

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

February 11, 2025

1:36 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Löki Tobin, Vice Chair
Senator Jesse Kiehl
Senator Mike Shower

MEMBERS ABSENT

Senator Bert Stedman

COMMITTEE CALENDAR

PRESENTATION(S) : DOT & PF FEDERAL AND STATE FUNDING

- HEARD

SENATE BILL NO. 47

"An Act relating to Chugach State Park; and providing for an effective date."

- MOVED SB 47 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 47

SHORT TITLE: CHUGACH STATE PARK EASEMENTS

SPONSOR(S) : SENATOR(S) GIESSEL

01/17/25	(S)	PREFILE RELEASED 1/17/25
01/22/25	(S)	READ THE FIRST TIME - REFERRALS
01/22/25	(S)	TRA, RES
02/04/25	(S)	TRA AT 1:30 PM BUTROVICH 205
02/04/25	(S)	Heard & Held
02/04/25	(S)	MINUTE(TRA)
02/11/25	(S)	TRA AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR CATHY GIESSEL, District E
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Provided a brief review of SB 47.

KATHERINE KEITH, Deputy Commissioner
Department of Transportation and Public Facilities
Anchorage, Alaska

POSITION STATEMENT: Presented the presentation, DOT&PF Federal and State Funding.

DOM PANNONE, Director
Administrative Services
Department of Transportation and Public Facilities
Juneau, Alaska

POSITION STATEMENT: Answered questions during the DOT&PF Federal and State Funding presentation.

ACTION NARRATIVE

[1:36:49 PM](#)

CHAIR BJORKMAN called the Senate Transportation Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Senators Kiehl, Shower, Tobin, and Chair Bjorkman.

SB 47-CHUGACH STATE PARK EASEMENTS

[1:37:41 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 47 "An Act relating to Chugach State Park; and providing for an effective date."

[1:38:10 PM](#)

SENATOR CATHY GIESSEL, District E, Alaska State Legislature, Juneau, Alaska, provided a map illustrating the unique situation in Chugach State Park. She explained that the road in question begins as a municipal road, travels through a section of state park land and then exits the park, once again becoming a municipal road. SB 47 would give the city of Anchorage right-of-way for this section of the road. She added that this would only apply to the road which passes through Chugach State Park.

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SENATOR KIEHL asked whether SB 47 would give Department of Transportation and Public Facilities (DOTPF) a tool to push maintenance responsibilities onto local governments, either in this municipality or elsewhere in the state.

[1:39:35 PM](#)

SENATOR GIESSEL replied that SB 47 reinforces DOTPF's responsibility for maintaining public roads within Chugach State Park. She referred to SB 47, page 2, lines 17 through 19 and emphasized that SB 47 would not remove DOTPF's responsibility.

SENATOR KIEHL expressed appreciation that SB 47 specifically addresses the section of road in Chugach State Park and for the sponsor's explanation, as well as the opportunity to address the question on the record.

[1:40:24 PM](#)

CHAIR BJORKMAN opened public testimony on SB 47; finding none, he closed public testimony.

[1:40:58 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[1:41:10 PM](#)

At ease.

[1:41:42 PM](#)

CHAIR BJORKMAN reconvened the meeting.

[1:41:45 PM](#)

SENATOR KIEHL moved to report SB 47, work order 34-LS0179\A, from committee with individual recommendations and attached fiscal note(s).

[1:42:09 PM](#)

CHAIR BJORKMAN found no objection and SB 47 was reported from the Senate Transportation Standing Committee.

[1:42:26 PM](#)

At ease.

PRESENTATION(S) : DOT&PF FEDERAL and STATE FUNDING

[1:44:04 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the presentation, DOT&PF Federal and State Funding by Deputy Commissioner Katherine Keith and Director Dom Pannone.

[1:44:47 PM](#)

KATHERINE KEITH, Deputy Commissioner, Department of Transportation and Public Facilities, Anchorage, Alaska, advanced to slide 2, Operating Administrations and Governing Law, which lists several US Department of Transportation (USDOT)

agencies and their respective oversight codes. She explained that the presentation would cover federal funding and the myriad sources of funding that the department receives. The laws and regulations that dictate how funds are spent will also be covered. She provided a brief overview of the USDOT funding sources, including the Federal Highway Administration (FHA) and Federal Transit Administration (FTA), and Federal Aviation Administration (FAA) (among others) and their respective oversight codes. She noted disaster funding and gave a brief overview of this process.

