

**ALASKA STATE LEGISLATURE**  
**HOUSE TRANSPORTATION STANDING COMMITTEE**

January 27, 2015

1:05 p.m.

**MEMBERS PRESENT**

Representative Neal Foster, Co-Chair  
Representative Shelley Hughes, Co-Chair  
Representative Charisse Millett  
Representative Benjamin Nageak  
Representative Louise Stutes  
Representative Matt Claman  
Representative Dan Ortiz

**MEMBERS ABSENT**

**COMMITTEE CALENDAR**

OVERVIEW: STATEWIDE FACILITIES & ENERGY SAVINGS EFFORTS

- HEARD

OVERVIEW: DOT&PF HIGHWAY PROGRAM

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

DAVID KEMP, Engineer  
Statewide Facilities  
Office of the Commissioner  
Department of Transportation & Public Facilities (DOT&PF)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified and answered questions during the overview of the Department of Transportation & Public Facilities (DOT&PF) Statewide Facilities & Energy Savings Efforts.

CHRISTOPHER HODGIN, Program Manager  
Energy Office  
Statewide Public Facilities  
Office of the Commissioner  
Department of Transportation & Public Facilities (DOT&PF)

Anchorage, Alaska

**POSITION STATEMENT:** Testified and answered questions during the overview of the Department of Transportation & Public Facilities (DOT&PF) and on DOT&PF's Statewide Facilities Energy Savings Efforts.

KIM RICE, Deputy Commissioner

Department of Transportation & Public Facilities (DOT&PF)

Anchorage, Alaska

**POSITION STATEMENT:** Testified and answered questions during the overview of the Department of Transportation & Public Facilities (DOT&PF) on Surface Transportation & MAP-21.

**ACTION NARRATIVE**

[1:05:16 PM](#)

**CO-CHAIR SHELLEY HUGHES** called the House Transportation Standing Committee meeting to order at 1:05 p.m. Representatives Nageak, Claman, Ortiz, Foster, and Hughes were present at the call to order. Representatives Millett and Stutes arrived as the meeting was in progress.

[1:08:46 PM](#)

CO-CHAIR HUGHES reported that she and Co-Chair Foster and Senator Micciche, Chair, Senate Transportation Standing Committee are in the process of requesting the department to provide more in-depth answers, details and clarification on some of the major transportation projects discussed last week.

**OVERVIEW: DOT&PF'S STATEWIDE FACILITIES & ENERGY SAVINGS EFFORTS**

[1:10:11 PM](#)

CO-CHAIR HUGHES announced that the first order of business would be an overview of DOT&PF's Statewide Public Facilities & Energy Savings Efforts.

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DAVID KEMP, Engineer, Statewide Facilities, Office of the Commissioner, Department of Transportation & Public Facilities (DOT&PF), stated that statewide facilities authority falls under AS 35.05.010 and AS 36.30 [slide 2]. He reported that statewide public facilities is responsible for planning, design, and

construction of the majority of new public facilities as well as renovation of existing facilities within the State of Alaska, except for the University of Alaska, the Alaska Court System, and a few other agencies. The DOT&PF provides full service project management for facility construction and renovation and while renovations constitute the vast majority of the projects the DOT&PF performs, the department does perform some full-fledged projects [slide 3]. The department manages architectural and engineering professional service agreements and oversight of the construction of the projects including programming, planning, site selection, cost estimating, design management services, construction management services, art selection, commissioning, and warranty work once the project is completed.

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MR. KEMP reported that the DOT&PF provides project management for most of the executive branch as well as for local communities and tribal organizations as needed [slide 4]. He recalled that last year Co-Chair Foster asked the DOT&PF to work more collaboratively with local communities and tribes. For example, the DOT&PF has been working with the City of Sitka on a justice center, and with the Sitka Tribe of Alaska on a bus barn and office building, and is in the process of signing a memorandum of understanding on the bus barn project. He anticipated that the DOT&PF will soon start managing that project. The DOT&PF's projects range from smaller projects such as the Sitka Pioneer Home reroof to larger ones such as the State Library Archives and Museum in Juneau (SLAM). Mr. Hodgins will talk later about energy retrofits; however, he emphasized that energy efficiency is a very important component of any new construction facility, for example, as on the new William Jack Hernandez Sport Fish Hatchery in Anchorage. The Institute for Sustainable Infrastructure (ISI) selected the Hernandez hatchery as the first ever recipient of its Envision™ Gold award for sustainability, which was awarded by the American Public Works Association, the Harvard Graduate School, and a large number of agencies involved in energy use in the country.

