

SENATE FINANCE COMMITTEE
February 12, 2009
9:04 a.m.

[9:04:56 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Johnny Ellis
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair

ALSO PRESENT

Jeff Ottesen, Director, Division of Program Development, Department of Transportation and Public Facilities; Nancy Slagle, Director, Division of Administrative Services, Department of Transportation and Public Facilities.

SUMMARY

^Overview: Department of Transportation Statewide Capital Projects

DEPARTMENT OF TRANSPORTATION STATEWIDE CAPITAL PROJECTS OVERVIEW

Co-Chair Stedman explained that a major issue for the committee for the next two months will be the economic stimulus program, with emphasis on the Department of Transportation and Public Facilities (DOT/PF). He expected the department to update the committee on the status of the federal stimulus package, which had passed Congress the day before, and the impact of the federal legislation on the state of Alaska.

[9:07:48 AM](#)

JEFF OTTESEN, DIRECTOR, DIVISION OF PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, directed attention to a February 12, 2009 memo from Frank Richards (copy on file). Mr. Richards met with U.S. DOT Secretary LaHood to discuss the impact of the economic stimulus package on infrastructure and state economies. Secretary LaHood stressed that the first goal of the bill was to rapidly create jobs. He also stressed that there can be no shortcuts and no earmarks. Projects must follow the law.

Mr. Ottesen reported that all states had been invited to present one project to be recognized in the meeting; Alaska's Dalton Highway project was one of three projects presented. Mr. Richards was able to make individual comments to the group about the Dalton Highway Project and its importance to the gas pipeline.

Mr. Ottesen introduced a PowerPoint presentation, "Senate Finance Committee 2009 Stimulus Program for Transportation: American Recovery & Reinvestment Act 2009" (copy on file). Slide 2 outlines the topics the presentation would cover:

- Rules of the Funding
- How much funding is expected?
- Steps taken; steps needed
- How projects were identified and prioritized
- Anchorage and Fairbanks set-asides
- Impact to DOT&PF's work load

Mr. Ottesen reviewed Slide 3, "Why Important?":

- Putting Alaskans to work
- Reduces backlog of highway, aviation and transit (including ferry) needs
- Repairs aging infrastructure
- Jump starts gasline infrastructure needs

Mr. Ottesen pointed out that Alaska had joined the list of states with rising unemployment and challenges because of the recession. While the unemployment rate nationally is around 7 percent, the unemployment rate among construction workers nationally is 19 percent.

Mr. Ottesen turned to Slide 4, "Rules of the Program":

- Highway funds follow FHWA [Federal Highway Administration] rules
- Transit funds follow FTA [Federal Transit Administration] rules
- Aviation funds follow FAA [Federal Aviation Administration] rules
- Federal rules not relaxed
 - Must be in an approved STIP [Statewide Transportation Improvement Program] or TIP [Transportation Improvement Plan] (not FAA)
 - Must be eligible for fund category
 - Must have begun as a federal project
 - NEPA [National Environmental Policy Act] (1-2 years)
 - ROW [Right of Way] certification
 - Permits from all relevant authorities
 - Give emphasis to economically distressed regions

Mr. Ottesen emphasized that existing rules must be closely adhered to. The program must be in a STIP that has undergone a public process of comment and approval by two federal agencies, FHWA and FTA. The program must be eligible for the funding category; schools, fire stations, and power lines are not eligible for transportation funding. The program must have begun as a federal program. The federal process can take two to seven years before a program is ready to bid. The first deadline for the stimulus money is six months, so there is not enough time to start new projects. Therefore, the projects that will be appropriate in Alaska are those that are already well along the way in terms of development and design.

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Mr. Ottesen pointed out that the House version of the stimulus bill required emphasis on economically distressed areas, defined on Slide 5, "Economically Distressed":

- H.R. 1 encourages projects in economically distressed areas
- 42 USC 3161 defines
- Unemployment rate > rate + 1%
- All areas of Alaska meet this definition, except Boroughs at:

- o North Slope
- o Fairbanks
- o Anchorage
- o Juneau
- o Sitka
- o Ketchikan

Mr. Ottesen discussed the data on Slide 6, "DOL Unemployment Data," that is a graphic of a map of Alaska, which depicts unemployment rates by region based on Department of Labor statistics.