[1:49:23 PM](#)

MS. KEITH advanced to slide 3, Current Federal Funding Landscape FFY2024, containing a graphic to illustrate the varied funding sources and relative amounts. She noted that highway projects make up approximately two-thirds of the work done each year. Aviation projects also receive a large amount of funding; however, this could be increased as there is outstanding need. She said that DOTPF is largely federally funded. The state match varies.

[1:50:44 PM](#)

CHAIR BJORKMAN asked if slide 3 is referring to fiscal year (FY) 24, which ended in September of 2024.

[1:51:06 PM](#)

MS. KEITH replied yes.

[1:51:15 PM](#)

MS. KEITH advanced to slide 4, Contract Awards Total FFY2020-2024, which displays the number of contract awards and associated award amounts per FY. The dates range from FY20 to FY 24. She briefly explained the process of awarding contracts. She noted that project readiness and available funds impacts contract awards. She noted that 14 projects from 2024 were not awarded due to a lack of bidders or bids that were too high. Those projects were reevaluated and are reentering the bidding process. She said that 2025 has an increased number of projects as a result.

[1:52:51 PM](#)

SENATOR KIEHL noted that FY 25 began in October and asked about the time frame for rebidding the 14 projects that were moved from FY 24 to FY 25.

[1:53:22 PM](#)

MS. KEITH replied that DOTPF has issued \$250 million in contractor payments for work that is underway. DOTPF has awarded approximately \$65 million in contract awards. An additional \$30 million in contract awards are currently in the bidding or negotiations process.

[1:54:18 PM](#)

SENATOR KIEHL repeated his question about the 14 projects that were moved from FY 2024 to FY 2025.

[1:55:01 PM](#)

MS. KEITH said that those projects are back on the tentative advertising list. She offered to provide date information to the committee.

[1:55:19 PM](#)

SENATOR KIEHL noted the complexity of the federal funding process.

[1:55:42 PM](#)

SENATOR TOBIN asked for a ten-year lookback on quarter bids and project awards. Specifically, how many projects went out for bid and how many were awarded. She surmised that this would provide greater context for the current situation.

[1:56:12 PM](#)

MS. KEITH said this data could be provided.

[1:56:41 PM](#)

SENATOR KIEHL directed attention to FY 2025 projects and asked what proportion of those have been awarded and how many are out for bid.

[1:57:05 PM](#)

MS. KEITH replied that this information can be provided.

[1:57:49 PM'](#)

CHAIR BJORKMAN directed attention to slide 4. He commented that he has heard that inflation is driving project costs up and asked why the dollar amount is not likewise increasing.

[1:58:13 PM](#)

MS. KEITH said DOTPF expects a 3 percent annual increase in revenue from federal partners, which is not keeping up with inflation. Realized transportation projects have decreased due to increased cost and fewer projects are in the pipeline. She said that some projects in rural areas have come back at 30

percent over the estimated cost. She offered examples to illustrate this.

[1:59:20 PM](#)

MS. KEITH advanced to slide 5, Federal Highways, Federal Transit, and Federal Aviation Formula and Discretionary Funds FFY2023-2025. Slide 5 contains a bar graph with color-coded amounts indicating the amount per fund, per fiscal year (FY 2023- FY 2025). She explained that this shows all expected funds - approximately \$1.5 to \$1.6 billion - coming into the transportation system. She listed the various funding sources (shown on slide). She noted that discretionary grants are unpredictable and some of the 2025 values are approximate.

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CHAIR BJORKMAN asked for information regarding the downward trend in discretionary grants.

[2:01:11 PM](#)

MS. KEITH answered that this is partially because DOTPF is applying for less of these grants. She explained that the state match requirement (20 percent), whereas the formula funds have a 10 percent match. She briefly discussed the grant process and changes.

[2:02:39 PM](#)

MS. KEITH advanced to slide 6:

[Original punctuation provided.]