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MR. KEMP stated that the DOT&PF currently manages 155 projects, including facility projects in various stages of completion from initial scoping to final close out totaling approximately \$658 million [slide 5].

MR. KEMP relayed that his staff includes licensed architects, civil, mechanical, and electrical engineers, and certified energy managers, including Mr. Hodgins. Some department staff hold credentials in Leadership in Energy & Environment Design (LEEDS) and the Professional Project Management Certificate (PPMC) and other staff are paraprofessional staff [slide 6].

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MR. KEMP pointed out several projects, including renovation of the Alaska Veterans' and Pioneers' home, which consisted of siding and painting for a total cost of \$677,550. He identified the client agency as the Department of Health and Social Services (DHSS), noting this project vastly improved the weather tightness of the building, reduced drafts, and reduced overall heating costs [slide 7].

MR. KEMP highlighted a large project in Juneau - the Statewide Library Archive and Museum (SLAM), pointing out many may have seen the big yellow crane visible outside the capitol building. The DOT&PF has been involved in the planning and ongoing construction of the SLAM for a total cost of approximately \$138 million.

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CHRISTOPHER HODGIN, Program Manager, Energy Office, Statewide Public Facilities, Office of the Commissioner, Department of Transportation & Public Facilities (DOT&PF), outlined the statutory requirement for the energy program, which is to perform energy efficiency improvements in at least 25 percent of state facilities excluding legislative and court buildings by January 1, 2010.

MR. HODGIN stated that his office performs assessment and comprehensive energy audits, project development, life cycle cost analysis, and facilitates different financing options. The office manages all project execution and management, and once completed monitor the project to ensure that the energy efficiency goals are met.

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MR. HODGIN highlighted some of the energy efficiency results that have achieved combined energy cost savings greater than \$2.4 million per year in electric, natural gas, heating oil and carbon dioxide reductions [slide 11].

[1:16:48 PM](#)

MR. HODGIN pointed out energy savings performance projects have been accomplished in over 50 state public facilities, including projects in Nome, Coldfoot, Ketchikan, Kenai, Sitka, and Juneau. For example, the project in Coldfoot upgraded a Department of Public Safety (DPS) hangar building and in Sitka, the Mount Edgumbe High School underwent the energy savings performance project.

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CO-CHAIR HUGHES asked whether the energy projects are limited to existing buildings.

MR. HODGIN agreed.

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MR. HODGIN briefly reviewed the projects in progress [slide 13]. Currently, 20 buildings are in the development phase, including a Department of Public Safety building, a Department of Corrections facility, and some Department of Health & Social Services facilities in a variety of locations from St. Mary's to Ketchikan. The total cost of the projects is \$10 million resulting in annual energy savings associated with the projects at over \$845,000. He defined energy savings performing contracting as a method to accomplish energy efficiency improvements that are funded by the energy savings produced by those same improvements [slide 14]. For example, the energy program uses new and efficient lighting technologies, high efficiency heating systems, heat pump systems, or renewable energy including photovoltaic systems, wind, and biomass heating to accomplish energy efficiency. Each project is assessed to see which technology may be applicable, he said.

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REPRESENTATIVE ORTIZ asked whether the energy program has assessed the viability of wood pellet use.

MR. HODGIN answered yes, that viability of using biomass for specific projects is considered; for example, the program has considered Southeast biomass in one of its Department of Corrections projects, assessing the cost of pellets and the product, as well as the capabilities of the maintenance staff.

In response to a question, he answered that photovoltaic refers to solar energy use.

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REPRESENTATIVE STUTES asked for the process agencies use to obtain the energy program's services.