[9:15:20 AM](#)

Mr. Ottesen emphasized that another important part of the stimulus bill is that Congress wants the money used quickly. The department has been operating under the assumption that the act would pass by the middle of February, which would necessitate obligating funds by the middle of May. He emphasized the shortness of the timeline, particularly when a STIP amendment alone can take 90 days.

Co-Chair Stedman asked for the definition of STIP for the public. Mr. Ottesen defined STIP as a document representing a spending plan required for federal highway and transportation funding. The document has to be amended periodically. The acronym stands for "Statewide Transportation Improvement Program." Co-Chair Stedman added that the STIP document was used by the finance committee when working with DOT/PF to allocate projects across the state with input from the communities and the department's ranking system.

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Mr. Ottesen continued with Slide 7 "Use or Lose Provision":

- Congress demands fast use of funds
- Use 50% of funds in 90 days (HR 1)
 - o AMATS [Anchorage Metropolitan Area Transportation Study] and FMATS [Fairbanks Metropolitan Area Transportation Study] to use in 75 days
- Funds not used will go to states who can use
- This means:
 - o Must use > 50% by ~May 15
 - o Be ready to obligate further to capture funds other states lose

Mr. Ottesen reported that the two Metropolitan Planning Organizations (MPO) in the state (Anchorage and Fairbanks), also receive sub-allocations of the funding. They were under a 75-day deadline in the House bill. The deadline has been changed for every entity to 180 days. However, under that comparatively relaxed schedule, by approximately the middle of August, the funds not used by any state will be redistributed to other states. This is not an unusual procedure. While most states are ready to go with stimulus packages, some states are not.

Mr. Ottesen directed attention to Slide 8, "Maintenance of Effort":

- 30 days from enactment: Governor to certify the state will maintain state funding scheduled for highways
- Cannot supplant stimulus funds for state funds to transportation
- Certification must extend to Sep 2010 (SFY 09 - SFY11)
- Non-certification will trigger loss of funds entirely

Mr. Ottesen opined that the certification would be difficult for a governor to have to make.

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Co-Chair Stedman asked what the certification consisted of. Mr. Ottesen answered that certification is not clear and expected firmer guidelines. Co-Chair Stedman asked what would be certified. Mr. Ottesen responded that it was essentially a certification that the state will not stop transportation funding from other sources because of the stimulus funds. Alaska does not have a dedicated transportation fund. He thought it was hard to imagine that the governor could certify a proposed budget that has not yet gone through the legislative process. Co-Chair Stedman asked if language had been changed from an earlier version of the bill that would allow legislators to make certification if the governor did not within a certain timeframe. Mr. Ottesen responded that the language was designed for states where governors were unwilling to accept stimulus money.

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Senator Huggins asked about local governments' ability to certify. He asked if one interpretation could be that the STIP would lose flexibility. Mr. Ottesen thought that intent of the certification was preventing the state from using stimulus dollars to replace state funding.

Senator Thomas agreed with the interpretation. He asked if the department is stepping back five or six years for projects that were going to be bid anyway. Mr. Ottesen answered that they had asked regional directors what could be delivered in the earlier, 90-day, and later timelines. The House version gave 18 months for the second half of the money to be used, but the Senate and final version adopted in Conference Committee provides only 12 months for the second half of the money. The states gained some time on the fast deadline and lost some time on the slower deadline. The list of potential projects has been carefully vetted.

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Senator Huggins referred to the special session when DOT/PF was asking for allocations for projects the legislature had declined. In retrospect, he noted the wisdom of not funding the projects that are now eligible for stimulus funds. Mr. Ottesen agreed.

[9:26:34 AM](#)

Mr. Ottesen informed the committee that around \$46 billion in the final version of the federal stimulus bill is for transportation. He thought Alaska would receive less than \$300 million.

Mr. Ottesen pointed to a handout titled, "How Much Highway/Transit Funding?", (copy on file) that compares the break-down of possible transportation funds to the state, based on Senate S.A. 570 to H.R. 1, updated to conference committee action on February 11, 2009.

