

**SB**

**171**

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SB 171 |

Revision Date: \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title: Capitol Improvement Project Authority BRU: Commissioner's Office  
 Component: Office of the Commissioner  
 Sponsor: Senator Miller  
 Requester: Senate Transportation COMPONENT SERIAL NO. 530

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	376.2	376.2	376.2	376.2	376.2	376.2
TRAVEL	65.1	65.1	65.1	65.1	65.1	65.1
CONTRACTUAL	81.8	81.8	81.8	81.8	81.8	81.8
SUPPLIES	6.0	4.5	4.5	4.5	4.5	4.5
EQUIPMENT	51.7					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>580.8</b>	<b>527.6</b>	<b>527.6</b>	<b>527.6</b>	<b>527.6</b>	<b>527.6</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	580.8	527.6	527.6	527.6	527.6	527.6
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>580.8</b>	<b>527.6</b>	<b>527.6</b>	<b>527.6</b>	<b>527.6</b>	<b>527.6</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME	<u>58</u>	0	0	0	0	0
PART-TIME	<u>10</u>	0	0	0	0	0
TEMPORARY	<u>0</u>	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

(See Attached for details)

Prepared by: Sam Kito III Phone: 465-3900  
 Special Assistant  
 Division: Office of the Commissioner Date: 4/23/97  
 Approved by: *Joseph L. Dubens* Date: 4/23/97  
 Commissioner  
 Agency: Department of Transportation and Public Facilities

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
 For further distribution information, call the Governor's Legislative Office

<b>Personal Services</b>			
Position Classification	Range/Step	Location	Cost
Director	24C	Anchorage	91,450
Administrative Manager I	15A	Anchorage	48,850
Accounting Clerk II (part-time)	10B	Anchorage	18,200
Engineer III	22A	Anchorage	77,900
Engineer I	19A	Anchorage	63,000
Transportation Planner I	21BC	Anchorage	76,800
<b>Total Personal Services</b>			<b>376,200</b>
<b>Supplies</b>			
	1998	Future Years	
Binders, Notebooks, Paper, Pens, Office Supplies, Manuals	2,500	2,500	
Data Processing Supplies, Engineering or Specialized Software	2,500	1,500	
Calculators, Hole Punch, Staplers, Etc	1,000	500	
<b>Total Supplies</b>	<b>6,000</b>	<b>4,500</b>	
<b>Equipment = One-time Costs</b>			
	Number of Units	Price Each	Total 1998 Cost
Personal Computers w/ Basic Soft	5	4,300	21,500
Printer	1	6,400	6,400
Facsimile Machine	1	2,500	2,500
Phones	5	350	1,750
Hub & router	1	4,500	4,500
Office & conference room furniture			15,000
<b>Total Equipment</b>			<b>51,650</b>
<b>Summary Costs</b>			
	FY98	FUTURE	
Personal Services	376,200	376,200	
Travel	65,128	65,128	
Contractual	81,784	81,784	
Supplies	6,000	4,500	
Equipment	51,650	0	
<b>TOTAL</b>	<b>580,762</b>	<b>527,612</b>	
<b>100% GENERAL FUNDS</b>			