Federal Aviation Administration Apportionments

ENTITLEMENTS

- Cargo Entitlements Earned by airports with more than 100 million pounds landed weight
- Primary Passenger Entitlement Earned by airports with more than 10,000 enplaned passengers and scheduled commercial service
- Non-Primary Passenger Entitlement Earned by airports with fewer than 10,000 enplaned passengers annually

[Slide 6 also includes a chart titled, FAA Apportionments for Alaska - FFY2024 (\$ in Millions), totaling \$309 million].

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SENATOR TOBIN asked whether DOTPF provides technical support for rural areas looking to apply for some of these funding sources.

[2:04:19 PM](#)

MS. KEITH replied yes and offered examples.

[2:05:05 PM](#)

SENATOR KIEHL asked if the FAA apportionment includes non-state airports and, if not, what the proportion is for non-state airports in each of the categories.

[2:05:23 PM](#)

MS. KEITH said that slide 6 does not include airports outside of the state transportation system. She explained that those airports receive funds directly from FAA.

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SENATOR KIEHL noted several airports that fall into this category.

[2:06:00 PM](#)

MS. KEITH advanced to slide 7, Rural Airport System Executed Grants FY2018-2024. Slide 7 includes two bar graphs: Airport Improvement Program (AIP) International and Rural Airports - Number of Executed Grants per Year; and Number of Advertised Rural Airport Projects (FFY 2021-2024). She noted that 83 grants executed in 2024, including the Alaska International Airports and Rural Airports. 70 of those grants were for the rural airport system. 11 of the grants went out for advertising in 2024. She noted that this is average for larger airport improvement projects.

[2:07:17 PM](#)

MS. KEITH advanced to slide 8:

[Original punctuation provided.]

Rural Airport System Grants Timeline FFY2024

Due to FFY2024 Continuing Resolutions

- Record Slow Obligation Year
- Obligated 56 percent of Funding in September 2024
- First Grant Executed July 11, 2024
- Last Grant Executed September 9, 2024

[Slide 8 also includes a chart displaying grants executed for the rural airport system, February through September 2024.]

MS. KIETH noted that timing is an issue with project delivery. She pointed out that, in 2024, 56 percent of funding did not go out until September, which means projects cannot be advertised in time for construction during the same year. She added that, while this is unusual, it was a nationwide phenomenon. DOTPF is currently seeking solutions to this delay issue.

[2:08:53 PM](#)

CHAIR BJORKMAN asked whether current projects are being delayed due to FAA funding timelines.

[2:09:02 PM](#)

MS. KEITH replied yes, some projects from 2024 were pushed to 2025. A list of these projects can be provided.

[2:09:18 PM](#)

CHAIR BJORKMAN indicated that he would like a list of these projects. He surmised that many parties are interested in what is causing the delays - and what can be done to change this pattern. He asked whether DOTPF has discussed this issue with Alaska's Congressional delegation.

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MS. KEITH replied yes. She briefly described the discussions and indicated that more conversations are upcoming.

[2:10:36 PM](#)

DOM PANNONE, Director, Administrative Services, Department of Transportation and Public Facilities, Juneau, Alaska, added that fully funding the funding bills - and making funding available sooner - is a priority. With respect to aviation, he indicated that various potential solutions are under consideration and DOTPF is discussing this with federal partners, Alaska's congressional delegation, and the contracting community.

[2:11:21 PM](#)

CHAIR BJORKMAN asked if those tools are available to help get projects out to bid and awarded for the 2025 summer season.

[2:11:29 PM](#)

MS. KEITH acknowledged that DOTPF is uncertain, as this is a new process that would mean going out to advertisement prior to having a grant agreement in place. DOTPF is currently in

discussions to determine whether the state will take on the associated risk and believes that this would expedite the current year's projects. She added that updates would be provided in the coming weeks.

[2:12:18 PM](#)

MS. KEITH advanced to slide 9, Federal Highways Apportionments FFY2025. Slide 9 includes a graph titled FFY25 Federal Highway Formula Apportionments (\$M) and a pie chart titled Surface Transportation Block Grant Apportionment (17 Suballocations). She pointed out the National Highway Performance Program funds (for National Highway System projects) is a large portion of the total program (\$383-390 million). The next largest is the Surface Transportation Block Grant funds (which has 17 suballocations). She briefly explained the utilization of these funds.

