

HOUSE FINANCE COMMITTEE
February 2, 2024
1:34 p.m.

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CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Mike Cronk

ALSO PRESENT

Lacey Sanders, Director, Office of Management and Budget, Office of the Governor; Katherine Keith, Deputy Commissioner, Department of Transportation and Public Facilities; Dom Pannone, Director, Program Management and Administration, Department of Transportation and Public Facilities; Jason Sakalaskas, Maintenance and Operations Chief, Northern Region, Department of Transportation and Public Facilities; Sean Holland, Central Region Director, Department of Transportation and Public Services; Andy Mills, Deputy Commissioner, Department of Transportation and Public Facilities.

PRESENT VIA TELECONFERENCE

Brad Bylsma, Equipment Fleet Manager, Department of Transportation and Public Facilities.

SUMMARY

OVERVIEW: FY 24 SUPPLEMENTAL REQUEST BY THE OFFICE OF MANAGEMENT AND BUDGET (OMB) [CONTINUED FROM 2/1/24 1:30 P.M. MEETING]

PRESENTATION: EXTREME WINTER AND EVENT RESPONSE BY THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Co-Chair Johnson reviewed the meeting agenda.

^OVERVIEW: FY 24 SUPPLEMENTAL REQUEST BY THE OFFICE OF MANAGEMENT AND BUDGET

1:35:29 PM

LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, continued the PowerPoint presentation titled "State of Alaska Office of Management and Budget: Overview of the FY2024 Supplemental Budget," dated February 1, 2024 [note: presentation continued from the previous afternoon]. She began with the supplemental request for Judiciary on slide 3. The request was \$240,000 in federal receipts to address additional grant increases anticipated through the remainder of FY 24. The next request was \$375,000 to address the Elected Public Officials Retirement System (EPORS). She explained that EPORS was a closed system with approximately nine individuals enrolled and nine beneficiaries for a total of 18 members. She detailed that when the state passed a 5 percent cost of living increase the past year for partially exempt and exempt positions it resulted in the need for an additional \$375,000 in FY 24 for EPORS.

Ms. Sanders highlighted a request of \$889,000 under special appropriations to address judgements and settlements brought forward by the Department of Law (DOL). She explained that the items were unexpected throughout the year and there may be additional items brought to the legislature as session progressed. She noted DOL was good about ensuring that the Office of Management and Budget (OMB) received the items in a timely manner. She referenced "lapse extensions" that were not included on the slide. She explained they were previously appropriated items with a request for extension to cover future years. For example, there were several items within the Department of Health

for COVID-19 funding that was still available and would be available in future years.

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Representative Hannan asked for a list of the settlements under the special appropriations category.

Ms. Sanders directed attention to row 91 of a spreadsheet titled "FY2024 Supplemental Bill Summary" (copy on file). She noted there were four judgements and settlements to the state listed.

Co-Chair Edgmon corrected it was row 92.

Ms. Sanders agreed and explained there had been changes made to the formatting of the spreadsheet.

Representative Hannan asked if the items were capital versus operating.

Ms. Sanders replied in the negative. The spreadsheet followed the layout of the appropriation bill. The initial items discussed were operating. There were additional operating items in the language section that were included later in the spreadsheet.

Representative Galvin asked about the special appropriations row on slide 3. She noted it appeared to be almost entirely for DOL. She thought one item was a case between the attorney general and the Legislative Affairs Agency. She wondered why the requests did not fall under DOL.

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Ms. Sanders answered that the costs were not associated with DOL's operating costs. She explained it was the reason there was nothing else listed under special appropriations "for this." She elaborated that items under special appropriations were one-time appropriations for a specific purpose. The items were not included under agency budgets because OMB wanted agency operating budgets to show their true operating cost from year to year. She explained that including judgements and claims in DOL's operating budget would result in spikes and increases.

Representative Coulombe asked about the row on slide 3 pertaining to the Department of Education and Early Development (DEED). She looked at a decrement of \$201,800 and recalled there was receipt authority attached. She asked for an explanation.

Ms. Sanders answered that when OMB calculated salary adjustments it used the prior year's personal services to determine what funding sources were going to be used for cost of living or contractually negotiated contracts. When the specific salary adjustment was calculated [referred to by Representative Coulombe] it had interagency receipts, which require some type of revenue to pay for the receipt. There was no revenue associated with the specific request; therefore, a general fund replacement was requested.

Representative Coulombe asked if the original receipt was from another department. She asked about the original funding source.

Ms. Sanders responded that the original request came from the foundation formula for the Mt. Edgecumbe High School. The Mt. Edgecumbe High School's interagency receipts came from a different section in the Department of Education and Early Development budget. The foundation formula calculated how much each school district would receive and Mt. Edgecumbe's amount paid for a portion of the cost of running the school.

Representative Coulombe asked if there just had not been enough in FY 24.

Ms. Sanders agreed.

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Co-Chair Johnson looked at item 92 titled Taylor [Attorney General Taylor] vs the Legislative Affairs Agency. She asked for details.

Ms. Sanders responded that did not have the details on the items.

Representative Hannan stated that there had been a couple of litigations, but she believed the specific case had been authorized by Legislative Council when money had been vetoed [by the governor]. She elaborated that Legislative

Affairs had stated if there was not an enacted budget on July 1, the state would continue to operate. There had been litigation arguing it would have been undue authorization if the budget had not been enacted. She stated it had been predicated on a memorandum sent out by Legislative Affairs around June 15 of 2021 and there had been "friendly" litigation to determine whether there was the ability to go forward.

