

**DEPARTMENT  
OF  
TRANSPORTATION  
(DOT)  
OVERVIEW**

STATE OF ALASKA  
THE LEGISLATURE

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Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

*your Transportation*

*1/16/90*

# Alaska State Legislature

REPRESENTATIVE  
**RICHARD FOSTER**  
BOX 1028  
NOME, ALASKA 99762

PO BOX V  
JUNEAU, AK 99811

(907) 465-3789



**STAFF**  
DR LARRY LABOLLE  
JOHN WALSH, CPA  
LIZ WALTERS

## House of Representatives

January 11, 1990

### MEMORANDUM

**TO:** Rep Mike Navarre  
Majority Leader

**FROM:** Richard Foster, Chair  
House Transportation Committee

**SUBJECT:** Priorities for Second Session

- Marine Transportation - Address legislation related to the creation of an authority
- Address long-term capital needs related to vessel and facility replacement
  - Assist in promoting a Russian Ferry route from Provideniya to St. Lawrence Island and Nome
- Aviation
- Assist in the promotion of better relations between Alaska Air Carriers and the Federal Aviation Administration
  - Examine economic incentives that would reduce the potential loss of revenue resulting from Trans-Polar route overflights such as increased tourism and air freight
  - Examination of rate structures in relationship to subsidies, cost of insurance and cost of meeting FAA regulation requirements
  - Promotion of lower interstate fares
- Highway Trust Fund
- Develop legislation that will allow the State to access unused Federal Highway Trust Fund apportionments
- Motor Fuel Tax
- Examine possible increases in the motor fuel tax and address the issue of how motor fuel tax revenues should be used
- Petroleum
- Review existing and proposed regulations related to pipelines and tankers

- Toll Roads
  - Examine the feasibility of creating more toll roads to expand they highway system in critical areas
- Master Planning
  - Develop a long term master plan to coordinate the expansion and development of transportation in the State
- Public Facilities
  - Develop renovation, repair and maintenance plan for Alaska's public facilities

DEPARTMENT OF TRANSPORTATION BUDGET SUMMARY

Federal Funding from FHWA

In federal fiscal year 1990 (October 1 thru September 30, 1990) the State of Alaska's Federal Highway apportionment is \$145.5. The actual obligation authority for this period is \$139.900. As in previous years, the amount we have been apportioned is greater than the actual amount we have authority to spend. Hence we will have to compete for other states unused apportionment in August this year.

*MH 1.5 mill SUP 79 90  
ADD HEN + Sick leave*

Department of Transportation FY 91 operating budget

The total operating budget for the department for FY 91 is \$284.326.8. This figure reflects all funding sources. For FY 91 the department's overall budget has a 1.7% increase. The general fund portion of the budget has increased 2.6%  
The overall position count for the department:  
    full time positions increased 4 positions  
    part time positions decreased 41 positions



# MEMORANDUM

RECEIVED

DEC 11 1989

State of Alaska

Department of Transportation and Public Facilities

00016

TO: Alison Elgee, Director  
Office of Management and Budget  
Division of Budget Review

DATE: December 7, 1989

FILE NO.:

TELEPHONE NO.: 465-3900

FROM: Mark S. Hickey *MSH*  
Commissioner

SUBJECT: A-4 Memorandum

This memorandum provides an analysis of A-4 issues affecting the Department of Transportation & Public Facilities (DOT&PF) for the FY91 budget process. In some cases, it has not been possible to determine the full fiscal impact relating to these issues. Where specific increments have been submitted, they are noted.

Every effort has been made to note all key issues resulting in major fiscal impact. All items are operating budget impacts unless noted otherwise as CIP items. This memorandum revises and replaces the draft A-4 memo submitted on August 16, 1989.