- Hwy & bridges \$132.4 million
 - AMATS Hwy Share \$20.95 M
 - FMATS Hwy Share \$4.87 M
 - CMAQ Share \$6.62 M
 - [Congestion Mitigation and Air Quality]
 - State/non-MPO Hwy Share \$99.98 M

- Transit \$35.0 Million
 - AMATS Share \$27.0 M
 - Buses and related \$8.0 M
 - Ferries and trains --
- Use it or Lose it Rule 6 months; 12 months

Mr. Ottesen summarized that after the AMATS, FMATS, and Congestion Mitigation and Air Quality (CMAQ) shares, there will be approximately \$100 million for the state. He added that the transit funding is about half of what the department expected. Most significantly, the ferry category was not included in the Senate version of the stimulus package.

[9:29:24 AM](#)

Senator Elton wondered what restrictions were on the state. He asked if money for ferries could be part of a highway budget. Mr. Ottesen answered that highway dollars are eligible for ferries as well.

Mr. Ottesen expanded on the "Use it or Lose it Rule." The first half of the rule is now six months rather than three months, but the second half of the rule is twelve months rather than eighteen. This means that if the state relaxes the pace, none of the work would be undertaken in 2009. He emphasized the need to move very quickly in order to put Alaskans to work this summer. He commented that the deadlines do not work for Alaska and urged operating by the 90-day rule.

Senator Thomas asked about the FMAT share. Mr. Ottesen replied that the two MPO's are technically distinct. He thought the FMAT would have to compete with the larger pool of funding. Senator Thomas clarified that the category specifically funded were larger municipalities. Mr. Ottesen responded in the affirmative.

[9:33:03 AM](#)

Co-Chair Stedman asked for further description of the AMAT's geographical boundary. Mr. Ottesen explained that the AMAT geographical boundary does not include Girdwood, all of Eagle River or up the Chugach range even though the areas are part of the Anchorage municipality. The AMAT is a subset of Anchorage with dense subdivisions and road networks.

Mr. Ottesen continued with page two of the handout:

How Much Aviation Funding?

- Aviation (7.7% typical share) Up to \$84.7 M
 - FAA determines how much \$ and priorities to state
- Rural Aviation Program
 - Number of Possible Projects: 27
 - Dollar value of Possible Projects: \$271.3 M
- International Aviation Program
 - Number of Possible Projects: 12
 - Dollar value of Possible Projects: \$104.7 M
- Use or Lose Rule: 6 months; 12 months

Mr. Ottesen pointed out that that it is more difficult to determine how much aviation money the state would receive because the decision rests with the FAA. Historically, Alaska has garnered about 7.7 percent of the federal aviation money, which would be roughly \$85 million; however, FAA has made it clear that they would decide the projects funded and the extent of the funding. The department has submitted the list of aviation projects that are ready to FAA, but he could not say with certainty the amount the state would receive.

[9:35:00 AM](#)

Mr. Ottesen explained what the DOT/PF has done to be ready for the stimulus money, referring to Slide 12, "Steps Taken Already":

- DOT&PF has been proactive
 - Identified universe of eligible projects that can meet criteria
 - Prioritized the list
 - STIP amendment (#18) released
 - Authorized work needed to get projects bid ready (bi-weekly meetings)
 - Prepared supplemental budget request

Mr. Ottesen assured the committee that the department has been working steadily to be ready. Contracts were adjusted to include the language necessary. Some of the projects in

the STIP that already have legislative authority will go out to bid the day the bill is signed.

Mr. Ottesen turned to Slide 13, and listed "Further Steps Needed":

- Complete designs, permits and other clearances on fast list projects by April (all modes)
- Highway and Transit Funding
 - Take public comments on fast list STIP amendment #18; the final
 - Seek FTA and FHWA approval of STIP
 - Issue Federal Aid Agreements on fast list projects
 - Issue bid advertisements on fast list
- Aviation Funding: advised FAA of our list

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Senator Huggins asked about further steps needed. He inquired if DOT/PF is task organizing to be certain to meet the deadlines.

Mr. Ottesen replied, "absolutely". The department created a logo as a communication device so that each project will be marked as a stimulus project in order to receive immediate attention and priority over the department's many other projects.