Capital Project Authority=staff of 4 reporting to 7 member board						
Board has 2 mbrs. each in Anchorage, Fairbanks, 1 each in Juneau, Ketchikan and Bethel						
Board meetings = 10 in ANC & 2 in JNU, average of 2 days each						
Staff is located in ANC						
<b>TRAVEL COSTS</b>						
<b>ANC Board meetings:</b>						
Bd. Mbrs.	Meals	Lodging	Airfare	Misc. (taxi)	Total	
2 ANC	n/a					
2 FBX	168	220	366	30	784	
1 JNU	84	110	220	15	429	
1 KTN	84	110	620	20	834	
1 Bethel	106	220	960	20	1,306	
coffee, etc.				20	20	
TOTAL	442	660	2,166	105	3,373	cost per meeting
						33,730 cost of 10 meetings
<b>JNU Board meetings:</b>						
Bd. Mbrs.	Meals	Lodging	Airfare	Misc. (taxi, parking, etc.)	Total	
2 ANC	212	356	440	30	1,038	
2 FBX	212	356	1,252	30	1,850	
1 JNU	n/a				0	
1 KTN	48	89	268	20	425	
1 Bethel	126	316	886	20	1,348	
2 staff from ANC	212	356	440	30	1,038	
TOTAL	810	1,473	3,266	130	5,699	cost per meeting
						11,398 cost of 2 meetings
<b>Transportation Associations meetings (e.g. WASHTO, AASHTO)</b>						
staff		5,000				
Authority		15,000				
subtotal		20,000				
<b>TRAVEL TOTAL</b>						
		65,128				
<b>CONTRACTUAL COSTS</b>						
Legal costs for re js.		10,000				
Telephones						
voice mail/centrex & lines		3,000				
long distance charges		6,000				
installation		750				
Computing/Network charges						
port-connect		1,980				
port access charges		3,600				
internet address		100				
terminal/printer access charges		1,584				
data line installation		2,500				
data line mo. charges		1,800				
leased modem for data line		300				
mtc. for router		450				
wiring installation		300				
contract LAN & desktop support		6,000				
Leased office space w/ conference room:		23,400	for 1300 sq.ft. @ 1.50/sq.ft./mo.			
Advertising for public board meetings		7,200	average based on 3 newspapers, 3 days for 12 mtgs.			
Advertising for proposed regulations		2,400	4 locations, twice			
Other = postage, express mail, etc.		5,000				
Vehicle = sedan class 106		4,920				
<b>CONTRACTUAL TOTAL</b>		81,784				

DOT&PF  
HB227

Furniture				
File Cabinets	4 drwr legal	4 drwr letter		Total (2 each)
	290	249		1078
				Total (2)
Bookcase	600			1200
	Table	Chairs		Total Table and 10 chairs
96 " Conferenc	900	300		3900
	Desk	Side table	Chair	Total (4 of each)
Desks, compute	675	400	400	5900
				Total (10)
Guest Chairs	200			2000
		First Year Furniture		14078

10. March 1997

Dear Legislator:

Our members and many citizens are very concerned about the direction Alaska's transportation program is taking. This includes lack of integrated multimodal planning, insufficient funding, misdirected priorities and "deferred maintenance" problems.

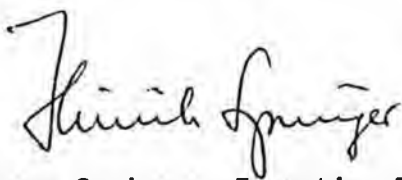
The time is now to correct this situation. The following proposal to create a "CAPITAL IMPROVEMENT PLANNING AUTHORITY" is a first step in the right direction.

The mechanics are simple and the principles sound. We urge you to execute such a move during this year's session and we offer our help and expertise.

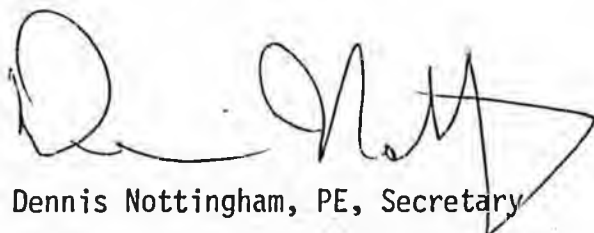
Sincerely,



Frank Dillon, Executive Director  
ALASKA TRUCKING ASSOCIATION



Henry Springer, Executive Director  
ASSOCIATED GENERAL CONTRACTORS OF ALASKA



Dennis Nottingham, PE, Secretary  
HIGHWAY USERS FEDERATION OF ALASKA

Proposal:

## CREATION OF A "CAPITAL IMPROVEMENT PLANNING AUTHORITY"

### Back ground:

Ever since Statehood in 1959 the former Departments of Highways and Public Works and later the Department of Transportation and Public Facilities had the highest turnover rate of their commissioners of any department (18 commissioners in 35 years = 1.9 years/each). This has resulted in instability, change of direction and management and uncertainties, externally and internally. The resulting uncertainties have had negative effects on commerce in general, and more specifically on the industries dealing with insurance and bonding, manufacturing and supply, unions and labor, contractors and other entities involved in transportation and public facilities. In addition local governments are adversely effected.