## MAINTENANCE & OPERATIONS

New Responsibilities. As with previous years, the department is requesting operating funds to offset the impact from new maintenance responsibilities (including those incurred by the Alaska Marine Highway System). The request includes funds to reinstate legislative cuts of FY90 new facilities, newly constructed facilities that come on line during FY91, and assumption of facilities not constructed by the state.

Under Funded FY90 New Facilities	\$366,600
FY91 New Facilities	\$691,800
Assumed Responsibilities	<u>\$370,400</u>
	\$1,428,800

Assumed responsibilities primarily involve funding the operating shortfall for municipal operation of the Ketchikan Airport Ferry, maintenance of added road miles on Prince of Wales Island and federally mandated drug testing of AMHS employees.

Deferred/Preventative Maintenance. Previous A-4 memos have discussed this problem in detail. The state continues to accumulate problems and added costs in all maintenance areas, which are a direct result of inadequate annual funding. Added snow and ice control and other miscellaneous needs during FY88 and 89 resulted in supplementals that averaged \$1.4 million annually. Based on recent discussions with Governor Cowper, the department has prepared proposals to address both operating and capital shortfalls to counter these problems.

M&O Annual Deferred Maintenance	\$8,569,700
M&O Annual Snow and Ice Control	<u>\$1,698,200</u>
	\$10,267,900

It's envisioned that all of these funds could be generated by the \$.08 motor fuel tax increase. It should be noted that the department is proposing a new piece of legislation to re-establish by statute the entire fuel tax dedication in place at statehood.

#### Dalton Highway Fund Switch

Authorization is being requested, both as an FY90 Supplemental and FY91 increments, to switch a total of \$4,440,000 from program receipts to general funds for the Dalton Highway. In the FY90 operating budget, the legislature switched funding from general funds to program receipts and included legislative intent that revenues be collected from a user's toll or from the North Slope oil producers. However, as stated in the Governor's veto message on the FY90 operating budget, charging users was not acceptable at that time. These requests, therefore, would allow for continued maintenance of the Dalton Highway in FY90 and FY91, in the absence of a method for collection of program receipts.

State Equipment Fleet Rates. Although we expect replacement rates to remain essentially unchanged for FY91, there will be changes for individual classes of vehicles that could result in an increase for some users. There will also be an increase in overall operating rates. Our increment for M&O only offsets the loss in purchasing power that would otherwise result. This is similar to increments approved during the past two fiscal years. This cost for M&O Highways and Aviation statewide is \$943,200. There is also a request to reinstate the legislative under funding of the FY90 rate impacts for M&O of \$272,900.

Leaking Underground Storage Tanks. As a result of partial funding of an increment this year, efforts are underway to ascertain the extent of the department's obligations in this area, and to begin tank testing. The FY91 operating budget submittal requests \$164,300 for continuation of the effort to test all of the DOT&PF owned underground storage tanks. In the capital budget, \$5,340,000 has been requested for tank replacement, but we anticipate additional need for capital funds over a multi-year period to replace these tanks.

Airport Rural Rates and Fees. A final decision is needed to determine what, if any, portion of these proposals to implement. Depending on the decision, this will be a major policy matter with potential fiscal implications.

Airport Security Officers. We are still awaiting a final decision by the Federal Aviation Administration (FAA) regarding the need to locate law enforcement officers (LEO's) at certain rural airports. Our initial waiver requests and appeals were denied. If we are ultimately forced to comply, added costs could exceed \$1 million annually.

FAA Security Needs. There continue to be numerous security related mandates that may increase operating and capital costs at many rural airports throughout the state. These include Part 107 fencing requirements for certificated airports, and potentially extremely severe Part 139 changes for Crash, Fire & Rescue (CFR) capability at any airport receiving service by aircraft with 10 passenger seats or more. This latter item could potentially impact over 100 state airports. Each area could result in operating and CIP impacts totalling several million dollars.

