

# COMMITTEE MEETING:

OVERVIEW ON  
DOT with

COMMISSIONER  
GUTIERREZ  
1-28-87

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

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May, 1988

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Mary Van Nimwegen

*House Transportation:*

*1/28/87*

# Alaska State Legislature



## House of Representatives

### Committee on Transportation

Rep. Bette Cato, Chairman

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4858

JANUARY 28, 1987

INSIDE YOUR FOLDERS ARE:

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- \* Department of Transportation and Public Safety Operating Budget and Operating Budget Summary prepared by the Governor's Office
  - \* DOT/PF Operating Budget Comparison and Narrative Overview prepared by DOT
  - \* An Overview of Questions asked by House Finance Committee Members during a presentation by the Department of Transportation

\* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	TRANSPORTATION						
	OFFICE OF THE COMMISSIONER						
2	COMMISSIONER'S OFFICE	641.6	575.8	536.9	504.1	-32.8	-6.1%
4	STATEWIDE DEPUTY COMMISSIONER	779.0	242.7	218.5	207.9	-10.6	-4.9%
6	EQUAL EMPLOYMENT & CIVIL RIGHT		704.1	704.1	681.7	-22.4	-3.2%
8	INTL ARPT REVENUE CNTRL OFFICE				228.5	228.5	100.0%
10	DATA AND WORD PROCESSING	8.3					
12	INTERNAL REVIEW	679.5	842.5	842.5	842.5		
	*** PROGRAM TOTAL ***	2108.4	2365.1	2302.0	2464.7	162.7	7.1%
	STATEWIDE MANAGEMENT & FINANCE						
16	MANAGEMENT AND FINANCE	2102.7	2124.6	2124.6	2456.6	332.0	15.6%
18	DATA AND WORD PROCESSING	72.7					
20	STATE EQUIPMENT FLEET	304.6	441.0	441.0	756.5	315.5	71.5%
	*** PROGRAM TOTAL ***	2480.0	2565.6	2565.6	3213.1	647.5	25.2%
	STATEWIDE INFORMATION SYSTEMS						
24	INFORMATION SYSTEMS	2435.4	2167.8	1911.8	1911.8		
	STATE PLANS, PROGRAMS & BUDGET						
28	PLANS, PROGRAMS & BUDGET	1769.8	1846.2	1669.3	1673.1	3.8	0.2%
30	STATEWIDE AVIATION PLANNING	274.9	250.5	245.8	245.8		
32	DATA AND WORD PROCESSING	98.4					
34	UNBUDGETED RSA'S HPR/IARF	823.3					
	*** PROGRAM TOTAL ***	2966.4	2096.7	1915.1	1918.9	3.8	0.2%
	STATEWIDE RESEARCH						
38	STATEWIDE RESEARCH	964.3	774.9	711.2	746.2	35.0	4.9%
	STATEWIDE ENG & OPS STANDARDS						
42	ENG & OPS STANDARDS	2453.0	2286.0	2050.7	1741.7	-309.0	-15.1%
44	DATA AND WORD PROCESSING	15.6					
46	CIP PROGRAM	2657.4	3497.5	3497.5	3754.8	257.3	7.4%
48	UNBUDGETED RSA'S	69.7					
	*** PROGRAM TOTAL ***	5195.7	5783.5	5548.2	5496.5	-51.7	-0.9%
	CENTRAL REGION ADMIN SERVICES						
52	ADMINISTRATIVE SERVICES	2073.9	1710.1	1618.7	1618.7		
54	STATE EQUIPMENT FLEET	5814.5	6132.1	6132.1	6116.7	-15.4	-0.3%
56	DATA AND WORD PROCESSING	20.7					
58	AIRPORT LEASING	328.2	271.2	271.2	391.9	120.7	44.5%
	*** PROGRAM TOTAL ***	8237.3	8113.4	8022.0	8127.3	105.3	1.3%
	CENTRAL REGION PLANNING						
62	PLANNING	1516.4	1113.6	1046.1	963.8	-82.3	-7.9%
64	DATA AND WORD PROCESSING	8.5					
66	UNBUDGETED RSA'S	694.3					
	*** PROGRAM TOTAL ***	2219.2	1113.6	1046.1	963.8	-82.3	-7.9%
	CENTRAL REGION DESIGN & CONST.						
70	ENGINEERING MANAGEMENT	2166.2	5233.8	5140.4	4987.3	-153.1	-3.0%
72	DATA AND WORD PROCESSING	43.7					
74	CIP PROGRAM	20282.6	23139.0	23139.0	22850.2	-288.8	-1.2%

\* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT  
FORM  
PAGE

BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
*** PROGRAM TOTAL ***	22492.5	28372.8	28279.4	27837.5	-441.9	-1.6%
CENTRAL REGION MAINT. & OPER.						
78 HIGHWAYS AND AVIATION	28462.6	26956.5	21193.8	16989.4	-4204.4	-19.8%
80 TRAFFIC SIGNAL MANAGEMENT	826.0	1126.0	1126.0	1126.0		
82 FACILITIES	3429.0	3395.7	2927.7	2901.2	-26.5	-0.9%
84 ADMINISTRATION	1283.6	1155.3	996.5	864.4	-132.1	-13.3%
*** PROGRAM TOTAL ***	34001.2	32633.5	26244.0	21881.0	-4363.0	-16.6%
ANCHORAGE INT AIRPORT						
88 FIELD MAINTENANCE	2661.3	3090.0	3090.0	3068.9	-21.1	-0.7%
90 BUILDING MAINTENANCE	3483.1	3647.8	3647.8	4140.4	492.6	13.5%
92 SECURITY	3879.5	4063.0	4063.0	4326.0	263.0	6.5%
94 CUSTODIAL	2797.6	3272.2	3272.2	3204.9	-67.3	-2.1%
96 EQUIPMENT MAINTENANCE	1275.8	1319.5	1319.5	1319.5		
98 ADMINISTRATION	3224.7	3661.7	3661.7	3989.6	327.9	9.0%
100 DATA AND WORD PROCESSING	1.5	60.8	60.8	60.8		
*** PROGRAM TOTAL ***	17323.5	19115.0	19115.0	20110.1	995.1	5.7%
NORTH REGION ADMIN. SERVICES						
104 INTERIOR DIS. ADMIN. SERVICES	2044.7	1672.8	1672.8	1540.4	-132.4	-7.9%
106 WESTERN DIS. ADMIN. SERVICES	344.5	337.0	188.1	164.1	-24.0	-12.8%
108 SOUTHCENTRAL DIS. ADMIN. SVCS	403.1	345.6	195.6	195.6		
110 DATA AND WORD PROCESSING	33.2	38.5	32.7	32.7		
112 INTERIOR DIS STATE EQUIP FLEET	6730.8	7008.6	7008.6	7008.6		
114 WESTERN STATE EQUIP. FLEET	871.3	935.2	935.2	963.2	28.0	3.0%
116 SC DISTRICT STATE EQUIP. FLEET	2141.6	2328.3	2328.3	2300.3	-28.0	-1.2%
118 AIRPORT LEASING/PROPERTY MGMT				337.8	337.8	100.0%
*** PROGRAM TOTAL ***	12569.2	12666.0	12361.3	12542.7	181.4	1.5%
NORTHERN REGION PLANNING						
122 PLANNING	1197.1	975.6	975.6	951.1	-24.5	-2.5%
124 UNBUDGETED RSA'S, ... R P.R. SUS	327.8					
*** PROGRAM TOTAL ***	1524.9	975.6	975.6	951.1	-24.5	-2.5%
NORTHERN REGION DESIGN & CONST						
128 ENGINEERING MANAGEMENT	2382.1	2967.9	2857.6	2848.3	-9.3	-0.3%
130 DATA AND WORD PROCESSING	105.5					
132 CIP PROGRAM	18732.8	21133.4	21133.4	21022.5	-110.9	-0.5%
*** PROGRAM TOTAL ***	21220.4	24101.3	23991.0	23870.8	-120.2	-0.5%
INTERIOR DISTRICT MAINT & OPER						
136 HIGHWAYS AND AVIATION	23069.1	21060.5	16853.1	14947.3	-1905.8	-11.3%
138 FACILITIES	4709.4	4482.2	3877.4	3654.4	-223.0	-5.8%
140 ADMINISTRATION	1107.1	763.2	763.2	589.0	-174.2	-22.8%
*** PROGRAM TOTAL ***	28885.6	26305.9	21493.7	19190.7	-2303.0	-10.7%
WESTERN DISTRICT MAINT & OPER						
144 HIGHWAYS AND AVIATION	4122.0	3893.6	3007.6	2695.9	-311.7	-10.4%
146 FACILITIES	670.7	661.0	574.8	574.8		
148 ADMINISTRATION	306.7	159.5	135.6	135.6		
*** PROGRAM TOTAL ***	5099.4	4714.1	3718.0	3406.3	-311.7	-8.4%
SOUTHCENTRAL DISTRICT M & O						

## \* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - COMPARISON	87 REV
152	HIGHWAYS AND AVIATION	6728.6	6413.1	5046.5	4048.4	-998.1	-19.8%
154	FACILITIES	1719.9	1930.2	1742.4	1692.0	-50.4	-2.9%
156	ADMINISTRATION	431.8	329.1	279.7	279.7		
	*** PROGRAM TOTAL ***	8880.3	8672.4	7068.6	6020.1	-1048.5	-14.8%
	FAIRBANKS INT AIRPORT						
160	FIELD MAINTENANCE	1306.4	1694.1	1694.1	1584.1	-110.0	-6.5%
162	BUILDING MAINTENANCE	1225.5	1432.3	1432.3	1382.3	-50.0	-3.5%
164	SECURITY	2736.8	2717.9	2717.9	3032.8	314.9	11.6%
166	CUSTODIAL	619.4	683.1	683.1	658.1	-25.0	-3.7%
168	ADMINISTRATION	1049.5	1367.8	1367.8	1417.8	50.0	3.7%
	*** PROGRAM TOTAL ***	6937.6	7895.2	7895.2	8075.1	179.9	2.3%
	S.E. REGION ADMIN. SERVICES						
172	ADMINISTRATIVE SERVICES	1313.0	1039.8	898.1	953.1	55.0	6.1%
174	DATA AND WORD PROCESSING	9.8					
176	STATE EQUIPMENT FLEET	1740.0	2015.4	2015.4	1660.6	-354.8	-17.6%
	*** PROGRAM TOTAL ***	3062.8	3055.2	2913.5	2613.7	-299.8	-10.3%
	SOUTHEAST REGION PLANNING						
180	PLANNING	547.5	376.8	345.3	365.3	20.0	5.8%
182	DATA AND WORD PROCESSING	10.6					
	*** PROGRAM TOTAL ***	558.1	376.8	345.3	365.3	20.0	5.8%
	SOUTHEAST REGION DES. & CONST.						
186	ENGINEERING MANAGEMENT	1246.5	1322.4	1245.9	4012.8	2766.9	222.1%
188	DATA AND WORD PROCESSING	63.6					
190	CIP PROGRAM	8087.0	8671.2	8671.2	5833.1	-2838.1	-32.7%
192	UNBUDGETED RSA'S SCH SUR/DSGN	2.2					
	*** PROGRAM TOTAL ***	9399.3	9993.6	9917.1	9845.9	-71.2	-0.7%
	SOUTHEAST REGION M & O						
196	HIGHWAYS & AVIATION	7996.5	7611.8	6305.6	4339.6	-1966.0	-31.2%
198	FACILITIES	4890.2	4608.7	3872.4	3726.9	-145.5	-3.8%
200	ADMINISTRATION	393.1	392.6	326.2	324.7	-1.5	-0.5%
	*** PROGRAM TOTAL ***	13279.8	12613.1	10504.2	8391.2	-2113.0	-20.1%
	MARINE ADMINISTRATION						
204	ADMINISTRATION	2405.4	2226.7	2226.7	2331.7	105.0	4.7%
206	DATA AND WORD PROCESSING	46.8					
	*** PROGRAM TOTAL ***	2452.2	2226.7	2226.7	2331.7	105.0	4.7%
	MARINE FACILITIES ENGINEERING						
210	MANAGEMENT	393.5	433.0	433.0	433.0		
212	CIP	970.8	1341.5	1341.5	1393.1	51.6	3.8%
	*** PROGRAM TOTAL ***	1364.3	1774.5	1774.5	1826.1	51.6	2.9%
	MARINE MARKETING AND SERVICES						
216	MARKETING MANAGEMENT	1410.2	1363.2	1363.2	2271.2	908.0	66.6%
218	SOUTHEAST SHORE FACILITIES	2389.8	2712.9	2712.9	2359.6	-353.3	-13.0%
220	SOUTHWEST SHORE FACILITIES	650.6	678.2	678.2	468.0	-210.2	-31.0%
222	DATA AND WORD PROCESSING	258.7					
	*** PROGRAM TOTAL ***	4709.3	4754.3	4754.3	5098.8	344.5	7.2%
	MARINE OPERATIONS						

\* \* \* \* \* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \* \* \* \* \*