MR. HODGIN explained that the DOT&PF's Statewide Public Facilities serves all of the executive branch agencies. Any agency that desires an energy retrofit should contact the DOT&PF's Statewide Public Facilities and will be referred to the energy program. The DOT&PF energy program would then conduct a review to determine how the building uses energy, the viability of the infrastructure and whether any imminent failure exists, and subsequently work with the agency to provide an investment grade audit of the facility and develop the project.

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MR. KEMP added that the energy program originally used deferred maintenance funds as well as \$10 million in American Recovery Reinvestment Act of 2009 (ARRA) federal funding. Subsequently, the program has used financing available through commercial venues and other agencies.

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REPRESENTATIVE STUTES asked whether the program uses local municipal deferred maintenance or state deferred maintenance funds.

MR. KEMP answered that to date the program has been limited to state agencies.

MR. HODGIN added that he has discussed the energy program with municipalities to share knowledge, but not to implement projects with various municipalities.

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CO-CHAIR HUGHES asked whether municipalities would be more likely to work with the Alaska Energy Authority [AEA].

MR. HODGIN answered that public entities would be more likely to work with Alaska Housing Finance Corporation (AHFC).

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REPRESENTATIVE CLAMAN recalled a previous presentation before the House Special Committee on Energy on the Alaska Energy Efficiency Revolving Loan Fund (EERLF) used for energy efficiency. He asked whether the EERLF would be one source of funding and if so, whether the DOT&PF's energy program has previously used the fund.

MR. HODGIN answered yes; it is one of the sources of funding. Some state agencies have made application with the EERLF and the DOT&PF's energy program also considers loan offers from the Alaska Housing Finance Corporation (AHFC).

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REPRESENTATIVE CLAMAN asked whether the aforementioned completed projects were done using cash flow rather than borrowing money to make the upgrades.

MR. HODGIN explained that a little over \$28 million in energy savings performance projects have been completed to date using deferred maintenance, the ARRA, and commercial loan funds.

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CO-CHAIR HUGHES asked for further clarification on the process, whether the energy program keeps a running list of proposed upgrades or if the DOT&PF has a sense of the facilities that need attention and encourages them to apply for energy efficiency upgrades.

MR. HODGIN answered that his office works with the agencies to prioritize projects and determine which ones should be done next. For example, the DOT&PF Statewide Facilities reviewed the department's Central Region facilities to determine which ones to incorporate in the next round of projects.

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MR. HODGIN showed an example of the Mt. Edgecumbe High School campus-wide energy upgrades in Sitka [slides 16-17]. The first slide shows the results of replacing the old lighting system in the gym with high efficiency fluorescent lights, which resulted in reduced energy costs. He characterized upgrading lighting as a safety issue that is also used in shops to reduce energy costs.

REPRESENTATIVE NAGEAK commented on the lighting since he attended the Mt. Edgecumbe High School.

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MR. HODGIN stated the campus-wide energy upgrades at Mt. Edgecumbe High School spanned two years. The DOT&PF worked with the Department of Education & Early Development and Mt. Edgecumbe High School to assess their energy and infrastructure needs to decide which improvements would be best for the facility. The project has been successful and resulted in fuel savings of over 66,000 gallons of fuel oil [and \$304,000] annually with an estimated 30-year life span.

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REPRESENTATIVE ORTIZ asked for further clarification on eligibility of partially state-funded structures, such as schools.

MR. KEMP answered, in terms of project management, that the program has not involved school districts. He assumed that it would be possible to expand the energy program to include upgrades to schools.

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CO-CHAIR HUGHES asked how many public facilities are under the purview of the department.

MR. KEMP answered that the DOT&PF Statewide Public Facilities manages construction and renovation projects, but does not manage any facilities. The DOT&PF's three regions manage facilities for the department; however, those regional offices are not under his purview.

**OVERVIEW: DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES -  
HIGHWAY PROGRAM**

[1:29:46 PM](#)

CO-CHAIR HUGHES announced that the next order of business would be an overview of the Department of Transportation & Public Facilities (DOT&PF) - Highway Program.