Co-Chair Johnson stated the details were coming back to her. She returned to the presentation and stated she thought the committee had left off on the Department of Public Safety the previous day. She remarked there would be an opportunity for questions on previously reviewed items as well.

Representative Ortiz referenced extensive conversations the committee had the previous day about the Department of Corrections (DOC). He shared that the DOC budget rose from FY 19 to FY 25 by 40 percent. He was not bemoaning the need for making the adjustments including raises for guards and healthcare for inmates; however, he highlighted that during the same time period the education budget was -0.2 percent. He thought it was crazy in terms of where the priorities should be.

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Ms. Sanders turned to capital supplemental requests on slide 4 beginning with the Department of Commerce, Community and Economic Development (DCCED). There was funding related to a program the committee had discussed the previous day and the department was following up on questions. There was \$38.5 million for a federal grant from the U.S. Department of Housing and Urban Development to respond to and mitigate the impacts of the September 2022 Typhoon Merbok disaster in western Alaska. She moved to the Department of Military and Veterans Affairs (DMVA) reflecting a fund source change of \$375,000 from program receipts to general funds. She elaborated that the FY 24 match portion to fund a cybersecurity grant was provided as general fund program receipts. She clarified there were no receipts to pay for the program; therefore, the governor was requesting a replacement of the receipts with unrestricted general funds (UGF). Additionally, there was a \$150,000 increase to ensure DMVA could fully expend its federal reward.

Ms. Sanders reviewed the last capital supplemental request for the Department of Transportation and Public Facilities (DOT) of \$3.3 million for the Alaska Marine Highway System (AMHS) maintenance and overhaul of vessels. The fund source was marine highway receipts and the funding would address unanticipated issues such as emergency repairs to the Tustumena vessel in October 2023 and installation of vehicle tie-down buttons required on the Hubbard vessel. Additionally, the Kennecott vessel was in an extended overhaul period, which required additional funding.

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Representative Stapp looked at line 96 of the spreadsheet related to a supplemental retirement for EPORS. He asked for details.

Ms. Sanders relayed that EPORS stood for the Elected Public Officials Retirement System. She explained EPORS had been open for a very limited time. There had been 68 members in the system before it closed. There were currently nine members and nine beneficiaries in the closed system (not open to new members).

Representative Stapp recalled that EPORS had only been open for a year for legislators and the governor and that the voters had repealed it the following year by ballot initiative. He asked if the state was still paying retirement benefits for 64 individuals and their survivors almost 50 years later.

Representative Ortiz corrected that the current number of individuals was 18.

Ms. Sanders agreed.

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AT EASE

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RECONVENED

^PRESENTATION: EXTREME WINTER AND EVENT RESPONSE BY THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

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ANDY MILLS, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself and a colleague.

KATHERINE KEITH, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced department colleagues available online and in the room. She introduced a PowerPoint presentation titled "Alaska Department of Transportation and Public Facilities DOT&PF Winter Weather Operations." She would speak about the Department of Transportation and Public Facilities' (DOT) winter weather operations and would answer questions the committee had provided about the frequency of past events, vacancies across DOT's maintenance districts, equipment, and how DOT was mitigating some of the events. The department had dealt with a tremendous number of events including snow accumulation, landslides, avalanches, erosion, and other. The department was proud of its team and what it was doing every day. She shared that staff were more eager than ever to determine how to best serve the public.

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Mr. Mills stated that winter operations were a department-wide effort. He introduced slide 2 titled "October 10, 2023 - Snow Summit." He explained that the Snow Summit had been held to bring stakeholders together including legislators, municipal and borough staff, and more. The goal had been to discuss snow clearing as one of the primary challenges facing the department, in addition to innovations and providing more tools for people to understand what was going on. He noted that the Snow Summit had been streamed online and materials were available for interested parties. Staff had provided information on the department's operations and policies. Guests from non-DOT entities such as FAST Planning talked about prioritizations specific to pedestrian and nonmotorized facilities. He noted that sidewalk clearing did not need to be the exact same priority of snow removal as a road. He stated that communities had communicated they would like to see more attention given to what is cleared first and it would not always be the same coupling. He relayed that FAST Planning had provided an excellent presentation and was two years into its effort. He stated that DOT would like other localities to look at partnering with DOT on the effort. He highlighted the Complete Streets in Northern Climates as a

policy DOT was working on that ensured infrastructure and maintenance cared for all users. The department had been asked whether the event would be annual, and it was open to the idea. He believed it would warrant future conversations as it had been hard to narrow the field of conversation.

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Co-Chair Johnson asked where the event had been held.

Mr. Mills responded that the event had been held at the Atwood Building [in Anchorage] in a free space located at the bottom of the building. He estimated there had been 80 to 90 individuals in attendance.

Co-Chair Johnson asked if DOT had considered a traveling presentation because different areas of the state had different weather.

Mr. Mills replied that it was an excellent suggestion that was discussed. He agreed it should be held around the state in different localities as it would change the nature of the conversation. He added that on March 6 the department would announce a Sea Summit specific to the Alaska Marine Highway System (AMHS) to bring stakeholders together.

Representative Tomaszewski referenced FAST Planning on the slide and noted the state was currently some EPA [Environmental Protection Agency] problems with air quality. He asked if the decisions were going to impact funding for FAST (Fairbanks Area Surface and Transportation) Planning. He asked if it would be a problem for funding in FY 25.