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
226	MANAGEMENT	820.2	1047.8	1047.8	1201.1	153.3	14.6%
228	SOUTHEAST VESSEL OPER/OVERHAUL	47337.4	44267.1	44267.1	36571.2	-7695.9	-17.4%
230	SOUTHWEST VESSEL OPER/OVERHAUL	9416.0	9315.6	9315.6	8041.6	-1274.0	-13.7%
	*** PROGRAM TOTAL ***	57573.6	54630.5	54630.5	45813.9	-8816.6	-16.1%
232	RETIREMENT INCENTIVE PROGRAM				1143.3	1143.3	100.0%
	*** TRANSPORTATION TOTAL ***	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	***** TOTAL AGENCY EXPENDITURES	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	***** AGENCY FUNDING						
	FED RCPTS	3058.4	3697.6	3697.6	3697.6		
	GEN FUND	176161.1	161446.1	143380.6	120972.0	-22408.6	-15.6%
	OTHER FUNDS	98721.2	114713.4	115151.7	121488.0	6336.3	5.5%

13	* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *				13
14	* * * * *			* * * * *	14
15	STATEWIDE PROGRAMS		15,751,200	7,747,700	8,003,500 15
16	OFFICE OF THE COMMISSIONER				16
17	COMMISSIONER'S OFFICE (6 POSITIONS)		504,100		17
18	STATEWIDE DEPUTY COMMISSIONER (4 POSITIONS)		207,900		18
19	EQUAL EMPLOYMENT AND CIVIL RIGHTS (12 POSITIONS)		681,700		19
20	INTERNATIONAL AIRPORT REVENUE FUND CONTROLLER'S OFFICE (4 POSITIONS)		228,500		20
21	INTERNAL REVIEW (14 POSITIONS)		842,500		21
22	STATEWIDE MANAGEMENT AND FINANCE				22
23	MANAGEMENT AND FINANCE (42 POSITIONS)		2,456,600		23
24	STATE EQUIPMENT FLEET (9 POSITIONS)		756,500		24
25	STATEWIDE INFORMATION SYSTEMS				25
26	INFORMATION SYSTEMS (31 POSITIONS)		1,911,800		26

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1		
2			ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES	2	
3					GENERAL FUND	OTHER FUNDS	3
4	STATEWIDE PLANS, PROGRAMS, AND BUDGET						4
5	PLANS, PROGRAMS AND BUDGET (31 POSITIONS)	1,673,100					5
6	STATEWIDE AVIATION PLANNING (4 POSITIONS)	245,800					6
7	STATEWIDE RESEARCH						7
8	STATEWIDE RESEARCH (12 POSITIONS)	746,200					8
9	STATEWIDE ENGINEERING AND OPERATIONS STANDARDS						9
10	ENGINEERING AND OPERATIONS STANDARDS (28 POSITIONS)	1,741,700					10
11	CIP PROGRAM (58 POSITIONS)	3,754,800					11
12	CENTRAL REGION PROGRAMS			58,809,600	24,627,300	34,182,300	12
13	CENTRAL REGION ADMINISTRATIVE SERVICES						13
14	ADMINISTRATIVE SERVICES (36 POSITIONS)	1,618,700					14
15	STATE EQUIPMENT FLEET (58 POSITIONS)	6,116,700					15
16	AIRPORT LEASING (7 POSITIONS)	391,900					16
17	CENTRAL REGION PLANNING						17
18	PLANNING (18 POSITIONS)	963,800					18
19	CENTRAL REGION DESIGN AND CONSTRUCTION						19
20	ENGINEERING MANAGEMENT (75 POSITIONS)	4,987,300					20
21	CIP PROGRAM (521 POSITIONS)	22,850,200					21
22	CENTRAL REGION MAINTENANCE AND OPERATIONS						22
23	HIGHWAYS AND AVIATION (241 POSITIONS)	16,989,400					23
24	TRAFFIC SIGNAL MANAGEMENT	1,126,000					24
25	FACILITIES (26 POSITIONS)	2,901,200					25
26	ADMINISTRATION (18 POSITIONS)	864,400					26
27	ANCHORAGE INTERNATIONAL AIRPORT			20,110,100		20,110,100	27

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	FIELD MAINTENANCE (50 POSITIONS)	3,068,900			
5	BUILDING MAINTENANCE (49 POSITIONS)	4,140,400			
6	SECURITY (79 POSITIONS)	4,326,000			
7	CUSTODIAL (69 POSITIONS)	3,204,900			
8	EQUIPMENT MAINTENANCE (15 POSITIONS)	1,319,500			
9	ADMINISTRATION (24 POSITIONS)	3,989,600			
10	DATA AND WORD PROCESSING	60,800			
11	NORTHERN REGION PROGRAMS		65,981,700	26,832,200	39,149,500
12	NORTHERN REGION ADMINISTRATIVE SERVICES				
13	INTERIOR DISTRICT ADMINISTRATIVE SERVICES (30 POSITIONS)	1,540,400			
14	WESTERN DISTRICT ADMINISTRATIVE SERVICES (3 POSITIONS)	164,100			
15	SOUTHCENTRAL DISTRICT ADMINISTRATIVE SERVICES (7 POSITIONS)	195,600			
16	DATA AND WORD PROCESSING	32,700			
17	INTERIOR DISTRICT STATE EQUIPMENT FLEET (56 POSITIONS)	7,008,600			
18	WESTERN DISTRICT STATE EQUIPMENT FLEET (9 POSITIONS)	963,200			
19	SOUTHCENTRAL DISTRICT STATE EQUIPMENT FLEET (21 POSITIONS)	2,300,300			
20	AIRPORT LEASING AND PROPERTY MANAGEMENT (5 POSITIONS)	337,800			
21	NORTHERN REGION PLANNING				
22	PLANNING (16 POSITIONS)	951,100			
23	NORTHERN REGION DESIGN AND CONSTRUCTION				
24	ENGINEERING MANAGEMENT (38 POSITIONS)	2,848,300			

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	CIP PROGRAM (484 POSITIONS)	21,022,500			
5	INTERIOR DISTRICT MAINTENANCE AND OPERATIONS				
6	HIGHWAYS AND AVIATION (174 POSITIONS)	14,947,300			
7	FACILITIES (25 POSITIONS)	3,654,400			
8	ADMINISTRATION (7 POSITIONS)	589,000			
9	WESTERN DISTRICT MAINTENANCE AND OPERATIONS				
10	HIGHWAYS AND AVIATION (30 POSITIONS)	2,695,900			
11	FACILITIES (5 POSITIONS)	574,800			
12	ADMINISTRATION (2 POSITIONS)	135,600			
13	SOUTHCENTRAL DISTRICT MAINTENANCE AND OPERATION				
14	HIGHWAYS AND AVIATION (57 POSITIONS)	4,048,400			
15	FACILITIES (16 POSITIONS)	1,692,000			
16	ADMINISTRATION (6 POSITIONS)	279,700			
17	FAIRBANKS INTERNATIONAL AIRPORT		8,075,100		8,075,100
18	FIELD MAINTENANCE (17 POSITIONS)	1,584,100			
19	BUILDING MAINTENANCE (8 POSITIONS)	1,382,300			
20	SECURITY (43 POSITIONS)	3,032,800			
21	CUSTODIAL (13 POSITIONS)	658,100			
22	ADMINISTRATION (12 POSITIONS)	1,417,800			
23	SOUTHEAST REGION PROGRAMS		21,216,100	10,228,300	10,987,300
24	SOUTHEAST REGION ADMINISTRATIVE SERVICES				
25	ADMINISTRATIVE SERVICES (22 POSITIONS)	953,100			
26	STATE EQUIPMENT FLEET (15 POSITIONS)	1,660,600			