FAA Land Acquisitions. Recent changes in Alaska Region FAA interpretations of land acquisition rules prohibits use of federal funds to acquire lands transferred to municipalities under Section 14 (c)(3) of the Alaska Native Claims Settlement Act. This ruling has been appealed to the FAA Administrator. We have included a request for additional CIP funds of approximately \$1.3 million to cover the 1991 costs.

#### ADMINISTRATION

Administrative Services Reductions. The administrative services components were cut \$550,000 in FY90. This was in addition to a

reduction in excess of 28% in general funds for these areas since FY85. The department has now completed the process to allocate these reductions between various components. However, it is too early to comprehend fully the long-term implication of the FY90 reduction.

#### DESIGN & CONSTRUCTION

FY90 General Fund Reductions. We have implemented the reduction of \$690,000 in general funds made in the FY90 budget. This is a reduction in addition to a cut of over 30% in general fund support since FY85. We will monitor the operations to determine the full impact of these reductions. An additional concern to monitor is the potential risk to loss of federal capital dollars if too significant a general fund shortfall occurs. We are also continuing efforts to address and improve overall efficiency within this functional area.

#### PLANNING & RESEARCH

Funding Shortfalls. Problems caused by reductions in federal and state funding experienced over the past few years were compounded by the last legislative session when the administration's general fund requests for these two purposes were denied entirely. Lack of these funds, totalling \$1 million, and complete elimination of \$350,000 in funding for advanced project engineering or planning work, have virtually eliminated our ability to continue or start any advance project work unless it's eligible for federal participation.

This also throws in jeopardy our ability to continue the in-house research program, regardless of the operating budget savings generated. Finally, there could well be problems with whether we are performing the mandated level of effort to continue receiving federal capital dollars. We have included requests to reinstate these items in the FY91 capital budget. There is also a request for a supplemental of \$400,000 to offset some of the FY90 impact for the research program.

U.S. Corps of Engineers Match. State and/or local funding is required before Corps of Engineers (COE) funded projects can proceed. Match ratios vary greatly depending on the exact program and type of work to be performed. There is no consistent state policy that identifies which projects are expected to be matched with state funds and which by local sources. This also makes it difficult to assure that COE or the

congressional delegation to pursue the funds. Efforts are needed to address this deficiency. The FY91 capital budget includes a \$6,000,000 request to establish a match pot for this purpose.

Ports & Harbors/Erosion Control Program. Although the department continues to have significant statutory responsibilities in these areas, we have lost most technical capability to provide even minimal support as a result of general fund reductions. The lack of direct focus on harbor and erosion issues has resulted in a lack of current information on harbor and erosion conditions and review of community operations and needs. We propose the establishment of a minimal program to provide some capability to begin addressing these issues. Ensuring adequate maintenance levels are achieved is considered part of this effort. An increment has been submitted for \$149,000. There are also some CIP rehabilitation requests.

#### ALASKA INTERNATIONAL AIRPORT SYSTEM (AIAS)

Airport Marketing Program. Efforts should continue at the current level of \$500,000 annually. We may also want to pursue an additional appropriation for FY91 of at least \$500,000 to match Duty Free Shoppers' funds to market specific international destination airline services if and when appropriate.

Airport Safety Officers' Arbitration. The courts may eventually require a 24% increase in salaries consistent with an arbitration decision last year. This could increase annual operating costs by \$1.8 million, and create a retroactive obligation in excess of \$2 million.

Increased Responsibilities. Anchorage International has been experiencing increased costs and difficulty training personnel to repair and maintain the 24 escalators and 14 elevators at the airport. It is necessary to contract for these services, with a net increase in overall effort. The FY91 increment request of \$186,000 for this purpose is partial funding, with the remainder being provided via transfer within base.

Security. The FAA's increased emphasis on security has resulted in increased costs during the past few years. Anchorage International may be elevated to "X" security status, which is the highest classification. Although federal funds may be provided to cover increased capital costs, increased operating expenses would be borne by the airport operator.