Ms. Keith responded that FAST Planning's ongoing planning funds had been programed into its Transportation Improvement Program (TIP) for the next three years; therefore, FAST Planning would continue to receive the same level of planning funds it had received in the past. Additionally, products in the area that were included in FAST Planning's TIP could keep moving forward despite the current conformity freeze, but additional projects could not be added to the PM 2.5 area.

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Representative Hannan asked about the DMIO acronym standing for Data Modernization and Innovation Office. She wondered if it was brand new, where it was located, the number of staff, and whether it was short lived.

Ms. Keith replied that DMIO was an office launched by the department about six months back. The office was currently run by a division operations manager and it would be transitioned into a division over time. There were a number of staff positions reporting to DMIO, but the positions were not new. The department was locating individuals with expertise in GIS and geospatial information, programmers, individuals with good skills with the development of existing data systems, and software. She reiterated they were not hiring new positions and were giving staff resources to help improve operations. Some of the dashboards developed for winter operations and other things included in the presentation were a result of the emerging expertise on the topics.

Representative Hannan stated her understanding that DMIO was staffed with subject matter technology expertise transferred from various sections of the department. She understood the staff would be permanently located in the new DMIO.

Ms. Keith responded affirmatively. The DMIO director, Christine Langly reported to Ms. Keith and there were a number of staff working on data modernization initiatives.

Co-Chair Edgmon thanked the presenters for coming to discuss the extremely important topic. He speculated that Alaskans would likely rank snow plowing as the number one topic for government. He appreciated the Snow Summit and focus on the issue. He understood the commissioner had been unable to attend the current meeting. He would like to see a strategic focus on how to start dealing with an understaffed department dealing with severe climate change events. He believed there needed to be a much more focused effort on the cost of moving snow around. He stressed the cost of snow removal in Dillingham to keep vital transportation including roads and airports operational was tremendous. He liked the idea of a snow summit and perhaps landslide summits in Southeast Alaska. He stressed there was so much time and money spent on snow removal and so much consternation from people who did not get their driveways or roads plowed in time even though the state was

trying to do as much as possible. He wanted to see some strategic recommendations from the department.

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Mr. Mills stated there were many state departments that individuals did not interact with often, whereas driving on roads was something everyone did frequently. He moved to slide 3 titled "Snow Summit Follow-Up: New Tools." He highlighted that the DMIO was working on several initiatives included in the presentation. He relayed that legislative staff reached out frequently to DOT about the road prioritization utilized by the department. He stated it was put in place several years back to give the public an expectation of what order the roads would be maintained in and how quickly some of the activity would happen. There was confusion about some of that because it took place when a storm ended, not when it began. He remarked that some people had asked why there was prioritization on certain roads.

Mr. Mills believed it had been 2022 when legislative intent language asked DOT to review its winter road priorities. The department had done so and had discussed its review in 2023. The GIS map on slide 3 was in furtherance of the conversation, which the department was turning into a dashboard with additional information. He explained that lane miles were associated with the map and colors indicating priorities were layered on top. He detailed that changes to lane miles may trigger changes in prioritization. He noted that layering other information on the map meant that the dashboard could become an information output tool for communicating in addition to an internal tool that DOT could use to review road priorities.

Mr. Mills stated the issue of road prioritization could be complex. For example, people would ask why Richardson Highway was a priority 2 instead of a priority 1. The department agreed the highway was a functional class versus what the actual resources on the road were. The department was looking to make an adjustment to the roads to make the map of priorities look more like what would be hit first to be closer to reality and what the public expected. In reality, the priority 2 was the first road the maintenance crew was on; therefore, it was treated as a priority 1. He stated the importance of the map to the public was very clear and the department was working to make improvements.

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Representative Coulombe thanked the presenters for coming. She looked at the map on slide 3 and noted her neighborhood was located in the priority 3 area (shown in orange). She noted that individuals living on the side of a hill in a priority 3 location knew it would be a while before snow removal took place. She asked how road prioritization levels were determined. She asked if it was cars or miles, or other. She stated that her district could not compare to traffic on Tudor Road or the Seward Highway, but its residents were all located on an incline. She wondered if it was factored in as a higher priority. There were numerous priorities and she wondered if the department needed more equipment or people in order to have more priority 1 roads. She stated the perception was that the only "green" roads were the Seward Highway and Glenn Highway.

Mr. Mills addressed the second question first. He noted the governor had included \$915,0000 for supplemental snow removal, which was an effort by the administration to direct more resources to the issue. He understood that was likely not the end of the conversation, which was the reason for the current discussion. He was happy to supply the legislative intent report produced by DOT that was presented to the legislature in 2023. The report reviewed how prioritization was established including a survey asking Alaskans what the department was leaving out of the equation. He stated there were a lot of factors involved. The primary factor was the average annual daily traffic (AADT). He believed in Representative Coulombe's district in south Anchorage there were priority 4 roads with a fairly high AADT, but they were far enough from maintenance stations and were local roads rather than interstates or major highways. Other factors included emergency access near hospitals and school bus routes. The department hoped to make it more transparent for the public by having the map on slide 3 updated with other data sources.

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Co-Chair Johnson ranked constituent interactions related to snow removal and DOT as just below Permanent Fund Dividend interactions. She stated that no one ever complained about putting too much funding towards snow plowing. The

committee appreciated the department presenting to the committee and she noted there were plenty of extreme weather events. She noted the first hour of the meeting would give the department time for its presentation and would allow committee members to ask questions pertaining to their districts. The committee could hear the finance related aspects of the presentation in the second part of the meeting.