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			ALLOCATION	APPROPRIATION	APPROPRIATION FUND SOURCES
3			ITEMS	GENERAL FUND	OTHER FUNDS
4	SOUTHEAST REGION PLANNING				4
5	PLANNING (5 POSITIONS)	365,300			5
6	SOUTHEAST REGION DESIGN AND CONSTRUCTION				6
7	ENGINEERING MANAGEMENT (67 POSITIONS)	4,012,800			7
8	CIP PROGRAM (118 POSITIONS)	5,833,100			8
9	SOUTHEAST REGION MAINTENANCE AND OPERATION				9
10	HIGHWAYS AND AVIATION (55 POSITIONS)	4,339,600			10
11	FACILITIES (26 POSITIONS)	3,726,900			11
12	ADMINISTRATION (6 POSITIONS)	324,700			12
13	ALASKA MARINE HIGHWAY SYSTEM		55,070,500	51,026,800	4,043,700
14	MARINE ADMINISTRATION				14
15	ADMINISTRATION (46 POSITIONS)	2,331,700			15
16	MARINE FACILITIES ENGINEERING				16
17	MANAGEMENT (5 POSITIONS)	433,000			17
18	CIP PROGRAM (22 POSITIONS)	1,393,100			18
19	MARINE MARKETING AND SERVICES				19
20	MARKETING MANAGEMENT (32 POSITIONS)	2,271,200			20
21	SOUTHEAST SHORE FACILITIES (38 POSITIONS)	2,359,600			21
22	SOUTHWEST SHORE FACILITIES (5 POSITIONS)	468,000			22
23	MARINE OPERATIONS				23
24	MANAGEMENT (16 POSITIONS)	1,201,100			24
25	SOUTHEAST VESSEL OPERATIONS AND OVERHAUL (627 POSITIONS)	36,571,200			25
26	SOUTHWEST VESSEL OPERATIONS AND OVERHAUL (98 POSITIONS)	8,041,600			26

January 27, 1987

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES  
 OPERATING BUDGET COMPARISON  
 AND NARRATIVE OVERVIEW  
 FY86 AUTHORIZED - FY88 GOVERNOR'S REQUEST  
 (in millions)

Source of Funding	FY86 Authorized	FY87 Authorized	FY87 Revised	FY88 Governor's Request*	\$ Change FY87 Rev. to FY88
Gen. Fund	\$177.8	\$161.4	\$143.4	\$124.1	(\$19.3)
Other Funds	116.2	118.5	118.8	122.1	3.3
Dept. Totals	\$294.0	\$279.9	\$262.2	\$246.2	<\$16.0>
% G.F. Change From Previous Year	<0.4>%	<9.2>%	<11.2>%	<13.5>%	

\*Excludes \$5.2 million switch to user fees for Dalton Highway toll charges.

General fund decrements totalling \$21.1 million and one general fund increment for \$1.8 million for Marine Highways Risk Management increases have been accepted by the Governor. This is a net reduction of \$19.3 million for the Department of Transportation and Public Facilities (DOT&PF). This yields a 13.5% departmental reduction from the FY87 Revised general fund budget. Please note this includes a net reduction of approximately 14% for the Alaska Marine Highway System (AMHS) and a 13.1% cut for all remaining DOT&PF general funds.

In addition, it is proposed that \$5.2 million be changed from general funds to user fees to reflect operation of the Dalton Highway as a toll road. This would bring the general fund (GF) reduction to \$24.5 million, or 17.1% of the Department's FY87 Revised GF budget. However, since this proposal would require separate legislative action this funding change is being considered as a part of the proposal for new legislation rather than as a part of the Department's budget.

Excluding the AMHS, and the Dalton Toll proposal, a general fund reduction of 13.1% and \$11.0 million from the FY87 Revised GF level of \$84 million is proposed. This 13.1% reduction in FY88

would mean that units of the department other than AHMS have been reduced by 36.1% since the FY86 authorized GF budget.

A net reduction for the general fund portion must be viewed in light of the overall impact to revenue from cuts to the AMHS. The AMHS has a FY'87 general fund revised budget of approximately \$60 million and a subsidy level of about \$30 million. We have identified the impacts from reducing the subsidy level by about \$6 million, which results in a total reduction to the AMHS general fund budget of about \$8.4 million due to revenue cuts.

#### MAJOR HIGHLIGHTS

The following depicts the major impacts from adoption of these proposals:

- (1) Elimination of all state maintenance on nearly 1,600 miles of roads currently on the state maintenance system that are not considered the highest priority routes, or do not require minimal maintenance efforts due to investment of federal funds;
- (2) Elimination of all maintenance except for minimal safety repairs and physical highway protection (which adds a hidden cost for increased legal liability) for approximately 800 miles of highways that are not priority routes, but have federal investment requiring continued state efforts to protect this investment;
- (3) Reduction of maintenance funding by another 8% on the remaining 2900 miles of roads, which means a total reduction well in excess of 25% for maintenance and operation of these facilities in less than 18 months;
- (4) Elimination or reduction of airport maintenance by over 7%, with particular emphasis on daytime operations only and major reduction of winter maintenance at certain airports statewide;
- (5) Substantial reductions in Marine Highway service including unmanned layup of 6 vessels for a total of 29 months. This will affect at least 230 crew members. This leaves the Southeast system with no change to summer service, but only one mainline vessel and one feeder vessel for the other 8 months of the year, and the Southwest system with single vessel service for 6 months and no service for 2 months during the winter.
- (6) Institution of a toll or user fee charge of approximately \$500 per trip, per 18-wheeler for commercial use of the James Dalton Highway north of the Yukon River, which

may lead to eventual closure due to inability to recover adequate fees;

- (7) Elimination of maintenance for campgrounds, rest areas, turnouts and waysides, land fills, and litter pickup for state highways to preserve funds for essential M&O functions; and
- (8) Reductions in facilities maintenance including janitorial services for state buildings from 5 to 3 days per week, grounds-keeping, and clearing of snow and ice from sidewalks and parking areas.