Mr. Ottesen discussed Slide 14, "How were Projects Selected?":

- Know the rules
- Eligibility
- Rapid Timing expected
- Economic distress criteria
- Mandatory set asides in law
- STIP, NEPA (National Environmental Policy Act of 1969), permits not waived
- A small list of eligible projects met the criteria
- No NEPA, no ROW (right of way) purchase, and no long-lead projects could be considered
- Success requires laser-like focus on above
- Aviation: FAA decides projects to fund

Mr. Ottesen emphasized that the department chose to focus on the list of projects that strictly met the above criteria in order to be ready to obtain the stimulus funds.

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Senator Elton asked for more discussion on how the projects were selected. Specifically, the economic distress criteria and how regional concerns were considered. Mr. Ottesen answered that the state received an adequate share of stimulus funds to address many projects that ended up on their list. He reiterated that strict adherence to the rules and criteria guided the selection process. Mr. Ottesen emphasized that the projects that did not make the stimulus list will be in the STIP in 2010 or 2011.

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Senator Elton wondered how the department balanced the economic distress criteria and achieving an equitable geographic spread of the projects throughout the state. Mr. Ottesen replied that the economic distress criteria were not rigid. There was not a prescription or formula in the legislation. Under the department's discretion, two thirds of the projects on the list were located in economically distressed areas. He felt the team did a good job of spreading the projects around the state.

Co-Chair Stedman asked what input the legislature has in crafting the STIP. Mr. Ottesen responded that in a normal process, the department begins months ahead of a capital budget to work with legislators. In the stimulus situation, the process is significantly accelerated dictated by the rules of the legislation. The legislature must recognize that the dollars will leave the state if the focus strays to projects that are not ready.

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Co-Chair Stedman asked if legislative authority was required for implementation of the stimulus projects.

Mr. Ottesen answered that the projects going forward after the legislation is signed have already received legislative approval. He exemplified the Gustavus Dock Project that has leveraged other sources of funding, including some from the National Park Service. This money has to be used before

March. The stimulus bill gave the state the last bit of money needed to complete the project or the Park Service money would be lost. The project has been on the STIP and has legislative approval.

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Senator Elton appreciated the timelines the department is working under. He expressed frustration regarding the project list DOT/PF put forward. He wanted to know what projects were also shovel ready but not placed on the list.

Senator Thomas noted that the economically distressed qualifiers are not seasonally adjusted. He thought most areas not listed as economically distressed fall within one percent of qualifying. He asked if the department would take a second look and questioned if it was a fair analysis.

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Mr. Ottesen felt that there was not enough time to re-evaluate the economically distressed criteria considering the pressing time constraints of the legislation. Senator Thomas suggested DOT examine the reality of the current unemployment situation by reviewing seasonally adjusted unemployment figures. The data should be relatively easy to acquire. Mr. Ottesen agreed to look at that.

Co-Chair Stedman inquired about the funding of a replacement ferry for access to the Ketchikan airport. There is a January 2010 deadline for Coast Guard certification of the vessel. Mr. Ottesen stated he was aware of the deadline and urgency of the ferry replacement and assured the committee there would be due consideration of the project. He thought the ferry would have to be funded out of the highway portion of the stimulus bill.

Senator Elton expressed concern about a project that has never gotten bond money or general fund dollars, but is considered shovel ready and placed on the list.

Mr. Ottesen replied that most of DOT/PF project's design and environmental work are funded through the federal program. They are placed on the STIP as a design start that authorizes the design funding. He stated that is the normal process from year to year.

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Mr. Ottesen spoke to the list of projects that the legislature has not seen. It is a very short list, five or six at most.

Co-Chair Stedman asked if the Gravina access ferry was on the list.

Mr. Ottesen explained that the Gravina access is undergoing a fresh environmental review, which is not expected to be complete until next summer. He stated that this is an example where the process timeline is longer than the deadlines in the stimulus bill.

Mr. Ottesen described Slide 15, "Stimulus Funds Prerequisite" with a graph showing that the federal timeline for a project typically takes seven years from the design and environmental stages through the construction stage.