[2:14:19 PM](#)

SENATOR KIEHL asked for information about the penalties listed under the surface transportation block grant apportionment.

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MR. PANNONE said that the penalties are related to open container laws and other safety laws that Alaska does not have (that the federal government would like to see implemented). He explained that some of the funds must be transferred as a result. He emphasized that the state does not lose funds.

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SENATOR KIEHL asked what the "154" indicates on the pie chart.

[2:15:26 PM](#)

MS. KEITH answered that this is a penalty type, i.e. Section 154.

[2:15:36 PM](#)

MR. PANNONE advanced to slide 10, Federal Highway Administrations Apportionments FFY2024-2025. Slide 10 includes a chart titled, "FFY2024 AND FFY2025 DOT&PF FORMULA FUNDS." This chart is further broken down into funds that are subject to limitation (top blue) and those that do not require additional authorization (bottom green). Those that are limited require a second authorization prior to spending. He explained that greater access is granted to the limited funds during August redistribution and any funding not spent is carried forward to the next year. He briefly explained how the funds are tied to specific projects. He noted the large carryover from FFY 2024

(to FFY 2025) is limited to use in the Anchorage metropolitan area. He noted that the eligibility issue is complex.

[2:17:08 PM](#)

CHAIR BJORKMAN asked why there is so much carryover from FFY 2024 to FFY 2025.

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MR. PANNONE replied that some carryover can apply to multiple years. DOTPF is given a set amount of the limited funds that can be spent (which increases at August redistribution). He briefly explained this process and explained that a smaller redistribution results in a greater amount carried forward. The redistribution amount is related to what projects are ready to go and the balance remaining in each fund type. (Projects must match the fund type.)

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MS. KEITH said that some funds have an intentional carryover for larger projects.

[2:19:04 PM](#)

SENATOR SHOWER asked whether DOTPF anticipates being impacted by programming changes at the federal level (e.g. electric vehicle infrastructure, carbon programs, etc.).

[2:19:42 PM](#)

MR. PANNONE replied yes. He said that the American Association of State Highway and Transportation Officials (AASHTO) is advocating for more flexible funding types.

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SENATOR TOBIN commented that she gave public testimony in support of funding for electric vehicles and shared her understanding that DOTPF would be seeking to switch this funding to another area. She expressed concern that these funds would be moved from their original intent and asked whether this would also be a public process.

[2:21:36 PM](#)

MS. KEITH said DOTPF does not have the answer at this time. She indicated that one of the programs was suspended and therefore fund allocation is delayed. She explained that staff are moving forward with the projects in order to be ready when the time comes; however, projects that have been suspended would be at the state's risk (that is, the state would not be reimbursed for those efforts). She said more information would be forthcoming.

[2:22:50 PM](#)

CHAIR BJORKMAN said he has heard contradicting information related to August redistribution. He asked why there is disagreement between DOTPF and federal partners regarding the rollover of those redistribution dollars.

[2:23:26 PM](#)

MS. KEITH advanced to slide 11, Limitation (contract authority) and Funding (revenue). Slide 11 includes a flow chart of funding sources and illustrates the funding cycle. She offered a pipeline example to illustrate the funding cycle and the role obligation limitations and obligation authority play in the redistribution (and rollover) of available funding.

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CHAIR BJORKMAN shared his understanding that there is one chance to qualify for August redistribution dollars coming into the state - and that capturing those dollars depends on the projects in the Alaska Statewide Transportation Improvement Program (STIP), as well as project type. He asked for confirmation that the redistribution dollars must be used on projects within the same category as the original funding.

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MS. KEITH said that this is mostly correct and deferred the question.

[2:26:34 PM](#)

MR. PANNONE clarified that August redistribution is a redistribution of spending authority - not a redistribution of dollars. He briefly explained the process the federal government uses to determine how excess funds are redistributed - which is dependent on whether funds can be used before the end of the federal fiscal year. If the money cannot be used within that timeframe, it rolls to the next federal fiscal year and the process begins again.

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CHAIR BJORKMAN expressed concern that the public could misunderstand this process. He sought clarification of his understanding that the funding redistribution is akin to a safe and the state has access to a set amount of the money. This money must be spent. He asked whether the money accessed during redistribution rolls over to the next fiscal year (if not spent).