Increments totalling \$218,100 are requested for access security control and security system maintenance. Additional costs, which cannot be estimated at this time, may necessitate an amendment later.

Fairbanks International (FIA) Food & Beverage Concession. FIA has had a difficult time awarding a food and beverage concession. It appears there are no interested parties, which may force the airport to take over the operation through a contract. If this became necessary, FIA would need an increment of up to \$450,000, which would be offset by additional revenues of about \$400,000.

#### ALASKA MARINE HIGHWAY SYSTEM (AMHS)

Adequate Service Levels. Experiences from FY89 and FY90 clearly demonstrate there is a funding shortfall in the current base to provide a maintenance level of service acceptable to most users. Funding assistance is needed for both FY90 and FY91 to offset this problem. A supplemental request of \$1,570,000 for FY90 and an increment for \$1,404,000 for FY91 have been submitted. The shortfall in base has been exacerbated in recent times by inflation (such as rising fuel costs), increased AMHS usage, and added maintenance and overhaul costs due to vessel age and use of the Ketchikan Shipyard. Much of the proposed increase can be viewed as budget neutral since it is estimated there will be an approximately equivalent increase during the same period in generated revenues.

AMHS Headquarters Offices. The physical accommodations of the main Juneau offices remain quite substandard both in terms of the amount and quality of office space. A plan needs to be developed and funding pursued to resolve this problem. Solutions range from building or leasing new space, to funding a large Juneau DOT&PF consolidation involving all department units. The proposed FY91 increment of \$341,600 is based on utilizing existing space in DOT&PF Headquarters and Southeast Region buildings, with new leases only for net new space required.

Revenue-Base Budgeting. The department still desires to develop and implement a new way of budgeting to allow the AMHS to spend newly generated revenues. The main reason for this proposal is to allow the System to function in a more businesslike manner, and to create real incentive for improved performance. Governor Cowper has decided to pursue legislation next session for this purpose and this legislation has

been drafted.

Labor Negotiations. Negotiations for a new contract with the Masters, Mates & Pilots will commence in the near future. Marine Engineers' Beneficial Association is currently negotiating under a wage re-opener period. Negotiations during a wage re-opener with Inlandboatman's Union of the Pacific (IBU) failed to reach an acceptable agreement. They have petitioned for and received a strike vote from the membership. Further negotiations with IBU are now scheduled for February. All of these matters could result in fiscal impacts at a later date.

Gottland Ferry Service. The ferry service between Vancouver, B.C. and Ketchikan, to begin next summer or during 1991 announced by the Swedish firm of Gottland, will have some impact. There may be a need to pursue some action, including service adjustments to react to this change.

#### OTHER ISSUES

State Equipment Fleet Replacement Shortfall. Actions by the legislature during the mid-80's to re-appropriate over \$62 million from the Highway Working Capital Fund (HWCF), combined with decisions by the prior administration to drastically reduce replacement rates as a temporary cost savings measure, have resulted in an inability to meet the state's vehicle equipment replacement needs over the past three years. Considerable administrative effort has been made to minimize the fiscal impact resulting from these actions, including extending vehicle life, delaying or eliminating many replacements, and gradually increasing rates to the proper levels.

In order to avoid larger operating budget increases and to eliminate the remaining replacement delays, there is a need for a one-time capital appropriation of \$3 million from the general fund. In addition, SEF must replace the current computerized equipment management system. The existing system has numerous weaknesses which are negatively impacting the ability to effectively manage the vast fleet resources. A \$400,000 capital request will be submitted to procure a new system. SEF is currently unable to: 1) track individual vehicle and heavy equipment maintenance costs, 2) produce timely and accurate billings to user agencies, 3) control fuel and parts inventories and 4) produce critical management reports. The replacement of the current system is a very economical and effective step to enhancing fleet management.