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Mr. Ottesen turned the attention to Slide 16, "Criteria to Prioritize (Highways)":

- Mandatory set-asides
- Governor's Gasline readiness announced projects
- Safety
- Economic Distress criterion
- Leverage other dollars
- Jobs created in 2009 season
- (FAA decides for Aviation Funds)

Mr. Ottesen said that these were the internal guidelines the department used to create the project list. Projects that met most criteria were likely to be on the list. The department did not use a scoring method. He reminded the committee that the FAA solely decides the uses for aviation funds.

NANCY SLAGLE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, pointed out that on the aviation side the state

was able to provide a project list to FAA and have been in discussions with them during the process.

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Senator Elton inquired about state and community owned airports that have shovel ready projects and their access to stimulus funds. Ms. Slagle replied that DOT has been working closely with the FAA in continual discussions and submitted a list for their consideration. Safety is the FAA's top priority and that guides their viewpoint of where the discretionary funds should be directed. Senator Elton asked if this meant that he should be in touch with his constituents regarding the Juneau airport. Ms. Slagle answered that the Juneau airport is not a state airport, and she was not knowledgeable of their funding process.

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Mr. Ottesen stated that the FAA deals with independent airport owners separately.

Senator Olsen asked if Alaska's independent airports must advocate alone with the FAA on their behalf without state assistance. Mr. Ottesen replied that the state only participates if it is part of a matching fund project. He opined that the airport managers like their independence. Senator Olson was attempting to understand about community and non state owned airports gaining access to stimulus funds without state assistance. Mr. Ottesen relayed that in his experience independent airports have a well developed relationship with the FAA and a history of strong advocacy for their needs.

Co-Chair Stedman asked to back up to slide 16 "Criteria to Prioritize (Highways)" and inquired why safety and economic distress weren't ranked first and second on the list. Mr. Ottesen answered that mandatory set-asides are a given. The Governor had created a priority for gas line readiness. Projects identified to support construction of the gas line can not wait until a year or two before start up. Safety is still considered an important priority such as replacement of a defective bridge or new intersection design to minimize accidents.

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Co-Chair Stedman understood that there is no assurance that a gas line will be constructed. There is not a project in development at this time. He wanted to be sure all of the state's needs are considered. Mr. Ottesen stated that two of the projects identified as gas line readiness are parts of the Dalton Highway. The two Dalton Highway projects are important for current oil production as well as future oil or gas line production.

Senator Huggins asked about railroads. He understood that this was also an important system to be integrated into the gas pipeline project and so far it has not been discussed. He wondered who was coordinating the systems integration. Mr. Ottesen stated that the Alaska Railroad is eligible for transit funds. He relayed that the department had been meeting with the railroad board and staff to identify a list of projects that could be done jointly. The list includes gas line projects and other resource development opportunities as well. There has not been enough time to finish the effort. Senator Huggins opined that he would like to see a robust use of the railroad for gas line development.

Mr. Ottesen continued with Slide 17, "Fairbanks and Anchorage":

- The two MPOs (Metropolitan Planning Organization), AMATS and FMATS will select projects in their boundaries
- Same rules apply
- Each MPO amending their TIP to show stimulus projects
- Focus, must be to projects that are soon bid-ready
- \$72.0 M sub-allocated to two MPOs (transit and highways in HR 1)

Mr. Ottesen reviewed Slide 18, "Why did DOT look to Existing Projects?":

- Congressional rules quickly focused the universe of relevant projects to a very small list...
 - Already federally started
 - Meet eligibility rules
 - Many steps previously completed
 - Fast track: can be obligated in 90 days
 - Few projects meet this goal
 - Existing projects have strong support

- Prior community and/or legislative actions

Mr. Ottesen stressed that existing projects were chosen because they are ready to meet the strict rules and timelines the federal legislation imposed.

Mr. Ottesen moved to Slide 19, "Summary of Work Funded HR 1"

- 272 center line miles of roads resurfaced (+18 miles trails)
- 16 bridges replaced or repaired
 - 5 local class bridges
- 2 new ferries (partial)
- Ferry rehabilitation & two terminals
- Safety: passing lanes, lighting, roundabout
- Buses/vans in 8 communities
- Airports: 2 Internationals + up to 18 other (possible)

Mr. Ottesen noted that this slide represents work done on the House version, which is now obsolete. The Senate version significantly decreased funding amounts.