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MR. PANNONE confirmed that the safe analogy is accurate and explained that the August redistribution money gets obligated via federal agreement (i.e. tied to projects). The project then goes out to bid and this completes the sequence.

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SENATOR TOBIN noted the 14 projects without a successful bid in 2024 and asked about the process for projects that do not end in a successful bid after August redistribution.

[2:29:44 PM](#)

MS. KEITH answered that if a project goes to bid and no award comes back, the funds are not obligated. She explained that, if there is no agreement in place, DOTPF cannot access the funds in the safe. This can result in a scramble to get the necessary agreements in place.

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MR. PANNONE explained that DOTPF and Federal Highways must have an extreme amount of certainty that the funds can be obligated prior to requesting August redistribution. He explained that the obligation happens when there is a federal agreement to go to bid. He clarified that the federal agreement comes prior to projects going to bid. Once the money is obligated, it is secure. If the bid comes back later, a STIP amendment for additional funds may be necessary. However, the obligated funds are not lost.

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SENATOR KIEHL directed attention to Slide 11 and asked about the apportionment memo funding amounts.

[2:32:04 PM](#)

MR. PANNONE said those funds would rollover to the next year and would be tied to projects in that year.

[2:32:26 PM](#)

SENATOR KIEHL asked for clarification about the reason for an inability to obligate funds.

[2:32:34 PM](#)

MR. PANNONE replied that it could be due to limitation or not having a project to tie the funds to.

[2:32:54 PM](#)

MS. KEITH noted that the contract authority and obligation limitation are set by Congress and filtered through federal agencies and distributed state by state. DOTPF receives notice of this information throughout the year.

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CHAIR BJORKMAN asked about the constraining factors that limit DOTPF's access to projects that are eligible for obligation of funds.

[2:33:43 PM](#)

MS. KEITH answered that it is partly an issue of eligibility for specific fund codes. If a project does not match the codes - or if there is a disagreement over the interpretation of regulations, DOTPF works with Federal Highways to come to an agreement (which takes time). Other delays can occur. She noted that there is currently a confirmed August redistribution of \$126 million. She emphasized that discussions to ensure the obligation of funds are in process; however, this can be a tricky process due to the many prescriptive fund types.

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CHAIR BJORKMAN asked for additional information about the process - and how the 2025 August redistribution would differ from 2024.

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MS. KEITH replied that several divisions are working on this year's redistribution - including Program Management and Administration and a newly formed Project Management office. In addition, new reporting tools will allow for a more proactive process. DOTPF will be working with Federal Highways to find solutions for connecting projects with specific fund types. She emphasized that early conversations about the project lists and transparent dashboarding and updates.

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CHAIR BJORKMAN commented that there are many contractors and employees across the state with concerns about DOTPF's ability to secure and obligate federal dollars, and to access the August redistribution funds. He asked when a list of those projects would be available. He also asked if those projects are currently in STIP - and, if not, when they would go into STIP.

[2:37:30 PM](#)

MS. KEITH said that list of projects is available now. Awards are forecasted at \$935 million - one of the highest in the past

four years. She corrected an earlier statement regarding projects currently bidding and what has been awarded for FY 2025. \$189 million has been awarded. \$170 million is intended for Construction Manager General Contractor (CMGC) projects. She noted that, while CMGC projects are moving forward, they will not be advertised. Advertised projects will amount to an estimated \$575 million. She indicated that DOTPF is aware of concerns and expressed confidence in the FY 2025 program. She said that additional information could be provided, and this issue would be discussed further in an upcoming meeting. She acknowledged challenges related to project delivery and emphasized that DOTPF must be vigilant to ensure projects go out as intended. She noted that these projects are in STIP and in the Aviation Capital Improvement Program (ACIP).

[2:39:24 PM](#)

CHAIR BJORKMAN reiterated his understanding that for the first quarter of FY 2025, contractors have seen roughly \$93 million in awards. He noted DOTPF's intentions but opined that the industry is more concerned with actions. He indicated that he would like to see a project list and information about whether the projects are currently in STIP or in an upcoming STIP amendment. He asked when DOTPF intends to file and submit STIP Amendment 2.

