-Chair Hawker thought that was a weak argument. He questioned whether there was any intention by the department to complete those projects. He wondered how the federal money could fall short of fully approved and funded projects. Mr. Richards reported that the challenge is relying on the Federal Highway Administration funding stream to complete those projects. Insufficient funding is often a reflection of unfunded earmarks or recisions by the federal government. The challenge is to have the federal funding match the legislative authority.

Co-Chair Hawker argued that the legislature has been providing DOT authority to spend federal receipts to construct state assets for fifty years. The legislature and the public believed there were funds available to back up the appropriations. He wondered how much empty authority existed and how much unfulfilled public expectation is created. Mr. Richards explained that even if a community's project has been identified in the STIP and has received legislative authority other variables must be factored in before construction can begin. The high costs of construction and fuel has lead to project bids that are prohibitively higher than estimated. The department has not been able to do as many projects and capture all of the funds. Expectations were not able to be met.

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Co-Chair Hawker asked how far over-authorized the state is based on actual availability of federal funds. Mr. Richards shared his concern and related that DOT does not know what Congress will do with the highway bill in the future. He speculated that Congress might direct highway transportation money to address global warming. If the Economic Stimulus bill is any indication, the transportation funding stream

will be directed to high speed rail, inner city rail, and other types of transit systems. Funds from federal highway dollars will be going to transit projects and that draws funds away from rural states to urban areas.

Co-Chair Hawker reiterated his request to know how far over extended the state is now.

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Ms. Slagle offered to provide information on authorized projects not currently backed by federal dollars.

Representative Austerman summarized that there is a STIP list and an authorized list and the projects are built based on federal funding available. Ms. Slagle agreed.

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Co-Chair Hawker restated his point. He wanted information on how far overextended the state is on authorized projects. Ms. Slagle added that her staff looks at authorizations that are more than ten years old on an annual basis. A typical highway project lasts for eight to ten years. Over the last four years DOT has worked to eliminate approximately \$200 million in empty authority.

Representative Gara stated he was uncomfortable about each district competing for federal dollars. He thought it was understandable that Anchorage would not receive a favorable portion of the stimulus money considering the federal criteria that stimulus money be expended in areas of economic distress. He reasoned that the state must follow federal criteria and serve economically distressed areas or risk losing the funding. He wondered if the Governor had to certify that the projects chosen met the federal criteria. Mr. Richards clarified that the Governor does have to certify the projects. He added that Representative Gara was correct that Congress placed an emphasis on economically stressed areas, but there is no stipulation as to how much. The list proposed by the Governor spends 67 percent of the stimulus funds in economically distressed areas.

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Representative Gara stressed that he does not want any stimulus money to go to projects that have been approved with general fund money. He asked if the fund source change projects included swapping general fund for stimulus money. Ms. Slagle replied that they are not replacing any general fund projects with federal stimulus funds. The governor had to certify that stimulus funds would not supplant state funds. The projects in Section 4 are projects funded by federal receipt. Representative Gara stated his

understanding that the funding change projects lacked adequate federal funds to move forward. He asked for clarification. Ms. Slagle stated that was correct. Representative Gara stated support for the department's use of stimulus money to finish underfunded projects.

Representative Crawford asked why the previously approved projects did not receive enough federal money. He also wondered if DOT can shift federal funding to other projects. Mr. Richards explained that some projects are not able to proceed due to a variety of reasons: right-of-way issues, environmental permitting process, etc. Allocations can be transferred to another project within a program in order to capture those funds for that particular year.

Representative Crawford asked if DOT has the authority to prioritize and shift federal funding away from one approved project to another project. Mr. Richards explained that there is flexibility to shift funding under the program allocation unless the highway funds are received as a congressional earmark to be used for a specific project. Highway funds come to the state based on program formulas. Every program under the highway fund umbrella receives a broad allocation. The Department of Transportation and Public Facilities has the legislative authority under an appropriation to shift funds. If one project is advanced and needs additional money, another project may be held as a result. It allows for efficient use of funds. Representative Crawford asked what priority the projects that were overlooked receive. Mr. Richards emphasized that projects remain in line, nothing overrides or replaces them. The legislative authority remains for the next year's funding cycle.

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Representative Crawford asked if there was always a backlog of projects. Ms. Slagle said yes. She added that the project's legislative authority remains in tact.

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Representative Fairclough requested that the Port of Anchorage be put at the bottom of the list. She did not have knowledge of Congressman Young's pledge of funds to the port. She stated she did not want to displace funds from other projects if the Port has the funding it needs.

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Representative Joule asked if there were other communities with projects besides Kotzebue that are time sensitive. Mr. Richards reported that the projects in Western Alaska have long lead times in terms of getting equipment and materials

to the project site. He observed that the airport projects in Akiachak, Allakaket, and Huslia are time sensitive.

Co-Chair Stoltze requested a separate list of the time sensitive projects.

Co-Chair Hawker spoke to the general fund consequences of the fund source changes. He maintained that the required general fund matches were "scooped up" by the department. Ms. Slagle countered that general funds are not appropriated to match by project; they are matched by program. Money is not tied to specific projects. Co-Chair Hawker asserted that there is an implicit general fund connection to each project because of the match requirement. Each project must have a match so there is an implicit consequence with every fund source change. Ms. Slagle pointed out that the department has done a good job in meeting the obligated match requirements to capture all of the federal funds on an annual basis.

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Representative Austerman asked if projects requiring a state match were rated higher. Ms. Slagle reiterated that no state match is required for any of the stimulus fund projects. Nothing in the criteria requires state funding, but the criteria prioritized a project where leveraging other funds was possible.

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Representative Gara asked if the fund source change projects are now being funded with one hundred percent federal funds. Ms. Slagle said yes.

House Bill 154 was heard and HELD in Committee for further consideration

#

ADJOURNMENT

The meeting was adjourned at 4:06 PM.