[1:30:51 PM](#)

KIM RICE, Deputy Commissioner, Department of Transportation & Public Facilities (DOT&PF), stated that she has been with the department for more than three decades. She provided a brief personal history, noting she has been a resident of the state since 1961. She characterized the DOT&PF as being a culture for her and not just a job. She offered to begin a PowerPoint overview on Surface Transportation and MAP 21 [Moving Ahead for Progress in the 21st Century Act].

[1:31:38 PM](#)

MS. RICE directed attention to the outline on slide 2. She summarized it as, "Who are we? Where's the money? And what are the rules?" She said AS 19.05.125 identifies the DOT&PF's purpose to carry out planning, construction, and maintenance and link communities together for commerce and access [slide 3]. She stated that the department revised its mission statement a few years ago and its mission now tends to echo the statute, to provide for the safe and efficient movement of people and goods, provide access to state services, and to open opportunities for exploration and development of Alaska's resources [slide 4]. She identified the core values as integrity, excellence, and respect, which are promoted by leadership within the DOT&PF [slide 5]. Commissioner Luiken believes in these core values since he was with the department when the core values were developed.

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MS. RICE read, "What do the right people want more than anything else? They want to be part of a winning team. They want to contribute to producing visible, tangible results. They want to feel the excitement of being involved in something that flat out works." That quote helps describe the department's staff, noting that they recognize how their service affects people and access, and further, that DOT&PF's facilities make a difference in how Alaskans live [slide 6].

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MS. RICE directed attention to the organizational structure that is laid out in true linear form [slide 7]. She serves as the deputy commissioner overseeing the Statewide Equipment Fleet, Statewide Facilities, Statewide Information Systems and Services, Statewide Maintenance and Operations (M&O), the

Division of Planning/Program Development, and the Division of Statewide Design & Engineering Services.

MS. RICE characterized the interactions between management and staff programs as being the fabric of DOT&PF since what happens in one part of the department affects other parts of the department, especially with respect to policies, programs, and information systems [slide 8].

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MS. RICE relayed that the headquarters functions pertain to policies, procedures, and coordination. She directed attention to the regional functions or the "work horses" of the department since the work occurs in the regions [slide 10]. She stated that regions conduct maintenance, design and construction, right-of-way purchases, and acquire environmental permits. She noted that the department consists of three regions: the Central Region, the Northern Region, and the SouthCoast Region, with its main offices located in Anchorage, Fairbanks and Juneau.

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CO-CHAIR HUGHES asked for the historical perspective and when the department was organized by regions. She understood that the regional organization is somewhat unique. Although the regional organization works well in some ways, she has also heard from current or prior department staff that the regional approach sometimes results in some duplication of services.

MS. RICE replied that sometime between 1977 and 1979 the state Department of Highways and the Department of Public Works were merged and the legislature established regions [AS 44.42]. Although the statute does not specifically identify the number of regions, she recalled that the statute emphasized strong regions. At the same time, public facilities, aviation, and harbor functions also merged with the state Department of Highways to better share resources.

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MS. RICE envisioned the concept that an airport planner and designer could work in a community, but could simultaneously work on a road. Certainly some duplication of services still exists and over time the regions have tended to drift apart; however, in the past two years the department has been working to break down silos and improve communication.

[1:37:08 PM](#)

MS. RICE directed attention to some of the challenges the department faces to balance its budget against needs, changing conditions, and public expectations [slide 11]. Alaska is one of the few states that doesn't have a state capital program for transportation, in particular, for highways, she said. Thus, the state is very dependent upon federal funds. Currently, the department has \$3-4 [billion] in proposed projects so the department has not solicited proposed projects from communities due to the backlog of projects on the "needs list." Although major projects receive significant press, the department also budgets about \$600,000 for smaller projects, she said.

[1:38:21 PM](#)

CO-CHAIR FOSTER, recalled former Representative Peggy Wilson [who previously was chair of the House Transportation Standing Committee], continually pushed for a transportation fund. The state also receives ongoing pressure from the federal government to increase state funds to provide for its needs. He asked for the department's general view on a transportation fund.