#### HIGHWAY MAINTENANCE & OPERATIONS

The impact to highway M&O is particularly troublesome when viewed in a longer term context. Since 1980, DOT&PF's responsibilities have grown over 10%, while available real dollars have decreased by nearly 30% under the FY'87 revised budget.

To gain additional perspective, consider the likely effects of the FY'87 reductions already taken:

- (1) Little preventative maintenance anywhere on the system, which means little highway crack sealing, patching or resurfacing.
- (2) Traffic services such as snow plowing, striping, and pothole patching can only be performed on a priority basis, and roads to recreational areas and low traffic rural and suburban areas can be plowed only if time permits; and
- (3) Routine summer maintenance will have to be eliminated or drastically curtailed if extraordinary winter snow and ice conditions occur.

Following the M&O cuts in August 1986, it is no longer possible to cut further on the basis of a straight percentage decrease across the entire system. Instead, it has been necessary to structure further reductions on a programmatic basis by classifying the highway system as follows:

- (1) *Park Highway* Category I: Priority routes that provide the intrastate connecting system between the population and economic centers, airports, and major harbors, thereby covering Alaska's fundamental transportation links.
- (2) Category II: Routes where the state has invested sufficient federal funds to contractually bind us to provide a minimum level of maintenance to realize anticipated service life of the constructed improvements.

- (3) Category III: All other routes that the state currently has on the state maintenance system.

We have further differentiated the importance of state efforts for maintenance into eight groups. These are in increasing order of importance (1) snow and ice control on Category III roads within organized governmental units; (2) all activities on Category III roads within organized governmental units; (3) snow and ice control on Category II routes within organized governmental units; (4) snow and ice control for Category III routes outside governmental units; (5) snow and ice control on Category II roads outside governmental units; (6) all activities on Category III roads outside governmental units; (7) maintenance at 30% of historical levels for Category II roads within governmental units; and (8) maintenance at 30% of historical levels on Category II routes outside governmental units.

The basic assumption is that a currently organized governmental unit would be better able, and probably more likely, to assume maintenance responsibilities for routes within their boundaries than people outside of a governmental unit. Please note this may require legislative action to grant road powers in certain cases. This also recognizes that for many routes in rural areas there is not an identifiable user group to assume this responsibility. We have also assumed that while snow and ice control is important, it is less critical in the long run than basic life/safety and structural maintenance efforts, partially because of our agreement with the Federal Highway Administration (FHWA) to prevent highway deterioration.

While we tried to structure the decrements in increasing order of importance, and with as much individual selection as possible to allow decisions other than simply "take it or leave it," it is important to underscore the radical and severe nature of these proposals. First, these cuts have been prepared on top of other drastic cuts that we're currently managing, with cost data gaps regarding current performance. Second, there has been no public involvement to review and legitimize the methodology. Third, there may be administrative code and federal legal constraints hindering or preventing implementation of some of these proposals. Finally, there is probably a hidden cost of increased legal liability from implementing these proposals, which needs to be scrutinized.

#### AVIATION/BUILDING MAINTENANCE & OPERATIONS

The FY'87 aviation cuts have also severely curtailed preventative maintenance work, such as runway crack sealing and patching. Snow and ice removal may not always occur, depending on available manpower. Certified airports may not be open for all scheduled flights if safe operational conditions cannot be provided, or if overtime is not available to provide required crash/fire/rescue (CFR) services. Additional curtailment of routine summer maintenance efforts may also occur.

The proposed FY'88 decrements reduce these efforts further, and force more service elimination. Elimination of winter maintenance may force operators to perform their own snow control or to switch to a different airport. Reductions or elimination of CFR activities may restrict the types of aircraft now using certain runways. Specific impacts include the winter closure of Nome's North/South runway, and service reductions or eliminations at Barrow, Umiat, Northway, Bettles, Tanana, Unalakleet, Talkeetna, and Kotzebue. If significant cuts are pursued in the aviation M&O area, more work is needed to ensure an equitable level of service reductions statewide.

FY'87 reductions for building M&O have meant that efforts on heating and ventilation components have been limited to emergency repairs. Considerable deferred maintenance continues to accrue. Any FY'88 cuts would further exacerbate these problems.

#### ALASKA MARINE HIGHWAY SYSTEM

To date the AMHS has not incurred any substantial reductions in available general funds, although there have been service reductions to offset cost increases. Since the AMHS's portion of DOT&PF overall general fund budget is about 40%, it has become necessary to scrutinize all components carefully and to propose ways to achieve significant general fund reductions to accommodate your request.

Since the AMHS is a transportation entity that generates revenue, the true cost to the state is not the total general fund appropriation, but is the net general fund cost or subsidy. Accordingly, we have proposed three sets of decrements to reduce the net subsidy by about \$6 million for FY'88. Although we have not structured our proposal in this fashion, we believe serious consideration should be given to changing the current budget method to provide program receipt authority to expend generated revenues, along with the general fund subsidy needed to achieve the selected service level. This separation in funding would make it clearer to all concerned there is a revenue aspect to the AMHS.

The following depicts the specific impacts from reducing the subsidy level by \$6 million:

- (1) Reduce M/V MALASPINA service by four months. Reduce M/V Taku service by six months. Both vessels would be placed in unmanned layup. In combination with the already scheduled layup of the M/V COLUMBIA for six months and the overhaul periods for every ship, this will leave only one mainline vessel in service from Seattle or Prince Rupert to Skagway for eight months of the year. This will impact approximately 164 crew members during this period.

- (2) Reduce M/V AURORA service by four months resulting in single feeder vessel service in Southeast for eight months of the year versus the current four month period. The M/V CHILKAT would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.
- (3) Reduce M/V BARTLETT service by six months. The M/V TUSTUMENA will provide service for the entire Southwest system, resulting in general service reductions in the winter, particularly between Valdez and Cordova. There would be no service for two months during the winter.

There are several key assumptions under each scenario. The basic intent is to maximize service for Alaskans, at the expense of tourist business if necessary. Although no service or cost saving assumptions have been included for eliminating Seattle service since current data is inconclusive, we intend to continue reviewing this option as a means to improve service for Alaskans without increasing the subsidy. Another key assumption is that it would be more cost efficient to maintain the same level of summer service for the entire 1987 summer before instituting reductions. This is because of (1) the FY'87 budget authorizes initiation of this level; (2) these are the high revenue months; (3) we have already published our schedule and are accepting reservations; and (4) it would minimize the impact from implementing cuts immediately. If earlier implementation of service cuts is desired, we can analyze this further.