Representative Galvin stated that committee members were all anxious to help DOT do the work. She recalled terrible winter weather as a child in Anchorage, but kids still went to school. She was hearing from many constituents about frustrations over school snow days, which meant they could not go to work. She stated it had become "such a thing now" and it felt like it was beyond what should be called a winter emergency. She did not know how long it would take before the weather was something the state should just be ready for. She had heard from the Anchorage mayor who said he was working with DOT, but he had stated it was not smart to be ready for the worst case. She was trying to figure out what constituted the worst case. She stressed it was a real disaster when schools were closed for five days because it took that long to get the streets cleared. She found the situation very concerning. She understood there were hundreds of airports in Alaska that needed to be tended to and she appreciated the vast work done by DOT. She wondered how to get sources and resources to work with DOT in difficult times.

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Mr. Mills relayed that the presentation would address some of the remarks. He replied that the department had received some great feedback from people at the Snow Summit, specifically from DOT and the municipality about the importance of additional conversations and advanced partnerships. The department would look to do more of that in future years.

Representative Galvin stated there should be no number of inches of snow that resulted in kids missing school for five consecutive days. She thought it was not workable. She asked to hear the department's strategy. She thought schools felt like a critical "canary in the coal mine" that things were not functioning well if kids could not get to school.

Co-Chair Johnson stated that she had last heard a there was a 40 percent rolling average absentee rate in the Mat-Su School District in the best of times. She stated that post-COVID-19 adding on snow days to already missed days was different than it had been in the past when snow days were the only missed days. She remarked that it was additive.

Mr. Mills clarified that the answers to some of the questions about the strategy were covered in later slides. He was happy to advance to the slides or cover them when he got to them.

Representative Josephson stated there was a transaction compare for the coming fiscal year seeking \$915,000 in the governor's budget for statewide contractual snow removal for FY 25. He was uncertain whether the amount was in the base budget. He observed that the increment was intended to enhance the chances that priority 3 and 4 roadways would get snow removal more quickly. He noted there \$1.2 million request in the FY 24 supplemental budget related to an unprecedented winter weather event. He remarked there had been two years of the requests. He stated it was currently the middle of winter and the governor was requesting \$1.2 million to cover half a winter, yet the FY 25 budget only sought less than \$1 million for the next winter. He asked for an explanation.

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DOM PANNONE, DIRECTOR, PROGRAM MANAGEMENT AND ADMINISTRATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, responded that the FY 25 budget established a new component of \$915,000 in the base as part of the strategy to address extreme winter weather events becoming a more usual occurrence. Part of the strategy was contracting resources and establishing contracts prior to events. He explained that when an event was ongoing, DOT trucks were cycling on the highways on the priority lines. The funds would set a separate "swim lane" for the lower priority roads to be cycled on with contractor resources. In the current year there was a winter event that cost DOT approximately \$1.2 million in Anchorage. The cost was unanticipated; therefore, the administration had submitted a supplemental request. He added that the department could come back for a supplemental in future years if there was an event with a known cost. The department also had a

supplemental request for contracting priority 3 and 4 roads in Fairbanks in addition to a capital supplemental request to help DOT with its emergency weather and response fund. He noted the response fund was a backup fund source for situations when the department could not come for a supplemental. He stated it was all part of the department's developing strategy to handle recurring winter events.

Representative Josephson would wait until later in the presentation to talk about the Interior region versus the Central region of the state. He sensed the \$915,000 was not sufficient. He thought the amount was based on a bit of a prayer that the coming 2024/2025 winter would be better. He did not know if the department had the graders and staff needed. He suggested shooting for a higher number, which he thought the committee may be receptive to. He asked if the department was diminishing the odds of yet another winter with heavy snow.

Mr. Pannone answered it was a new component and strategy. He stated that in FY 25 the department would be carrying the balance of the emergency fund. He stated the number was a starting point.

Representative Hannan remarked that there were some big snowfalls in Juneau at the beginning of session and many members of the legislature had remarked that the city did incredible maintenance to keep the roads clear. She noted that Juneau's mayor highlighted that much of the road maintenance in Juneau was done by [DOT's] Southcoast maintenance operations and they had done an incredible job. She shared that she lives in North Douglas and there had been a fire the night before. She believed DOT had come out after the fire to ensure the ice on the road from the fire hoses was sanded before traffic. She relayed that the neighborhood really appreciated it. She thanked the Southcoast maintenance crew for keeping up with the roads.

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Representative Stapp thanked the department for the work it did in the Northern region of the state, particularly in Fairbanks under extreme conditions. He lauded the members of Local 71 and the groups representing DOT members. Fairbanks was appreciative of the work done by the department.

Mr. Mills thanked the committee for the questions and compliments. He quoted from a plaque someone had in the Northern region that essentially said, "silence is your reward." He highlighted a winter operations dashboard at the bottom of slide 3. The dashboard was the fulfillment of an effort based on the department's promises for a priority map review and the DMIO. He lauded Christine Langly for leading the effort. The intent was for the public to have the ability to see which roads had been cleared most recently. The effort was to ensure that a person had the capability to see whether their route to work had been cleared. The dashboard was currently a pilot program and used Fairbanks to start. He believed the commitment was to enable many areas of the state to have the ability to utilize the dashboard next winter. The team was working towards integrating the information with other jurisdictions, municipalities, and boroughs so that one platform could draw from many data sources because the public did not care about the jurisdictional boundaries, they merely wanted to see their route. He believed a heavy component would be getting input from the public on what DOT was doing well with the tool and what could be improved upon. He had already received input from a legislator in another committee who had asked about including airports in the dashboard, which he had conveyed to the team.