MS. RICE answered that she was unsure what position the current administration has with respect to a dedicated transportation fund; however, in reviewing other states' transportation funding, she said most states have found it necessary to have a working capital fund for transportation. Later in her PowerPoint overview, members will notice that the federal program does not cover all funding. The advantage of using the state's general capital program is that it provides flexibility and ease of planning, she said. In some years the department has received its transportation funding through general obligation bonds, in other years from the general fund, and at times through specific funding, such as the substantial funding the state received from the ARRA [American Recovery and Reinvestment Act of 2009]. These fluctuations make planning difficult, and now the new federal funding reauthorization [MAP 21] will target the National Highway System (NHS) so funding for rural areas is more complex.

[1:40:27 PM](#)

REPRESENTATIVE CLAMAN recalled Deputy Commissioner Rice indicated that most states have a dedicated transportation fund, but Alaska does not. He asked for further clarification on how

other states fund transportation and the source of the funds. For example, he understood that gas taxes [motor fuel taxes] are often the source for highway funds.

MS. RICE answered that many states use gas taxes, but the source of funding varies. For example, Oregon has been considering an assessment on vehicle miles traveled (VMT) and Washington state also uses sales taxes. While some states have dedicated funds, others use general fund monies, but designate a specific amount for transportation funding.

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REPRESENTATIVE NAGEAK commented that projects for rural essential needs are "few and far between" in the villages. Although he still wants a road to his house, and he will continue to request one, he does so because it is so important to connect the rest of the state to the road system. Rural Alaska need roads, he said, emphasizing the importance of building [Roads to Resources] to allow the state to extract minerals, enhance revenues, grow as a state, to diversify revenues and rely less on oil and gas revenue. In addition, the state needs to connect regions of the state instead of concentrating on areas with existing infrastructure. He expressed concern about the high cost of air travel between villages or for travel to Juneau; for example, the cost to bring legislators to Juneau or for constituents to travel to the capital during the legislative session.

[1:44:26 PM](#)

CO-CHAIR FOSTER, with respect to transportation revenue, related that the state's [motor fuel tax also known as the] gas tax is \$.08 per gallon, and with revenue from licenses and vehicle registration is all deposited to the general fund. He asked for any potential transportation sources of revenues other states use that are not available to Alaska.

MS. RICE answered tolls and gas [motor fuel] taxes are sources of revenue, which are dedicated in some states. She confirmed that Alaska's motor fuel taxes are currently set at \$.08 per gallon.

[1:45:32 PM](#)

REPRESENTATIVE STUTES emphasized that the Alaska Marine Highway System (AMHS) functions as rural Alaska's freeway system, but it always seems to take a back seat to the road system.

CO-CHAIR HUGHES mentioned the focus of today's meeting is an overview of the surface transportation.

[1:46:29 PM](#)

REPRESENTATIVE ORTIZ asked whether former Representative Peggy Wilson's model was an investment model funded from reserves similar to the Alaska Permanent Fund with returns funding transportation.

CO-CHAIR HUGHES related her understanding that the aforementioned proposal was to amend Alaska's Constitution to allow [dedicated] funds for transportation using some of the revenues just mentioned.

CO-CHAIR FOSTER recalled that the aforementioned proposal essentially would have deposited \$2 billion into a transportation infrastructure fund. He recalled that originally a dedicated fund was in Alaska's Constitution, but he was uncertain if it had ever been funded.

[1:47:43 PM](#)

REPRESENTATIVE MILLETT said that during territorial days Alaska had a dedicated transportation fund but it wasn't adopted at statehood. Since 1960, efforts have been made about every ten years to reestablish the dedicated transportation fund.

MS. RICE agreed that a dedicated transportation fund has not been in place since statehood, but she was unsure if one was in effect prior to statehood.

[1:48:11 PM](#)

REPRESENTATIVE CLAMAN understood that the DOT&PF's budget is higher than revenues generated. For example, the gas tax generates revenue that goes to the general fund and not directly to the DOT&PF. However, since transportation costs are significantly higher than the aforementioned revenue, the state would still need to supplement the funds even if it had a dedicated transportation fund.

MS. RICE said she was unsure of the figures; however, it is likely so since Alaska has the lowest gas tax in the nation. She offered to provide information to the committee.