[10:17:01 AM](#)

Co-Chair Stedman inquired about the FY 2010 capital budget that is in draft form and how integrated the FY 2010 capital budget is with the stimulus projects. He wondered if the FY 2010 capital budget would be modified to accomplish these goals. Ms. Slagle reported that amendments would be submitted to remove projects from the capital budget included in the stimulus project.

Co-Chair Stedman asked if projects would then be added to the capital budget to facilitate DOT's overall objectives reflected in the House version. Ms. Slagle answered that there would be projects moving up into the FY 2010 program that would be added to the capital budget.

[10:19:35 AM](#)

Senator Elton asked for information on Indian Reservation Road Funds. He asked the department to discuss how those specifically designated dollars can be used and integrated as part of the stimulus package. He believed that it was a very complex topic and suggested the department can reply

in writing. Mr. Ottesen agreed that the topic was complex. He did note that \$40 million per year in Indian Reservation Road money is appropriated to Alaska's indigenous people. The stimulus portion is estimated to also total \$40 million.

Mr. Ottesen continued with Slide 20, "Slow List":

- Q. Could projects be added and make the due date for the slow list?
- A. No.
- Federal aid projects take 2-7 years
- Even slow list projects must be in capital budget this year
- Jul 2010 (SFY '11) is too late to obligate slow funding under senate goal of Feb. 2010
- Only practical slow projects are those still well along in a current design effort.

[10:22:30 AM](#)

Mr. Ottesen spoke to Slide 21, "New Projects Are Helped Too":

- Q. How can new projects benefit from Stimulus?
- A. Every Stimulus project accomplishes work that would have been priority for 2010 STIP or AIP funds
- HR 1: More than a typical year's worth of Highway and Aviation construction is being funded, opening up room for the next generation of projects

Mr. Ottesen stated that all projects benefit from the stimulus legislation. Projects not chosen for stimulus will advance on the STIP list much faster.

Mr. Ottesen addressed Slide 22, "Adding Other Projects":

- It's understood communities want other projects considered
- But the rules are tight and fixed in law
- Success means we focus limited resources on what can proceed
- Time and resources diverted will harm outcome

Mr. Ottesen reminded the committee that if projects have not gone through the federal and NEPA processes it is too late to backup and go through those steps and be eligible for stimulus funds.

[10:24:01 AM](#)

Mr. Ottesen spoke to Slide 23, "Sub-Allocation":

- Q. Can DOT&PF sub-allocate to communities and let them proceed?
- A. No. DOT&PF remains responsible and the federal rules (Highways and Aviation) are too complex for this to successfully occur.
- FHWA
<http://www.fhwa.dot.gov/economicrecovery/gandas.htm>
- AMATS and FMATS projects mostly undertaken by DOT&PF
- MPOs select projects; DOT&PF executes

Mr. Ottesen elaborated that if a community undertakes a highway project with state or local funds and does not adhere to the strict federal rules they become ineligible for any federal reimbursement. Local projects done by local governments are successful when done jointly with DOT/PF.

Mr. Ottesen discussed Slide 24, "Why Two STIPs underway?":

- 2009 STIP year must be amended for Stimulus projects
 - Draft amendment to 2009 out now
- 2010 - 2013 STIP document requires a new effort:
 - Project nominations and scoring occurring now
 - Draft then Final STIP covering 4 years (May to August)
- Both efforts are legally required and both must be started at this time

Mr. Ottesen explained that the department is reviewing all projects on the 2010-2013 STIP; some have been on the list for 13 years. They are re-evaluating communities' priorities for projects and re-scoring older projects. Mr. Ottesen emphasized that once a federal project is started, it must be finished or the funds must be paid back. The department cannot reevaluate projects that have already begun.

[10:27:10 AM](#)

Co-Chair Stedman interjected that the Gravina Access project fits that description. Mr. Ottesen agreed that could cost the state \$50 million to pay back if not completed.

Co-Chair Stedman asked for clarification of the scoring process. He wondered who did the scoring.