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Ms. Keith noted that Jason Sakalaskas, the maintenance and operations chief for the Northern Region was on the phone and would appreciate Representative Stapp's compliments.

JASON SAKALASKAS, MAINTENANCE AND OPERATIONS CHIEF, NORTHERN REGION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, thanked the committee for its comments and would pass the comments on to the team. He reviewed a map of the state divided into the different DOT regions on slide 4. The Northern region was shown in blue and divided into eight districts. The Central region shown in yellow had five districts, and the Southcoast region had two separate districts. He highlighted that the state had districts that were one to two times the size of the State of Florida. He believed everyone was aware of the challenges facing Alaska regarding transportation.

Mr. Sakalaskas discussed the budget allocation process. He shared that winter operations were primarily funded through

the state operating budget. There was little investment from capital programs or federal funds due to eligibility issues. Each region had its own budget and regional budgets allocated funds to the districts. He stressed the importance of flexibility. He noted there were numerous challenges including avalanches, issues with airports, and other. Providing funding at a district level allowed districts to move funds around for resources was important and funding at the regional level gave the department flexibility to move funding to districts. He remarked there were discussions with leadership headquarter staff to move funds within the regions themselves.

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Mr. Sakalaskas turned to slide 5 and addressed DOT's snow removal priority system. He highlighted significant public communications with regards to the prioritization system and working on displaying the information differently. He relayed that DOT needed to maintain consistent reporting and information to the public. The snow removal priority system was categorized by A through E, which reflected targets for roadway conditions. He pointed out that categories D and E (very difficult and hazardous, respectively) reflected conditions and not targets. The column labeled "condition" represented what was reported to the public throughout an event or when recovering from an event through DOT's 511 system. Additionally, the definition/description was provided to the public and internal operators. The illustrations shown in the column to the right were only provided to DOT operators. The importance of the illustration was to ensure each operator or maintenance staff had the same expectation of waiting for the condition of the roadway to ensure updates provided to the public were accurate. He noted that just because a roadway was a priority did not always mean good driving conditions during an event. The after-event target or response was something the department wanted to achieve during and after a storm and as progress was made, conditions moved to fair or good.

Co-Chair Johnson noted that the slides could be reviewed fairly quickly to get to more finance related questions.

Mr. Sakalaskas turned to slide 6 and addressed a map showing the state's 235 rural airports. He highlighted that over 82 percent of the state's communities relied on

aviation as their primary access. The state had 26 Part 39 airports. He highlighted that there were currently over 128 contractors working on airports across the state, with the average contract ranging from \$50,000 to \$100,000 per airport.

Co-Chair Edgmon referenced that inflation had been 2.5 percent nationally and 8 to 10 percent over a period of three years. He stated that the cost of delivering goods and services to rural Alaska rose and fell with very expensive aviation fuel, home heating diesel fuel, fuel barges, and more. He thought the slide clearly illustrated how expensive it was for DOT to do its business and spoke to how expensive things were in rural Alaska.

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Ms. Keith introduced Brad Blysmas the division manager for the statewide equipment fleet, which was a key component of being able to keep roadways and airports open. She relayed that Mr. Blysmas would review vacancy rates across the department.

BRAD BYLSMA, EQUIPMENT FLEET MANAGER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), reviewed slide 7 showing winter operations staffing with a table outlining the number of equipment operator positions by district and the vacancy rate in each district. He noted that some of the more remote western districts including Tok were very spread out. He stated that while the 30 percent vacancy rate was very high [in the Tok district], when it was broken down into a station that may only have four operator positions and two of the positions were vacant it resulted in a 50 percent vacancy rate. In that case, it was very difficult to keep up with DOT's standards for maintaining the roads and airports.

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Mr. Blysmas turned to slide 8 titled "Supporting Divisions: Statewide Equipment Fleet and Division of Facility Services." He explained that the division's mission was to keep all state agencies in equipment and vehicles. He characterized it as a "behind the front lines" section of DOT. The division serviced all state departments and did some work for the University and the Alaska Housing Finance Corporation (AHFC), Alaska Gasline Development Corporation

(AGDC), and other agencies. There were about 8,000 pieces of equipment and about 7,700 maintained by the division. There were about 51 maintenance shops across the state and 123 mechanic positions. Additionally, the Division of Facilities Services managed 700 of the 800 public facilities including airports, buildings, and more. He elaborated that the maintenance shops were responsible for servicing all of the road maintenance and highway maintenance stations in addition to the 235 rural airports. He stated it was a broad area of coverage for the two active and busy divisions.

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Mr. Bylsma turned to slide 9 showing vacancy rates by district for the Statewide Equipment Fleet and the Division of Facilities Services. He noted there were some very high vacancy rates. The vacancy rates meant there were less staff to maintain equipment. The focus during the winter was keeping snow removal equipment on the road, clearing the roads, and keeping airports open. The vacancy rates translated to longer equipment downtime, which made it more of a challenge to keep roads and airports open and running. He turned the next slide over to a colleague.