[1:49:14 PM](#)

CO-CHAIR FOSTER said that given the current deficit, the legislature will need to consider all options, including considering what other states such as California or Montana are doing. He asked whether the DOT&PF has compiled the information or if the legislature will need to research it.

MS. RICE offered to either provide the information or advise the committee if the department does not have it.

[1:50:04 PM](#)

MS. RICE, in response to Representative Nageak's earlier comments encouraging the state investing more in infrastructure, commented that the state must comply with increasingly complex environmental and land issues that make it difficult for the state to complete projects, which is illustrated by the federal environmental requirements affecting transportation [slide 12].

[1:50:47 PM](#)

MS. RICE directed attention to the National Highway System (NHS), stating that the state has 2,345 center line miles, which is six times the per capita average [slide 13]. The DOT&PF also maintains 5,589 miles of roads and highways that comprise the core highway system in Alaska, she said.

MS. RICE highlighted the state has 79 manned maintenance stations statewide along its road corridors and at some rural airports [slide 14]. She explained that in order for operators to operate efficiently and be able to keep roads cleared these maintenance stations must be a certain distance apart.

[1:51:43 PM](#)

MS. RICE highlighted some changes and efficiencies are occurring within the DOT&PF, including that the department is currently in the process of restructuring its computer system [slide 15]. Each region operated its own system and network, which couldn't function as one system. The DOT&PF brought its information systems staff together to develop one comprehensive system. In doing so, the DOT&PF anticipates that it will save millions on

projects, be more efficient, thereby freeing up staff time. The new system has been driven, in part, by the reauthorization of the federal funding, which requires states to provide significantly more data on performance, including detailed tracking on GIS [Geographic Information Systems].

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CO-CHAIR HUGHES asked whether any of the 79 maintenance stations are paired up with [Alaska State] Troopers or other state services.

MS. RICE answered that the Chandalar station on the Dalton Highway is one. While there may be a few more, there hasn't been an intentional effort to pair up offices, she said.

CO-CHAIR HUGHES hoped the administration will consider consolidating offices whenever possible.

[1:53:48 PM](#)

REPRESENTATIVE CLAMAN, returning to the challenges of federal regulations, asked whether regulatory requirements are agreed to with federal dollars; for example, if federal regulations will still apply on state-funded projects funded solely with state money.

MS. RICE answered that most federal regulations apply regardless of the source of funding; however, the department uses a linear process with the federally-funded process. For example, environmental work must be done before design work can be accomplished; however, state-funded projects still must perform environmental assessments and a NEPA [National Environmental Policy Act of 1969] document if the state has a wetlands permit. She pointed out considerable wetlands exist in Alaska.

[1:54:49 PM](#)

REPRESENTATIVE CLAMAN related his understanding that it is hard to develop any project without having to fill or dredge some wetlands.

MS. RICE agreed; however, lots of caveats exist. She commented that federal regulations also apply if eagles or any endangered species exist. A fully state-funded project is still more efficient than using [Federal Highway Administration (FHWA)] funds, she said.

[1:55:25 PM](#)

CO-CHAIR HUGHES asked for an estimate of how much time could be shaved off with 100 percent state-funding on projects.

MS. RICE answered that one state-funded project she is familiar with in Anchorage is the Elmore Road between Tudor and Abbott Road project. That project was fully state-funded and completed in four years, although the department still had to prepare a NEPA document since permitting and fill was necessary. According to conversations she subsequently held with the FHWA, the project would have taken much longer using federal funds since the federal process would require an EIS and would have considered all the connecting projects as a whole, including Dowling Road, she said.

[1:56:37 PM](#)

MS. RICE continued with slide 15, noting the DOT&PF has developed a leadership academy for the DOT&PF's maintenance staff to assist staff in developing skills necessary when serving the public. In fact, this program has been recognized nationwide, she said. In addition, training for airport operators in rural Alaska has been improved to help operators do a better job. Other efficiencies include the use of tow plows, and an innovative modification staff made to snow blowers at the Chandalar Station that reduced belt changing time from 7 hours to 1.5 hours. She commended staff's ability to incorporate innovative strategies into the workplace.