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MS. KEITH replied that STIP Amendment 2 would likely go out for public comment within the week and briefly explained the process. She said that the majority of 2025 construction projects are currently in STIP, though some of the values will be increased due to increased estimates and other changes. She reiterated that the projects for FY 2025 are included in DOTPF's planning documents.

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SENATOR KIEHL asked for clarification regarding the awards and bid estimates.

[2:41:46 PM](#)

MS. KEITH clarified that the total for advertised projects is \$575 million and all other amounts are in addition to this. Total awards for FY 2025 are expected to be \$935 million - and this amount includes projects to be advertised, projects awarded and currently being advertised, and projects that will not be advertised (i.e. CMGC projects).

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SENATOR KIEHL noted that the process is challenging, as many things need to be coordinated. He said that a timeline of the process would provide greater understanding.

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MS. KEITH affirmed the challenges. She stated that the payments received for FY 2025 contracts have not decreased. Some of the contract awards are for multi-year projects and will therefore impact upcoming years. FY 2025 includes project payments for the continuation of multi-year projects. She noted that payments for upcoming projects are reported separately from those that impact the current year.

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SENATOR KIEHL asked for clarification about the payments that are expected for FY 2025. He asked whether these are for work yet to be done or work that has been completed.

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MS. KEITH clarified that these payments are for work completed in 2025. She added that DOTPF has paid \$250 million to contractors for 2025 - which is more than one quarter of the program (which is currently in the off-season). She said 430 payments (roughly half of the total construction contractor payments and amounting to \$91 million) are from previously awarded contracts (i.e. the current work is from multi-year contracts).

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SENATOR KIEHL noted that the contracting community is concerned that newly trained individuals will seek work outside of the state and opined that the information provided by DOTPF reinforces these serious concerns.

[2:46:11 PM](#)

MS. KEITH advanced to slide 12, Federal Transit Administration Apportionments FFY 2025. Slide 12 contains data to show the percent of FTA funds allocated to projects across the state (pie chart) and contains a bar graph showing the FTA FFY 2025 formula fund apportionment (\$ in millions). She noted that, outside of the Alaska Marine Highway System (AMHS), FTA funds (which are primarily operational funds) are not directly related to the construction program. She briefly explained the different sections, the section's purpose and where (i.e. which project) each fund is directed. She noted that the "State of Good Repair" funds go to the railroad, as they are for fixed guideway transportation systems.

[2:48:02 PM](#)

MS. KEITH advanced to slide 13, Federal Transit Administration Apportionments FFY2025. Slide 13 contains a chart titled, "Section 5337 State of Good Repair for the Alaska Railroad (ARRC) FFY25 Apportionment" and another titled, "Section 5307 Urbanized Area for Transit and Alaska Railroad (ARRC) FFY25 Apportionment." In addition, the Anchorage area split (32 percent Municipality of Anchorage (MOA) transit and 68 percent ARRC) is shown. She noted the nuance of this funding source and briefly explained how the funds are divided. She added that the funds are included in STIP; however, they are given directly to the recipients and are not programmed by DOTPF.

[2:49:07 PM](#)

MS. KEITH advanced to slide 14, Accelerating Transportation Infrastructure Through Proactive Funding. She said that this shows discretionary grants over the last 3 years. DOTPF applied for 106 grants and was awarded 38, for \$910.2 million in federal funding. She noted that these are competitive grant programs that can be challenging for Alaska. 15 applications are awaiting response, totally approximately \$350 million.

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MS. KEITH advanced to slide 15, Grant Awards and Match requirements, FFY 2022 to date. Slide 15 contains a chart displaying federal funds available, funds awarded, and match required. The total amount for grants awarded is \$910 million. The total match required is \$295.7 million. She said that DOTPF will continue to strategically pursue these grant opportunities. She briefly discussed the grant application process and said that each round of applications provides more experience. While Alaska has not been successful in obtaining large grant awards, DOTPF continues to apply yearly. She noted a \$57.6 million grant, which includes a \$25 million grant for Alaska highway in Yukon, Canada. This is made possible by a Shakwak agreement that allows federal funds to be spent in Canada. She noted that MARAD grants are difficult to obtain and briefly discussed this process, providing examples. She said that receiving federal grants for specific projects frees up funding for other projects.