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SEAN HOLLAND, CENTRAL REGION DIRECTOR, DEPARTMENT OF TRANSPORTATION AND PUBLIC SERVICES, addressed slide 10 titled "Winter Event Response: Anchorage November 8-12, 2023." He would discuss the November event, which was centered in Anchorage, but impacted most of the region. He would talk about DOT's response to the event and lessons learned moving forward. He shared that he had worked for DOT for about 18 years, left for three years, and returned to take his current position three months back. He highlighted that his first day on the job was November 7 [2023] and the weather event began on November 8. He had previously worked on the capital side, not the maintenance side, and it was eye opening to see how the response to a weather event was orchestrated. He relayed that Anchorage had 104 inches of snow thus far, which was a record pace. The record set in 2011/2012 was 135 inches and the average was 76 inches. He understood there was record snowfall in Juneau in January as well. The November 2023 event in Anchorage was the snowiest on record with over 39 inches in a week. The storm had a high moisture content, meaning the

snow was much heavier and once traffic hit the wet snow it packed into ice/hard snowpack. He explained that it changed DOT's operations from using high speed trucks. He elaborated that DOT was more geared towards high speed equipment for high speed facilities to clear the roads quickly. The department had some graders, but it was not DOT's specialty and was much slower. During the November storm, DOT had to switch to graders sooner because the trucks had been unable to cut through the snowpack. The DOT crew reported that the snow took twice as long to clear as its typical snow.

Mr. Holland reported that DOT's maintenance shops in Palmer, Anchorage, and Soldotna were manned close to 24/7 with no staff for about three hours a day. He relayed that when snowfall was forecast, all personnel were on alert in order to respond. He relayed that for urban snow removal there was no place to push the snow; it was necessary to pick the snow up to make room for traffic. He detailed that there was only one snow dump in Anchorage, which he would elaborate on a bit later in the presentation. The difficult question for DOT was whether the record snowfall was becoming the new norm. He added that snowfall was almost at record levels in 2023 and it was on pace to beat the record in 2024. The department was set up more towards the average snow year of 70 inches. He stated that the agency was a solution based organization and it needed to figure out how to better respond to extraordinary years and events.

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Mr. Holland turned to slide 11 titled "Winter Event Response: Anchorage November 2023" showing a list of the department's equipment in its Anchorage shops. He shared that during the storm the sidewalk blowers went through more shear pins than they typically went through in a whole season. He explained that if mechanics were overstressed a break occurred on the shear pin rather than damaging the machine. He elaborated that it was one of the simpler maintenance items, but it took time and significantly slowed production. He relayed that snow in the air got into the engine compartment of plow trucks and could cause electrical issues. He detailed that with heavy snow it was not possible to see curb lines or other obstructions, which could break plows. He detailed that the impact had resulted in broken frames. He furthered that if a plow operator made a mistake and hit something like a traffic signal it could

knock the signal off the cable. He had been told it took about three years for someone to develop the skills to be an effective snow removal operator.

Mr. Holland continued reviewing slide 11. Of the department's 48 equipment operator positions in Anchorage, 39 were filled and 6 were seasonal. He listed the number and status of additional DOT snow removal equipment in Anchorage including 13 plow trucks, six of which were currently operational; nine graders, five of which were currently operational; four loaders; four highway snowblowers, two of which were operational; and four sidewalk snowblowers, one of which was operational. He relayed that DOT had created some on call contracts in the Central region for the first time. Contracts were in place for Fairbanks and the department would likely do the same for Mat-Su next year. The on call contracts included sidewalk blowers. He explained that by the end of the November 2023 event in Anchorage, the contractors' sidewalk blowers were all down; therefore, they had plowed sidewalks with pickup trucks. The cost was \$175 per hour. There were also graders for plowing the priority 3 and 4 roads at a contract cost of \$195 to \$250 per hour based on regional costs. He noted that travel to Eagle River took longer; therefore, the cost was on the more expensive end.

Mr. Holland continued to review slide 11. The snow haul contracts were \$184 per hour for a side dump. He relayed it was the first year of the contracts, but maintaining the department's core crew was essential. He underscored that the department would not be replacing its crew. He noted that keeping expertise in place was necessary for success. He relayed that in response to the event in Anchorage the Northern region provided an additional highway blower to help clear snow and had plowed further down the Glenn Highway and the Parks Highway to allow Central region equipment to focus on urban areas including Wasilla and Palmer. The department also partnered with the city and had an excellent relationship with the city on an operational level. He stressed the importance of working together as a team to assist the public. The department had a Transfer of Responsibility Agreement (TORA) in place with the Municipality of Anchorage, which memorialized road maintenance swaps. He detailed that DOT would plow some of the city owned roads and the city would plow some DOT owned roads. The city had 30 graders and was more geared up to plow neighborhoods, while DOT was more geared towards high

speed facilities. Additionally, it did make a lot of sense for a state plow truck to plow a state road and pick up its plow when driving across a city road; therefore, the agreement took that into account as well.

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Mr. Holland continued to review slide 11. In response to the November 2023 event in Anchorage the mayor and DOT commissioner had developed a memorandum of agreement in order for the state to reimburse for assistance on the road that did not fall under the TORA. He explained that it helped the city snow removal as well. He noted that if the city could not haul efficiently across the priority 2 or 3 roads, it would slow down the city's neighborhood response. He noted that the cost had not been significant for the department. The work included 135 man hours spread out over 20 employees over two days and the bill had been \$30,500.

Co-Chair Johnson wanted to give members a chance to ask questions. Additionally, she wanted to talk about funding on page 19 of the presentation [prior to the end of the meeting].

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Representative Josephson referenced a news article dated December 2 [2023] that had received substantial exposure called "An absurd ownership mishmash." He noted that Mr. Holland had talked about the mishmash aspect. He was curious why the state Central region had 1,187 lane miles and only nine graders, while according to the article Fairbanks had 72 lane miles and a comparable number of graders. He asked if the department was underserving Anchorage based on its capital requirements and demands.