[1:58:26 PM](#)

MS. RICE directed attention to the FY 16 operating budget of \$628 million, with little federal funding [slide 16]. The maintenance and operations (M&O) general fund authorization is \$153 million, which is a 3.9 reduction from last year.

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MS. RICE directed attention to the historical funding for M&O from FY 83 to FY 15, noting the red dots represent the general fund budget and the blue dots the funding adjusted against the consumer price index (CPI). She remarked how flat the line is despite the DOT&PF's increased workload by adding runways, aprons, or lane miles. She anticipated revenue reductions will occur, noting 97 percent of the general fund budget is spent on

M&O so reductions in services will occur. She said the department will do the best they can with what they have. Although the department and legislators will receive complaints, she pledged that DOT&PF will do its best and she will keep the committee informed. Certainly, it is difficult to predict service impacts due to weather. For example, this year could be a low snow year and require less plowing, but if Alaska has significant inclement weather, it will mean the department must also seek supplemental funding.

[2:01:51 PM](#)

CO-CHAIR HUGHES asked for further clarification on the definition of lane miles. She related a scenario with a 10 mile, four-lane road and asked whether it would translate into 40 miles of center line miles.

MS. RICE answered that is exactly correct.

[2:02:10 PM](#)

MS. RICE directed attention to the FY 16 Capital Budget of \$1.2 [billion]. Referring to the pie chart, she reported the federal funding for the FY 16 capital program of \$1.096 [billion] as shown in green, the state equipment fleet budget of \$53 [million] including the reimbursable bond fund and M&O overhaul funds shown in blue. The right side of slide 19 details the federal funding by agency for a total of \$1.096 [billion].

MS. RICE briefly discussed the federal capital program trends [slide 20]. The chart identifies the SHAKWAK [Canada], ARRA [American Recovery and Reinvestment Act of 2009], small programs, earmarks & set asides, and core program. The DOT&PF projects the funding for 2015 since the most current federal funding under [MAP 21] runs through May and the Congress will need to reauthorize the federal funding.

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MS. RICE directed attention to the state capital program that includes everything except the matching funds [slide 21]. As previously discussed in terms of a [dedicated] fund, the purple depicts bonds, which lends an expectation that the DOT&PF will deliver those projects right away. Thus, it would be helpful to have resource leveling.

[2:03:59 PM](#)

CO-CHAIR FOSTER offered his belief that the FY 13 funding was Ports and Harbors GO Bonds.

MS. RICE replied she believed it was a combination of Ports and Harbors GO Bonds but also GO Bonds for roads.

CO-CHAIR FOSTER asked for further clarification on the funding in 2009.

UNIDENTIFIED SPEAKER answered that it was ARRA funding.

[2:04:28 PM](#)

MS. RICE directed attention to the DOT&PF capital construction projects, pointing out the department does not receive the authority the same year projects are constructed [slide 22]. Funding has been fairly even because the DOT&PF is limited by the amount of work it can develop and generate at one time. She said the projected FY 15 capital construction funding revised projection is \$548.5 million noting this is different than the amount shown on the slide.

[2:05:04 PM](#)

MS. RICE explained the Highway Trust Fund (HTF) provides the source of funding for the federal program, including highway and transit [slide 23]. Historically, the source of most of the funding is from the federal gas tax [, federal motor fuel excise tax,] of \$.18 per gallon, she said. The federal [motor fuel excise] tax has not increased since 1997 or been indexed to the cost of living. This means the Highway Trust Fund (HTF) is also short of funds, she said. In response to Co-Chair Hughes, she agreed the \$.18 is a federal [motor] fuel [excise] tax. Not only is the tax not indexed for inflation, but people's driving habits have changed since many younger people choose not to own cars or drive as much, she said. Further, fuel efficiency also impacts the federal [motor fuel excise] tax to the extent that general funds have been appropriated to the Highway Trust Fund (HTF) to keep it solvent. She reported that the latest bill, MAP-21 [Moving Ahead for Progress in the 21st Century Act] funding runs through May 2015.

[2:06:36 PM](#)

MS. RICE elaborated on MAP-21 funding [slides 24-26]. Historically, the federal funding authorization bills spanned

six years, but MAP-21, which has been reauthorized once, only covers two years. Essentially, federal funding is not keeping up, she said. In addition, infrastructure on major highways is aging out since most structures, including bridges are designed for 50 years.