We have not made any assumptions regarding possible savings to minimize service cuts by fare increases. Further work is needed to ascertain what service level savings can be obtained without increasing the subsidy, although we believe there are some possibilities here. Finally, no assumptions have been made about further savings from negotiating wage and benefit concessions or

crew size reductions, or through major streamlining of the administrative side. Please also note there is an increment to fund additional risk management expenses not covered in the current base budget, which if not funded will cause a further reduction in service.

It is important to underscore that the proposed service cuts are not "set in concrete," but merely a general sense of what service levels would be by reducing the subsidy level by \$6 million. On the other hand, our current review of available data suggests that changes fairly close to these would be needed to obtain the targeted level of savings. The AMHS is a difficult entity to analyze correctly to achieve the savings we believe can be made, while preserving essential service levels. Any decision to achieve major subsidy reductions will require more work together to ensure we have a rational proposal.

## JAMES DALTON HIGHWAY

While the Dalton Highway remains an important transportation facility, we believe it is reasonable to consider covering all or some of the high annual M&O costs through a user fee or toll charge. This is not a new issue, as evidenced by the state's success in including the special provision in Sec. 1113 of the Alaska National Interest Lands Conservation Act, which allows the charging of tolls without facing an obligation to repay federal-aid highway money used to construct the road.

The primary user and beneficiary from continued operation are North Slope oil producers and Aleyska. While it can be argued that we'd be biting the hand that feeds us, and clearly there would be some reduction in tax receipts because of the additional costs, we know of no covenant or agreement requiring continuation of this support at our expense. The Department of Law has advised us that there may be some changes to state statutes needed prior to initiating this proposal.

The per mile M&O cost for the Dalton is higher by at least 70% than for any other major rural transportation route in Interior District. Further, it is worth noting that since state assumption of this responsibility in 1978, we have spent about \$50 million in state capital dollars to support this function. While it is conceivable that the net effect over time might be closure of the road because aviation and/or marine modes are selected as the more economical means for support of North Slope oil activities, we believe these are exactly the type of hard choices Alaskans are facing under declining revenues.

Outside of the hue and cry from the oil industry, the other major group negatively impacted would be the trucking industry, particularly owner-operators. We are sympathetic to this concern in light of currently depressed conditions, but ultimately the most cost efficient means of transporting goods must be used to maintain economic stability and growth in Alaska. One answer, which incidentally might also help address the general complaints about "unfair" competition from the Alaska Railroad Corporation (ARRC), would be an interim state assisted training program to relocate trucking industry people into other job opportunities. Another entity that would be negatively impacted if the Dalton closed would be the ARRC since they now haul a fair portion of this business to Fairbanks. It might be necessary to contact them to obtain an assessment of this impact.

A toll to recover the full charge of the department's maintenance and operations costs for the Dalton Highway would mean a charge of about \$500 per trip for an 18-wheeler. Our costs are estimated to be \$5.2 million annually, approximately \$4.3 million in Interior M & O's Highway and Aviation component and \$.9 million in the Facilities component. In addition, we have requested an increment for \$.4 million in user fees to cover the costs associated with collection of the toll charges (.3 million would be the

annual cost, plus a one time cost of moving and modifying the checkpoint facility). The proposed toll does not include the capital costs for resurfacing or major maintenance of this road.

#### ADMINISTRATION/PLANNING/DESIGN & CONSTRUCTION

During prior reduction reviews, considerable general funds reductions were obtained in these areas. A total of 30.5% of general funds have been cut in these areas between the FY'86 authorized and FY'87 revised budgets. For example, a considerable portion of the reductions made to achieve the FY'87 revised budget were in these areas, allowing AMHS and M&O cuts to be considerably less than otherwise would have been the case.

Our decrements do include some additional general fund cuts in the planning areas. Otherwise, we are not proposing any further cuts at this time. It appears that sizeable "fat" trimming has already occurred. There is also a potential problem of making reductions to the point that we face problems with the FHWA and Federal Aviation Administration as to whether we are maintaining sufficient state funded management and administration to continue qualifying for federal highway and aviation money. Finally, we do not want to propose any cuts in the administrative or accounting side at least until we have a better handle on the magnitude of those problems, and the level of resources needed to fix them.

One change in the transfer area warrants mention. We are proposing to raise the State Equipment Fleet (SEF) fixed fee rate from 51% of the budgeted FY'87 rate back to 72% of that rate. This rate was dropped as a one-time cost savings measure for FY'87, with an understanding that the rate would be re-instated to keep the Highway Working Capital Fund fiscally sound over the long term. It is our intention to maintain the 72% rate level for at least the next two years, and then reassess what, if any, additional adjustments are needed, particularly in light of possible reduced need for equipment due to other budget reductions. We project this increase will allow us to meet vehicle replacement demand, while maintaining a positive cash flow. This means increased fee costs of about \$1.8 million for DOT&PF, which represents about 85% of the SEF's business.

#### REORGANIZATION SAVINGS

The attached budget submission includes some adjustments for organizational changes that have already been made, including the deletion of a net 5 PX positions based on already taken personnel actions. While further general fund savings are anticipated through additional reorganization and streamlining of current operations, we are not prepared to present any further proposals at this time.

The Commissioner wants to assess the overall operations for a period of time to ensure we don't destroy valuable portions of the organization that are working well. It may be that some of these savings won't materialize until mid to late FY'88 or at the start of FY'89. Accordingly, we respectfully request an understanding that any savings in these areas will be given priority consideration for use to restore reduced or deferred DOT&PF M&O activity.

#### REVENUE GENERATION

One way to offset some of the impact of both the proposed FY'88 and actual FY'87 reductions is to generate more revenue through our proposal to increase the motor fuel tax from 8¢ to 16¢ per gallon. We estimate this will generate approximately \$20 million in additional revenue. We recommend using this increase to help local governments and communities to pay for the increased M&O costs for those roads and highways removed from the state maintenance system. There may be other ways to generate further receipts, such as airport landing and tie-down fees, to offset other reductions. We will continue to review these possibilities.

#### SUMMARY

DOT&PF provides the state with numerous, essential transportation services. There is no doubt that transportation serves a critical economic role in a state such as ours. We fear pursuing major cuts, particularly in highway and aviation M&O, will only exacerbate our current problems.

Accordingly, until we can develop some of these proposals more fully, including greater acceptance by local communities of many of these responsibilities, it is imperative that we carefully analyze adoption of the large reductions we have identified, and if possible, find other revenues to avoid drastic reductions.

OVERVIEW OF QUESTIONS ASKED BY HOUSE FINANCE COMMITTEE MEMBERS DURING A PRESENTATION BY THE DEPARTMENT OF TRANSPORTATION.

Tuesday, January 26 1987, Commissioner Gutierrez and staff for the Department of Transportation gave a budget presentation and overview to the House Finance Committee.

Attached please find the Department's proposed FY 88 budget from the Governor's office and an overview of the proposed budget changes and cuts.