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SENATOR KIEHL noted that the Shakwak agreement may sound confusing to those who are unfamiliar with it and offered context. He explained that when the Alaska-Canada (ALCAN) highway was built, the United States agreed to maintain it. He

added that no maintenance has been done for a long time and thanked DOTPF for creating a conduit for the United States to uphold this agreement. He added that this ensures safe passage for both goods and individuals and opined that this is the right thing to do.

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CHAIR BJORKMAN asked how much of the \$910 million in grant awards has been spent.

[2:54:19 PM](#)

MS. KEITH said she would get back to the committee with this information.

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CHAIR BJORKMAN noted the potential risks of grant funding at a time when federal funding may be lost. He wondered how this impacts projects.

[2:55:03 PM](#)

MS. KEITH agreed that this is possible for existing grant agreements to lose funding prior to construction. She said that DOTPF will continue to monitor this and will inform communities of any changes. She noted that communities have reached out about this issue. She said that grant agreements can take two or more years to get into place; therefore, DOTPF has not obligated a high percentage of this funding.

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CHAIR BJORKMAN asked if DOTPF has developed a plan to communicate with federal partners and the administration about the impact of steel and aluminum tariffs on Alaska's ability to build and maintain roads and bridges.

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[2:56:12 PM](#)

MS. KEITH said DOTPF works with Alaska's congressional delegation on similar issues (e.g. "buy America" provisions) and surmised that the tariffs would also be discussed as more information is available.

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MR. PANNONE noted that DOTPF is required to buy American steel. He added that DOTPF would continue to monitor for information regarding the impact tariffs might have.

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SENATOR TOBIN echoed concerns that previously signed grant agreements could lose funding. She directed attention to the ALCAN highway and emphasized the importance of recognizing the Black regiments (US Army) that worked to build the highway. She connected this to the Fairview neighborhood in Anchorage and the harm caused by a highway that bifurcated this neighborhood. She stated that the Reconnecting Communities grant was one way the federal government acknowledged this harm and began the work of community reunification. She noted that this was a two-year process. She expressed hope that DOTPF would continue to advocate for the importance of public trust and honoring the commitments made to Alaskans - while elevating the Fairview community - in conversations with Alaska's congressional delegation.

[2:58:01 PM](#)

MS. KEITH expressed appreciation for Senator Tobin's comments and acknowledged that a change in administration can cause funding disruptions. She stated that DOTPF would continue to work with the community of Fairview to develop a path forward.

[2:58:23 PM](#)

MS. KEITH advanced to slide 16:

[Original punctuation provided.]

DISCRETIONARY GRANT PROGRAMS

USDOT-OFFICE OF THE SECRETARY

- Multimodal Project Discretionary Grants: Mega, INFRA, and Rural
- RAISE: Rebuilding America's Infrastructure with Sustainability and Equity
- Safe Streets and Roads for All (SS4A)
- SMART: Strengthening Mobility and Revolutionizing Transportation Grant
- National Culvert Removal Replacement and Restoration

FHWA

- Accelerated Innovation Deployment Demonstration Funding
- ATTAIN: Advanced Transportation Technology and Innovation
- Bridge Improvement Program: Large, Small, and Planning

- Charging and Fueling Infrastructure
- Promoting Resilient Operations for Transformative, Efficient, and Cost saving Transportation Program (PROTECT)
- Reconnecting Communities; Neighborhood Access and Equity
- Thriving Communities Regional Pilot Program
- Wildlife Crossings

[2:58:50 PM](#)

MS. KIETH advanced to slide 17 and noted that FTA grants have been responsible in large part for the influx of capital to the AMHS:

[Original punctuation provided.]