MS. RICE projected federal funding at \$485 million. Most of the nation believes that transportation infrastructure is built out so MAP-21 focuses most of the funding on the main corridors. Thus, the National Highway System (NHS) will receive approximately 57 percent of the funding, she said. She pointed out the definition for the NHS to the National Highway Performance Program (NHPP), with measures, such as limiting the number of structurally deficient bridges on the corridor or else be subject to sanctions. Essentially, this means the federal program would decrease the funding for other federal funding categories as sanctions and the state would need to put more funds in the NHS until the state met the performance standards.

[2:08:15 PM](#)

CO-CHAIR HUGHES, referring to the comment about the sense that infrastructure in the US was built out so the federal shift is focused on corridors. She asked whether the DOT&PF emphasized that Alaska's infrastructure is not built out to the federal program. She further asked whether Alaska has suffered because of the change in philosophy and emphasis on transportation corridors at the national level.

MS. RICE answered yes. She explained that whenever rule making or laws change, the DOT&PF comments; however, western states have a "small" voice. She commented that Alaska is unique since it is the least built out of any state.

CO-CHAIR HUGHES asked whether any effort to address this is being made by western states and to re-examine the overall infrastructure in states west of the Mississippi River.

MS. RICE answered yes, that the DOT&PF communicates about these issues with Alaska's Congressional Delegation. In terms of MAP-21, Alaska is considered a "donee" state instead of a "donor" state, which means for every \$1 the state puts in it receives \$5 back, which is an issue to many states. Thus some issues work in Alaska's favor so the state must walk a "tightrope."

[2:10:24 PM](#)

MS. RICE directed attention again to the MAP-21 emphasis on the National Highway System (NHS) [slide 27]. This means that 18 percent of road miles garner 57 percent of federal aid funding. She pointed out other types of funding [shown on the pie charts]. She offered to cover the categories in more detail at a later date or to send a fact sheet.

CO-CHAIR HUGHES asked whether anyone had an interest in a more detailed presentation and offered to inform the department if members prefer more detail.

2:11:02 PM

MS. RICE referred to the MAP-21 allocation to the STP [Surface Transportation Program], which can be spent [on any modes of transportation] [slide 28]. With MAP-21 many individual programs were removed and states needed to use the STP [Surface Transportation Program] funding. Thus, not only was the STP reduced, but additional requirements were added to the program, such as adding performance measures. She offered that the STP is DOT&PF's most flexible funding, but it is limited. She pointed out that \$15 million in funding for urban clusters, based on census data, is designated to a special category of communities with a population over 5,000 and under 200,000, which includes Fairbanks, Juneau, Kenai, Ketchikan, Kodiak, Sitka, Palmer, [and Wasilla]. She highlighted that Anchorage is over 200,000 in population, but has [Anchorage Metropolitan Area Transportation Solutions] funding [slides 29-30].

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MS. RICE informed members that the Shakwak funding for the Alaska Highway has been eliminated [slide 31]. She reported that the Yukon [Canada] has been providing maintenance on the Haines and Alaska Highways by agreement between Alaska and Canada and up until now the US has allocated \$30 million annually for that purpose. In addition, the Forest Highway Program (FHP) was eliminated. The \$9 million in FHP annual funding to build highways in national forests has been replaced by a \$7 million program on all federal lands [the Federal Lands Access Program (FLAP)]. The FLAP program is available to any federal agency and they all apply, she said.

2:13:35 PM

MS. RICE directed attention to the performance mandate [slide 32]. The Federal Highways Administration (FHWA) will set NHS

performance measures for pavements and bridges, safety, freight mobility, and congestion. She recalled the FHWA had a deadline of a year ago; however, the FHWA extended the deadline, and the DOT&PF is currently commenting on the proposed rules.

[2:14:33 PM](#)

MS. RICE, in response whether a slide had been covered, said she skimmed over the last slides; however, the final two slides provide contact information and website links [slides 33-34].

[2:16:17 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at [2:16] p.m.