Mr. Holland expressed skepticism over the numbers. He thought 72 [lane miles] seemed very low. He replied that the department was geared up for an average year with its equipment spread.

Representative Josephson clarified that the article specified that Fairbanks had 28 miles on the Elliott Highway and 44 on the Steese Highway. He remarked that perhaps he was missing something there. He considered that the fact that DOT needed to contract with the city [of Anchorage] may suggest that nine graders was not

sufficient. He asked if there should be a capital allocation for more graders.

Mr. Holland answered that the nine graders were not enough for the specific event. He believed the strategy should be that the state force was geared up for average years and it could use contracting if additional forces were necessary.

Representative Josephson had been told by an Anchorage senator that the contracting had not gone that well. That the contractors were tapped out and had generous contracts they did not want to divert their attention from. He asked if there was anything to the anecdotal comment he had heard.

Mr. Holland believed the department had only one contractor respond in Anchorage. He highlighted there was a 19 percent operator vacancy rate. He had contractors in his office weekly for other reasons and workforce was a common conversation. He explained that contractors had the same challenges as DOT with operators and mechanics. He reasoned that it seemed that in Alaska most of the construction happened in the summer and there should be individuals available to work in the winter, but that had not been seen recently.

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Ms. Keith added there had been some conversations with the Anchorage mayor. One of the challenges was that DOT had not previously contracted out snow removal. She explained that when the event occurred, many of the contractors with equipment that could support with snow removal did not have the equipment ready at the time and the equipment needed for priority 3 and 4 roads was different than what they had at the time. The department hoped to continue dialogue with the contractors over the next year and get support for the contracts. Additionally, the department hoped to work with the contractors to help with the equipment selection needed for some of the priority 3 and 4 roads in order to do a good job with the priority 1 through 4 roads simultaneously to help especially with school openings. The department expected there would be greater engagement from the contracting community moving forward.

Representative Galvin appreciated hearing the idea that things would look different in the future. She stated it

mattered to her as she responded to frustrated constituents and businesses that were devastated due to the lack of work output. She asked about the vacancy rate and what the state was considering to be an average year. She stated that typically an average year was determined by averaging the past ten years. She wondered if the state was speaking with others to understand the pace of change that may or may not be happening in order to determine the average year. She was concerned that "we might have a different definition of that." She thought it mattered as they were considering things like 7 out of 13 plow trucks were not currently operational and 26 to 29 percent vacancy rates in various departments. She found it concerning. She assumed the vacancy rates were based on 100 percent in an average year. She remarked that the department's plan to fix its above average year was contractors. She wanted to ensure the positions were fully staffed and asked how the legislature could help with the goal. She noted that Representative Josephson had worked with the Department of Law to improve its vacancies and the method had worked. She wondered if the issue was about wages, benefits, or something else. She wondered about creating apprenticeships.

Representative Galvin remarked on the fact that 50 percent of the snowblowers in Anchorage were not working and more than 50 percent of the plow trucks were not working. She understood the answer was contractors, but she remarked on the department's testimony that only one contractor was interested. She thought about natural gas and other energy sources and stated it was necessary to have multiple options to make sure they did not deliver the essential piece of energy. She stated that the roads and DOT's work were essential. She looked forward to having deep discussions about how the legislature could help.

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Ms. Keith agreed that all of the items needed to be pursued. She stated that it was a complicated issue where when one factor changed, such as a vacancy in a maintenance shop, it had a compounding impact. She stated they needed to care for all of the things especially with some of the uncertainties a lot of the areas may be facing in the coming months. The requested funding gave the department the option for contracting if and when needed. She stated that using contracting as a one off solution made it hard for businesses to rely on as a business model. The

department needed to institutionalize use of the mechanisms while balancing and maintaining a healthy staff. She remarked that there was plenty of snow to go around and the department could speak to the topic in the budget slides.

Representative Coulombe looked at the mechanic positions shown on slide 9. She pointed out that Anchorage had 19 positions and Fairbanks had 18. She looked at the number of plows. She stressed that Anchorage was 8 times larger than Fairbanks in population. She was frustrated that DOT appeared to give no weight to that. She highlighted the economic loss and number of kids not going to school when the city shut down. She stated it was a certain number of people when Juneau shut down; however, when Anchorage shut down it was substantially more people impacted. She thought it was obvious the necessary resources were not being given to Anchorage. She was hoping the department would tell the committee that Anchorage needed more equipment and the legislature could help make that come to fruition. She stated that the contracts had been up on the hillside in her neighborhood and she thought it was a miserable failure. She emphasized that people had gotten hurt and emergency vehicles had not been able to get through. She stressed that it was not acceptable. She hoped DOT could make the contracts work. She wanted to see more equipment and contract drivers.

Representative Coulombe highlighted that the people who had equipment already had good contracts with a lot less pressure and significantly smaller areas. She surmised that the individuals would likely not make as much money contracting with DOT. She remarked that the issue was not limited to Anchorage. She wanted the department to tell the legislature what it needed in order to figure out the problem and help the department do its job and be prepared for plowing the roads. She stated that the situation the previous winter was terrible, but the current winter was particularly bad. She spent weeks and weeks dealing with constituents on the issue. She stated that the main avenues in her district were DOT and the municipality was in between. She stated that both had completely failed South Anchorage. She was looking for the strategy and wondered if contracts would really work. She understood it was the first year, but she did not believe they could really afford to do the same thing if it was not going to work. She pointed out that there were numerous people who wanted to partner with DOT to get it what was needed. She asked

for consideration of the number of people in Anchorage including children and handicapped people walking down the middle of the road because the sidewalks were not done. She stressed there were a lot of people in Anchorage and it was very dangerous. She asked the department to reach out to the legislature to do whatever was needed, especially related to capital items.