Much of the information presented at this meeting is in the attached DOT overview report. Rather than be repetitive I felt it may be helpful to update you on some of the questions raised by House Finance Committee members at this meeting.

1. Why have such substantial cuts been made in the areas of M & O and to the Alaska Marine Highway System?

In 1985, major cuts were made in the areas such as management and design and construction. No cuts have been made in the AMHS and very minimal cuts, have been made in M & O during the previous few years budget cuts. Another point to consider is that when looking at the cuts made to AMHS these cuts reflect cuts from the 1987 "actual" figure and not the revised figures - therefore, the cut to AMHS is actually less than in other areas.

2. How did the department go about categorizing Class 1, 11 and 111 roads - were they categorized on a user basis?

No. The department felt that if roads were categorized on a user basis, heavily populated areas would have a great deal more Class 1 roads than rural areas. Several factors were taken into consideration including whether the road provides freight transportation needs (Valdez to Fairbanks), whether the road provides the only access to the area, how many people live in the area and numerous other factors were also taken into consideration. The department feels that this area is one that will need further consideration and will ask for community input and advice from local area DOT personnel to help prioritize the roads.

3. With the Capital Projects Cleanup, why can't we just get a computer print out of the total number of projects currently authorized? Then, compile a list of those projects that are physically under construction, complete these projects and start over again with all other projects so that are books and information would be correct and so that the problems with the Federal Government Highway on reimbursement of Federal dollars could be overcome? How long would it take to get this list?

*2 disputes  
titles will  
change*

*Alaska Marine  
Highway*

It would be possible to compile a list and have it available in a very short time, 3-5 days. The department feels this would be very inaccurate as the problem is with billings not being made to projects. Therefore, it would take some time to figure out what monies had not been billed to projects and get the paper path moving along. Also, some projects are in the planning and design phase, some are under construction, some have been completed and require outstanding bills to be logged in before the project can be closed out. Because of the methods used for billing to the projects and the way in which project tracking has been done, the department now finds that there are currently thousands of projects that are in question.

Because of the poor accounting system information requested on projects before 1985 is difficult to provide accurately. The older the project, the harder it becomes to provide accurate information.

As of 6/30/85, the capital projects clean up list identified each project and the status of the project. When the department changed over to the new state accounting system this information was not recorded. The department is currently working on correcting the problems that exist.

Mr. Bob Poe has been hired to head up this project and the department is currently working on:

1. Correcting the Federal billing system problem.

At the present time all bills submitted for Federal reimbursement receive a manual audit from the Feds before reimbursement is made. This is partly due to previous incorrect billings and also an inefficient system for compiling the bills.

The department is in the process of requesting proposals for putting in place a system that will adequately perform all FHWA billings. The contract should be awarded within 45 days and the system should be in place in 6 months.

2. The department is also bringing on board two C.P.A.'s to help set up and administer the new accounting system.

4. Is there statutory language changes required to turn the Dalton Highway into a toll road? Is there anything that prevents turning a road that received considerable Federal funds into a toll road?

Based on discussions with the Department of law, DOT believes it advisable to amend AS 19.40 to make it clear this arrangement would be legal, therefore yes, an amendment to the AS 19.40 would be required. The State of Alaska has a specific exemption from the requirements under Section 11.13 of the lands bill and relieves the state of any requirement to repay Federal monies used to build this road.

5. On the three tier maintenance program plan, is there some kind of legislation needed to establish a tier reduction program rather than the usual pro-rated reductions usually implemented?

The Department would like to investigate this further, As Mr. Hickey sees it now the statutes provide the Commissioner with a great deal of latitude to make these decisions. The department has administrative procedures in place as well as regulations which require the department to receive public input and recommendations however, at the present time it does not appear that anything legislative would be required.

This will need to be looked into further.

6. You refer to an increase in legal liability because of the reduced maintenance, could you explain further?

The Commissioner stated the department will have to state the level of service it will provide. He feels that if in fact, a road is open, there is a responsibility to provide a minimum level of maintenance on the road. The Commissioner is not sure what this level is and he feels the department will need to consult with the Attorney General's office for legal direction. However, he has raised the question and feels it must be addressed.

7. How will user fees on the Dalton Highway affect the lift axle? If the axle is on the truck would there be a toll for this axle? How is the department addressing the overall lift axle question?

In terms of the toll charge, if the axle were down and used for weight carrying purposes, it would be charged at the same level - \$100/axle.

As far as the question on regulations, the department has suspended implementation of the regulation to give the department and the legislature a chance to look at some of the issues. There is considerable controversy about some of the issues and, frankly, with the rapid change in economic conditions this issue may require rethinking on how to phase in a proposal. The department still has some basic concerns. There are a lot of concerns about the safety of using the lift axle, the test performed by the department would suggest they are a problem and many drivers have stated to the department in hearings that they are a problem.

Enforcement is a problem because they are used for weight purposes at the scale houses and then in order to avoid wear and tear they are not used. The department is looking at a new proposal that would allow for lift axles to continue under certain conditions such as Washington has just done. Steerable as opposed to fixed Certification from the manufacturer that they are properly gauged to carry the weight they are carrying Controls on the outside only The department is still looking into this but feels this type of proposal may be acceptable.

8. Do you envision the \$20 million revenue from doubling the motor fuel tax coming back to municipal governments through some sort of statutory shared taxes or how do you envision this? How does the \$20 million relate to the actual cost of maintaining roads today?

The administration is going to propose legislation to provide for the pass back of this money. The total M & O cut talked about in Category 1 11 and 111 is about \$10 million. With the cuts taken in the past plus this years \$10 million total cuts in the past few years in M & O will total about \$20 million. This therefore should be sufficient to offset these cuts.

9. Who would have to pay for use of the toll road?

The proposal is a new proposal and has a charge for light vehicles, this charge would be less but there would be a charge for any user of the road on a structured basis.

10. Where do you place schools in the three category system?

It would be categorized depending on whether the school is on a route. If the school is on a category 111 route we would be looking for the schools to take on the responsibility.

DOT may have to reconsider this categorizing and receive additional input.

Concerns were expressed by Senator Fiscner about the roads to schools not being open and yet the constitutional requirement to provide education.

DOT will have to consider this.

11. Why is there an increase in the total dollars for the state equipment fleet, state planning and research and yet dramatic cuts are shown for M & O. What are the philosophical goals of the department?

The administrative sections, planning, research and administration is roughly 12% of the overall general fund dollars of the department budget. In FY 87 revised a large cut was made in these areas and none in AMHS and very little in O & M. The department would be willing to look at the budget more closely as the figures shown are not set. Until the department has a better feel for things such as the Capital Project cleanup they did not want to get rid of any available personnel.