Alison Elgee

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December 7, 1989

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DBE/ExEEO. During FY89, considerable work occurred to resolve substantial problems with the department's Disadvantaged Business Enterprise/External Equal Employment Opportunity (DBE/ExEEO) programs. This work was in major part due to federal concerns that the programs were found to be substantially out of compliance with requirements. Our response included funding of an increment to offset the loss of federal funds, and to strengthen our staff capability. Although progress has been made during this period, there remain significant concerns that need further attention. We do not currently envision the need for additional resources at this point; that may change over the next four to six months as we continue our current efforts.

PERS/Terminal Leave Increases. The 2.03% increase in employer cost for the Public Employees Retirement System for FY91 will result in an impact of over \$1,250,000 in added general fund costs. In addition, we are concerned that the savings realized by the reduction in the terminal leave assessment of 2% for FY90 will be eliminated by an increase in that assessment for FY91. Both items will exacerbate significantly our ability to provide basic services at a maintenance level. The Department's budget request includes increments totalling \$876,400 for the M&O Highways and Aviation and AMHS Vessel Operations components.

DOA Data Chargeback. The department is also concerned with the potential fiscal impact to the existing budget if the Department of Administration implements a data processing chargeback system during FY91. If this is done and costs increase, a single increment should be obtained to start agencies on a reasonable level under the new system. An increment for \$386,500 was requested for FY91. This would merely bring our funding to the level of usage in FY89, as reported by the Department of Administration.

cc: Garrey Peska, Chief of Staff, Office of the Governor  
Ron Clarke, Special Staff Assistant, Office of the Governor  
Keith Gerken, Deputy Commissioner, Operations  
D. Randy Simmons, Deputy Commissioner, Budget and Finance  
Ron B. Lind, Director, Plans, Programs and Budget  
DOT&PF Regional, System and Headquarters Directors

**DRAFT**

DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES

FY91 GOVERNOR BUDGET  
(In thousands)

TOTAL OPERATING BUDGET

\$ 284,326.8

Source of Funding

General Funds	166,181.9
Capital Improvement Project Receipts	58,933.4
International Airport Revenue Fund	32,368.2
Highway Working Capital Fund	20,661.7
Federal Receipts	3,557.2
Inter-Agency Receipts	2,624.4
	<hr/>
	\$ 284,326.8

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES FY91 OPERATING BUDGET

(IN THOUSANDS)

**DRAFT**

BRU/COMPONENT	FY90 AUTHORIZED	GF/PR \$161,963.0	TOTAL \$279,634.
	----- DECREMENTS -----		
VARIOUS COMPONENTS	Decrease CIP Funding	\$0.0	(\$338.)
INTERIOR HWYS & AVTN	GF/PR Navigational Aids	(\$74.8)	(\$74.)
FIA ADMINISTRATION	Risk Management Decrement	\$0.0	(\$68.)
RETIREMENT INCENTIVE PROGRAM	R.I.P. CIP Decrement	\$0.0	(\$496.)
	Decrement Subtotal	(\$74.8)	(\$978.)
	----- INCREMENTS -----		
ALL M&O DISTRICT COMPONENTS	New Facilities	\$598.7	\$598.7
AIA BUILDING MAINTENANCE	New Facilities	\$0.0	\$186.0
ALL DISTRICTS M&O HWYS & AVTN	SEF Fixed Fee Increase	\$1,216.1	\$1,216.1
MARINE OPS VESSELS--SE & SW	AMHS Service	\$1,878.1	\$1,878.1
CENTRAL & WESTERN M&O HWYS & AVTN	Rural Airports Contracts	\$252.0	\$252.0
ALL REGIONAL & SW PLANNING COMPNTS	HPR Match Switch Fund	\$38.8	\$0.0
AIA SECURITY & BUILDING MNTCE	AIA Security Control & Maintenance	\$0.0	\$218.1
MARINE OPERTNS SE VESSEL OPER/OVER	Federally Mandated Drug Testing	\$80.0	\$80.0
SE M & O HIGHWAYS & AVIATION	Ketchikan Arpt Shuttle Ferry Subsidy	\$200.0	\$200.0
STATEWIDE RESEARCH	Research Program Receipts	\$30.0	\$30.0
COMM OFFICE/DBE/EXTERNAL EEO	DBE/ExEEO Incr. Federal & CIP Funds	\$0.0	\$35.0
CENTRAL M & O HWYS & AVTN	Central Region M&O Federal Receipts	\$0.0	\$51.7
INTERIOR M & O FACILITIES	Space Rental Interagency Receipts	\$0.0	\$16.8
CENTRAL & SE M&O STATE EQUIP FLEET	SEF Component Requests	\$0.0	\$907.4
	Increment Subtotal	\$4,293.7	\$5,670.5
	GOVERNOR'S FY91 DOT&PF OPERATING BUDGET	\$166,181.9	\$284,326.8
	PERCENT CHANGE FROM FY90 AUTHORIZED	2.60%	1.68