Mr. Ottesen replied that via regulation six people sit on the Project Evaluation Board. The six members are: Frank Richards, Deputy Commissioner, Highways & Public Facilities, Department of Transportation and Public Facilities, Roger Healy, Director/Chief Engineer, Division of Design & Engineering Services, Department of Transportation and Public Facilities, Mr. Ottesen and three regional directors. Scoring can take several arduous days and is open to the public. The region representatives are strong advocates of their projects with strong presentations. The Department of Transportation and Public Facilities' scoring criteria have gone through several years of revision. The department recently was given high marks for their well developed criteria and open process in a country wide evaluation of scoring practices. The board strives to evaluate large and small communities fairly.

Senator Elton cited Slide 22, "Adding Other Projects". He felt the department seemed to be saying local communities cannot do projects but larger communities can. He defended small communities and their professionals' ability to develop shovel-ready projects. He maintained they can be ready and part of the stimulus package. He did not like the idea of sticking with DOT's list that excludes local projects that are shovel ready.

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Mr. Ottesen explained that the distinction is the people working with the FMAT and AMAT process know they are working with federal money. Those professionals are accustomed to it; they know the regulations and what makes them eligible for federal money. Consequently, MPO projects are immediately eligible for stimulus money. He reasoned that no matter how well a non-MPO community executes projects, they are typically using state and local money to avoid the federal process. Those projects cannot be made ready in time under the federal guidelines. He summarized

that stimulus money comes with federal strings and local projects are being done without federal strings.

Senator Elton inquired if this was a similar situation with local airports that are not state owned. Mr. Ottesen replied that airports typically work with the FAA whether state or locally owned. They are all accustomed to working with the federal agency and federal process. He furthered that on a local level more and more road work is being completed with non-federal money. The pace of federal highway projects move so slowly that communities choose to find other funds. Those are the communities that are at a disadvantage when it comes to stimulus funds.

Senator Elton referred to community transit projects using federal dollars. He concluded that local communities are accustomed to using some federal funds and transit is an example. Mr. Ottesen agreed.

[10:36:43 AM](#)

Co-Chair Stedman inquired about the status of the bond package the legislature approved last year and asked how DOT/PF planned on dealing with those projects. Ms. Slagle answered that the department is going forward with the bond projects. The Department of Revenue anticipates selling enough bonds to cover the first year's cash flow projections. He observed that DOT identified what the cash flow needs are for the next three years.

Co-Chair Stedman asked the department to provide detail on how the bond projects integrate with the capital budget and stimulus projects. The committee needs to examine the entire picture.

[10:38:56 AM](#)

Mr. Ottesen spoke to the last slide 25, "Impact on DOT's Workload (All Modes)":

- By May: Must obligate > \$240 M in stimulus projects
- June - Aug '09: Must obligate > \$450 M in regular federal-aid
- Oct - Aug '10: Must obligate \$650 M in regular federal-aid + stimulus
- Bottom line: >50% increase in workload for next 18 months!

- Work is now occurring on a sprint-like pace

Mr. Ottesen emphasized that the department's staff has worked many hours overtime to complete the STIP.

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Senator Huggins asked if the administration has made accommodations to DOT in regards to the hiring freeze. Ms. Slagle voiced that the department has been submitting waivers for positions related to the federal programs, such as engineering positions. Senator Huggins asked how many waivers have been approved. Ms. Slagle explained that the department received a blanket exemption to bring back seasonal construction positions in layoff or leave without pay and was also granted waivers for three other positions.

Co-Chair Stedman asked which percentage of the projects would need legislative approval. Mr. Ottesen estimated that all but three or four would need partial or full approval through a supplemental.

[10:43:54 AM](#)

Ms. Slagle informed the committee that the DOT web page has information on the economic stimulus projects and links to other federal transportation programs.

Co-Chair Stedman asked if the road to Nome proposal will appear in a future STIP. Mr. Ottesen replied that it is premature to predict. The project is undergoing a pre-NEPA level study.

Senator Olson inquired about the Gamble evacuation road that has been on the STIP for many years. He asked if it is eligible for stimulus funds. Mr. Ottesen said the department will determine if it is eligible for the slow list under the new deadline.

[10:46:06 AM](#)

Senator Elton stated his appreciation for the work of the DOT/PF staff. He was glad the process was open and transparent. He requested that Juneau be notified when the scoring process was taking place so they can send representatives. Mr. Ottesen said the scoring would take place in Juneau before the session is over.

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ADJOURNMENT

The meeting was adjourned at 10:50 AM.