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HOUSE/SENATE FINANCE COMMITTEE

BRIEFING PAPER

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

CAPITAL PROJECT CLEANUP

Excerpts from: Cowper Budget Transition Report - 12/15/86

Capital Project Clean-Up:

Description: At the present time ADOT&PF does not know the current financial status of a large number of capital projects being developed within the Department. It is likely that the appropriations for some of these projects have been over-spent or over-obligated.

Discussion: The current status of ADOT&PF CIP projects is due to insufficient accounting controls within past and present accounting systems. The previous statewide accounting system, PBA did not provide enough cost centers (collocation codes) to control the large number of capital projects which had been assigned to the Department. The problem was further compounded by pressure on the Department and project engineers to get the projects out on the "street", and a perception by state project managers that their first priority was to get the project built and secondly to build the project within budget. In fact the legislature has

historically appropriated up to 175% of the available Federal funds for a given fiscal year in capital projects to be built by ADOT&PF.

Project managers did not rely on the internal ADOT&PF system, FMS, because the quality of data provided by the system was not considered accurate for a variety of reasons. Unfortunately when the new statewide accounting system came on line, AKSAS, the same cost center problems were carried over to the new system even though this system was quite capable of handling most of ADOT&PF's needs for project financial control.

In 1983 the Sheffield Administration began to give serious attention to this problem. Numerous audits were performed to determine the actual status of the ADOT&PF CIP projects and by June 30, 1985 a fairly solid picture of the status of the projects was developed at a cost of over 1 million dollars. However nothing was done at that time to actually correct the problem. Since then the problem has grown worse due to the accounting control problems which were carried over to AKSAS. The problem still exists and will continue to represent an unknown exposure in terms of over-spent appropriations and missed Federal billings until the problem is finally cleaned up. In addition, some large amounts of general fund money may currently be committed to Federal match projects which have little chance of going into construction in the near term (within the next three years).

A further complication to the above problem is a recent decision by the FHWA not to accept any Federal billings produced by ADOT&PF's FMS system. The FHWA has determined that the FMS system is unreliable and is capable of producing and successfully passing one-sided accounting entries.

Recommendation: ADOT&PF should begin immediately to resolve the problems currently experienced with capital project balance information. Without this immediate action, ADOT&PF project managers will continue to doubt the validity of project data which they receive from the automated systems tracking their respective projects. The Department will also continue to be unable to determine whether project work is proceeding within the law and in an efficient manner. Finally, this clean-up effort may assist in identifying and receiving additional Federal dollars and in freeing up possible general fund dollars which are currently committed to projects which will not be developed in the near future.

Federal Billing System:

Description: As a result of problems experienced with the ADOT&PF FMS system the Federal Highway Administration, effective 11/28/86, suspended reimbursement of all future ADOT&PF Current Billing claims until the Department can provide assurances that project claims for reimbursement are accurate. Obviously until

this problem is cleared up the State will not be able to receive federal funds owed to it for work which could not be billed as a result of this action.

Discussion: Over the last five years the ADOT&PF has spent millions to develop financial information systems for its specific needs. Almost without exception these systems have either not been completed or when they were brought up, were not used. Based on a previous design of a financial information system (FIS) by Price Waterhouse, the Department is now considering the development of this system to address the federal billing problem and the project control issues that presently exist within ADOT&PF.

The ADOT&PF is strongly considering developing the system in conjunction with the Department of Administration so that the system can address the federal billing concerns of other departments as well as those of ADOT&PF. The current thinking on the system is that it would be developed as an integral part of the AKSAS system as opposed to a stand alone system that receives and sends data to AKSAS.

The positive points regarding developing this system as part of AKSAS is that it would be available to all other agencies who wish to perform federal billing automatically. However, from the ADOT&PF point of view there are a great many negatives. Developing a federal billing system within AKSAS is considerably more

complicated and will require some significant redesign to address the system requirements of the other agencies all of which are costly in terms of time and money. Developing FIS as part of AKSAS will also make the FIS system less responsive to changes in the way ADOT&PF is required to perform federal billing in the future.

The positive points with regard to developing FIS outside of AKSAS are that the system can be developed more quickly, for less cost, without redesign and will be more responsive to ADCT&PF's specific requirements as they may change in the future. In addition, ADOT&PF has had real success in developing systems which accurately and effectively interface with AKSAS. The negative to developing the FIS system outside of AKSAS is that it may not take the needs of all other agencies into consideration and may not be available to all other agencies.

Recommendation: The ADOT&PF should begin developing the FIS system as soon as possible. An RFP should be issued which solicits creative input from the vendor community on how to quickly, effectively and in a cost efficient manner address the Department's federal billing requirements. This RFP should not be issued with preconceived notions on the part of Department personnel on a specific solution or vendor (Price Waterhouse has received over 16 million in sole-source system development contracts in the State over the last 5 years with no involvement from their Anchorage office). The ADOT&PF should oversee the

issuance of this RFP and should contract to meet the specific federal billing needs of ADOT&PF. In the mean time, ADOT&PF should develop a manual system to run parallel to the development of FIS in order to perform continued federal billing. This manual process will also need to exist to support the Capital Project Cleanup effort.

Agency "Corporate Culture":

Description: ADOT&PF was in existence within Alaska before Statehood. As a result, this department has one of the strongest "corporate cultures" of any organization within the State Bureaucracy. Changing this culture in order to help it deal with the future changes will be key to successfully trimming down the cost of ADOT&PF and helping it run more efficiently.

Discussion: ADOT&PF engineers not only have a strong loyalty to ADOT&PF but also to their profession as engineers. When you combine this professional perspective with the previous flow of funds through ADOT&PF, it is not surprising to learn that many engineers in ADOT&PF do not consider it their responsibility to closely monitor the costs of a project as long as the project is well designed and constructed. This may also be fueled by the past pressure placed on ADOT&PF to get their appropriated capital projects out on the "street" as fast as possible. Under these types of pressures it may seem reasonable for a project manager to focus on building a project quickly and well regardless of the cost.

Project managers with ADOT&PF have complained with some real justification that the project management tools available to them to control project costs have been, at best, unreliable. The previous systems (PBA and FMS), which they have had at their disposal, provided untimely and often erroneous data.

Recommendation: Top level support from the commissioner and the Governor will be necessary to continually encourage ADOT&PF project managers to get control of project costs. The Capital Project Cleanup effort must be completed quickly so that the data the project managers currently receive from AKSAS is accurate, timely and reliable. Appropriate project management tools must also be made available to project managers to help them in getting control of project costs and maintaining control. Getting control of project budgets and expenditures should also help ADOT&PF step up its efforts to generate timely billings to the Federal government. One project management oriented system which the Department has recently brought into place in the Southeastern Region is the Project Cost Information System (PCIS) which should be examined more closely to see if it can be useful agency-wide.