POSITION INFORMATION

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FY91 TOTAL POSITIONS 3582 (2700 Full-Time, 819 Part-Time)

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DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES

FY85 AUTHORIZED - FY91 GOVERNOR  
(IN MILLIONS)

SOURCE OF FUNDING	FY85 AUTH	FY87 REVISED	FY89 AUTH	FY90 AUTH	FY91 GOV	\$ CHANGE FY85 AUTH/ FY91 GOV
GENERAL FUND/ PROGRAM RECEIPTS	\$179.8	\$147.0	\$160.3	\$162.0	\$166.2	<\$13.6>
OTHER FUNDS	\$105.2	\$115.3	\$120.0	\$117.6	\$118.1	\$12.9
DEPT. TOTAL	\$285.0	\$262.2	\$280.3	\$279.6	\$284.3	<0.7>
%GF/PR CHANGE FROM PREVIOUS COLUMN	--	<18.2%>	8.3%	1.0%	2.6%	--

11-Jan-90

DRAFT

DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES

FUNCTIONAL POSITION COMPARISON  
FY85 - FY91 GOVERNOR'S REQUEST

FUNCTION	FY85 AUTHORIZED		% TOTAL FY85 POSITIONS	FY91 GOV'S REQUEST		% TOTAL FY91 POSITIONS	% CHANGE FY85 - FY91
	PFT	PPT		PFT	PPT		
ADMINISTRATION	276	2	7.0%	213	4	6.1%	<21.9>%
PLANS, PROGRAMS, BUDGET & RESEARCH	142	2	3.6%	77	7	2.3%	<41.7>%
DESIGN & CONSTRUCTION	815	635	36.7%	687	443	31.5%	<22.1>%
MAINTENANCE & OPERATION	553	165	18.2%	526	164	19.3%	<3.9>%
STATE EQUIPMENT FLEET	160	9	4.3%	182	1	5.1%	8.3%
INTERNATIONAL AIRPORTS	311	15	8.2%	377	21	11.1%	22.1%
MARINE HIGHWAYS	704	166	22.0%	701	179	24.6%	1.1%
TOTALS:	2961	994	100%	2763	819	100%	<9.4>%

REVISED 1/11/90



# House TRANSPORTATION COMMITTEE

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SUBJECT OF MEETING:

Overview DOTPF

DATE: 1/16/90

PLACE: HTC

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
MARK HICKEY	DOT/PF	P.O. Box 2 JUNEAU	99811	9-9693	5-3900	<input checked="" type="radio"/> Y <input type="radio"/> N	
Randy Simmons	/	/	/	3-2611	/	<input type="radio"/> Y <input type="radio"/> N	
KEITH GERKEN	"	"	"	6-3485	"	<input type="radio"/> Y <input type="radio"/> N	
Don Rouleau	Local 942 91 + 341	110 W 9th St. JUNEAU	99801	6-3707	6-3107	<input type="radio"/> Y <input checked="" type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
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