[3:12:32 PM](#)

Ms. Keith answered that one of the tasks of the DMIO was modeling and the ability to forecast the impacts to an area like Anchorage if the recent snow level was the new normal. She explained that it was information the department could provide to the committee in terms of the equipment and staffing needed. She stated the department was not guessing or saying it would be able to handle it. She stated it was partly some of the benefit of having the information in a digital format such as the GIS systems. The department was continuing to pursue multiple avenues to be sure it could clear the streets and roads across the Anchorage area in collaboration with the city. The department would have to continue to work through the avenues with the regional director.

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Co-Chair Johnson noted there were only 15 minutes remaining in the presentation. She asked the presenters to move to slide 19 and hit the high points pertaining to funding.

Mr. Pannone turned to slide 19 titled "Scalable Solutions: Contracting and Funding." He intended to address the items in the governor's proposed budget in addition to events the department had been dealing with in recent years. He relayed that the department had started looking through past capital appropriations for small funding amounts remaining from completed capital projects and proposed that the legislature reappropriate the funds back to DOT for the extreme weather and catastrophic event response. He pointed to the top of the slide showing the three supplemental reappropriations DOT had received thus far totaling approximately \$13 million. The department had spent approximately \$10 million of the funds addressing extreme weather events.

Co-Chair Johnson recalled that the snow had come early in 2022 in Southcentral Alaska and there had been a \$5 million emergency appropriation for additional snow removal. She wondered if any of the money had been left over. She remarked there had been an early snowfall in Southcentral in the current year as well. She wondered about finances in the current snow year.

Mr. Pannone answered that the current amount the department had available to spend was \$3 million. The department was requesting a \$1.2 million supplemental for the Central region shown on a previous slide. He explained that without the \$1.2 million supplemental DOT would dip into the \$3 million to pay for the event, meaning it would have less in reserve to address emergency weather events. The department was also asking to increase the reserve with \$344,000 from about 12 projects going back to 2004. He about \$300,000 came from a road project that had been completed. Additionally, the department had a supplemental request of \$350,000 for Fairbanks area winter contracts. He relayed there was \$915,000 UGF (undesignated general funds) to be added to the base for the first time for statewide contracting and snow removal. He looked at weather data at the bottom of slide 19 showing the last time historically that recent levels were seen. The right side of the slide showed extreme weather events that took place in recent years.

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Ms. Keith relayed that the department had finished the review of the budget slide. She asked if the department should continue the presentation.

Co-Chair Johnson moved to questions from the committee.

Representative Hannan looked at vacancy rates on slides 7 and 9. She stated that over the past couple of years there had been authorizations for mission critical shift differential pay incentives and a variety of letters of agreement. She did not know whether it captured all of the terms and directives. She would like to see it in relation to the vacancies. She pointed to a row showing there were zero mechanic vacancies in the Dalton region [slide 9]. She wondered if there was any correlation with the zero vacancies and pay incentives.

Ms. Keith nodded.

Co-Chair Edgmon thanked the department for the presentation. He hoped to hear about the broader picture from the commissioner in the future. He believed the issue was systemic in nature. He listed the broad list of responsibilities under DOT's purview including AMHS, airports, roads, maintenance, planning, engineering, feasibility analysis, public communications, equipment replacement and more. He stated that the issue pertaining to extreme weather events was working its way to the top of the list. He observed that the department did not have enough personnel and contractors were tapped out. He highlighted that if weather patterns continued the problem would become more pronounced as time went on. He felt like something was missing in terms of talking about the problem in a much bigger context than merely supplemental appropriations. He stated the presentation was very appropriate, but he was interested in a larger discussion. He underscored that snowplow crews were out in the middle of the night working. He asked how many individuals were available to do the work, which required skilled workers. He requested to have the broader discussion with the commissioner in committee.

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Representative Josephson stated that the presentation had been helpful; however, he was left with the feeling that departments were instructed to provide OMB with the lowest possible budget they could survive with. He remarked that \$915,000 was not sufficient. He believed the department did not have enough equipment or manpower. He knew there were rules preventing the department from paying people more without an executive order or under an extreme circumstance. He noted that meanwhile, they were waiting on hiring studies. He noted that DOT's difficulty hiring truck drivers was notorious in the legislature. He would prefer to inundate DOT with resources and if all of the funds were not needed they would lapse. He believed someone up the chain of command in the department needed to tell OMB that the public would not tolerate the situation. He thought legislators would welcome it if DOT was more ambitious in its request for funding. He stated it was not a criticism of the department, he understood DOT was doing what it could.

Co-Chair Johnson asked for any closing comments from the department.

Ms. Keith thanked committee members for their comments. She explained that the goal had been to share some specific examples related to heavy snow in the Central region. She stated that a conversation about the workforce and capital requests for equipment would be more than welcome. The department had a tremendous number of things going on for workforce development, training, recruitment, and retention issues and it was actively pursuing ways to fill the gaps. She stated the department would love to have the opportunity for the commissioner to talk through some of those things with the committee. Meanwhile, DOT would follow up on some of the information requests from the committee. She thanked the committee for the opportunity to present.

Co-Chair Johnson thanked the presenters. She reviewed the schedule for the following meeting.

ADJOURNMENT

[3:26:13 PM](#)

The meeting was adjourned at 3:26 p.m.