DISCRETIONARY GRANT PROGRAMS

FEDERAL TRANSIT ADMINISTRATION (FTA)

- Advanced Digital Construction Management Systems
- Innovative Coordinated Access & Mobility
- Electric or Low Emitting Ferry Pilot Program
- Areas of Persistent Poverty Program
- Pilot Program for Transit-Oriented Development Planning
- Ferry Service for Rural Communities

MARITIME ADMINISTRATION (MARAD)

- Port Infrastructure Development Program (PIDP) Grants
- Small Shipyard Grants
- United States Marine Highway Program

[2:59:06 PM](#)

MS. KEITH advanced to slide 18 and discussed sustainable aviation fuel. Slide 18 contains images and a brief discussion of resource byproducts (e.g. beetle-killed forests and fishing industry byproducts) that can be used to make sustainable aviation fuel and the associated benefits. She said that DOTPF has received a grant through the FAA's Fueling Aviation's Sustainable Transition (FAST) program (Tier 1 Grant FFY 2024: \$305,889). She noted that this is currently in the executive order to support Alaska's energy economy and Governor Dunleavy is an advocate of energy independence through biofuels. Sustainable aviation fuel is a global mandate for airlines

traveling through the European Union. DOTPF is working to provide sustainable aviation fuel at the Ted Stevens International Airport.

[3:00:34 PM](#)

MS. KEITH advanced to slide 19:

[Original punctuation provided.]

STRENGTHENING MOBILITY AND REVOLUTIONIZING
TRANSPORTATION SMART GRANT: STAGE ONE AND TWO

Alaska Rural Remote Operations Workplan (ARROW)
Scalable Operations with Advanced Remote Technologies
(SOAR)

Alaska Rural Remote Operations Workplan - Stage 1
Project Delivery: 18 Months
State Match: \$0
Award: \$1.9 Million

Scalable Operations with Advanced Remote Technologies
- Stage 2
Project Delivery: 36 Months
State Match: \$0
Award: \$12.4 Million

Project Summary: Leveraging advanced Unmanned Aircraft Systems and drone dock technologies to enhance infrastructure inspections, disaster response, and Beyond Visual Line of Sight (BVLOS) operations, addressing safety, resiliency, and accessibility in remote communities. The initiative supports Rural Alaska by partnering with Alaska Native and Rural Villages to gather situational awareness data on snow, ice, and trails while creating scalable, sustainable models.

MS. KEITH said that this was awarded as a construction opportunity and would be implemented in the Bethel area. Residents will be trained in drone operations and will learn how drones can be used to support remote communities.

[3:01:16 PM](#)

MS. KEITH advanced to slide 20, Congressionally Directed Spending (CDS). Slide 20 lists 8 statewide projects and awards for FFY2022-2024, totaling \$48,100,279. She said CDS for

airports and highways pass through DOTPF before being dispersed to communities.

[3:02:00 PM](#)

MS. KEITH advanced to slide 21, Accelerating Project Delivery Agile Project Management Office (PMO). Slide 21 includes infographics illustrating agile project management. She stated that PMO is one way that DOTPF is working to ensure that project delivery remains on schedule. Agile project delivery in multi-modal transportation utilizes various technologies to streamline processes and increase community engagement. This is part of the National Cooperative Highway Research Program and DOTPF received a grant of \$350,000.

[3:03:04 PM](#)

CHAIR BJORKMAN expressed appreciation for these efforts. He opined that there is a great deal of interest in PMO and how agile project management will be utilized - and what the impacts may be. He noted concerns related to having a point of contact to address issues. He said he is interested in learning more about this.

[3:03:58 PM](#)

MS. KEITH expressed a willingness to discuss this further. She stated that cost escalations require a faster pace within a shorter timeframe for planning and preconstruction. Agile project management allows for greater depth and focus while also decreasing costs.

[3:04:59 PM](#)

CHAIR BJORKMAN asked for more specific information about PMO and how it functions.

[3:05:07 PM](#)

MS. KEITH offered to respond both verbally and in writing. she explained that PMO has a director-level position that reports to the Deputy Director. In addition, there are three dedicated full-time staff. There is a possibility for future departmental shifts to develop and expand the program.

[3:06:00 PM](#)

CHAIR BJORKMAN requested additional information (e.g. names and office function) in writing. He returned the discussion to discretionary grants and asked whether projects not included in STIP are eligible for discretionary grants.

[3:06:17 PM](#)

MS. KEITH said that projects that are not in STIP may apply; however, once Title 23 or Title 49 grants are awarded, they must be included in STIP. She briefly explained the grant award process.

[3:07:18 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Transportation Standing Committee meeting at 3:07 p.m.