The 5, 6 or 10 year plans that were required by the Federal Government turned out to be political and administrative tools rather than well planned and binding planning - and programming documents. As a consequence Alaska's yearly CIP budgets have been exactly that - yearly products, which were and are the results of the political and legal activities of the Legislature and the Administration and not part of a long-term plan.

In the absence of a plan the Capitol program becomes a yearly "free-for-all" and the general mistrust and display of power between the Legislative and Executive Branches becomes apparent. The Legislature now micro-manages the program with line-item appropriations and every appropriations for singular phases of a project and a healthy mix of pork to fulfill the individual legislator's obligations. The executive branch in the absence of such restraints has a history of re-defining projects, re-allocating funds and line-item vetoes for purely political reasons. This all to the detriment of a clear long term plan and policy.

At the present, additional factors are of consequence:

- 1) Lack of a state-or ever region wide inter-modal transportation plan. Previous "regional transportation studies" which were obtained at high costs are ignored and collect dust.
- 2) Lack of a State(funded) program; at present all our plans are based on Federal-aid type programs.

3) Overall efficiency to translate public policy into action. High costs for planning activities which are based on broad "public involvement" processes, which is a sure way to prevent any new construction or even develop a broad state policy, because such processes never result in a consensus on statewide issues.

4) the Federal Aid Highway - and Aviation programs for Western States have seen a significant cut for next years authorization. In addition, we can expect further cuts when the ISTEA (Intermodal Surface Transportation Efficiency Act) and distribution formula are up for re-authorization this year. There are no plans to find other funding sources. Under the direction of Congress and the White House the "balanced budget" approach makes it unlikely that additional funds from the Highways - and Aviation's trusts will be released.

5) Deferred maintenance of public facilities: lack of sufficient funds through the years for maintenance and up keep operations has resulted in premature deterioration of our facilities. In Alaska over 25% of bridges and 40% of highways are now deficient. The increased use of federal programs dollars for environmental and recreational purposes, as is presently the case, does not help matters. Under the present circumstances it is particularly misguided and a luxury we cannot afford. In addition, Alaska's unique situation with the South Eastern Maritime Transportation takes funding away from the more traditional uses.

It is time to find some mechanism to provide a balance to fund a long term plan based on sound public policy. Our situation is not unique; other states face the same problems and it is prudent to examine their solutions.

Of the 50 states 31 have adopted a "Board" or "Commission" system in various functions. 16 have a Board with full executive authority, like a Commissioner as a cabinet member has here. 8 have a board which has policy setting authority and 7 have boards with "advisory" capacity. The rest has a "Commissioner" or "Director" with full authority like we have.

It is apparent that under our given circumstances an authority with policy setting and program/planning powers would be a suitable and desirable mechanism to address the stated problems.

"Alaska Capital Improvement Planning Authority" Points for consideration:

1) Area of authority:

Planning and Programming Authority for all State Public Facilities, including Highways, Airports, Marine Facilities and Buildings, to review and approve a yearly CIP and long range program.

This would include as a State wide basis by modes:

Land: highways - trails; basic access roads; urban mass transportation, rail systems, recreational facilities;

Air: passenger and freight services, international airports, bush aviation, private aviation;

Marine: SE Marine Highway System, ports and harbors, both commercial and recreational facilities , commercial barges - inland and ocean , navigable river systems, erosion control, etc.;

Building: public facilities, armories, maintenance stations, court buildings etc.

The overall functions would include integration with private systems, environmental concerns and coordination with federal and local government programs.

2) Compositions and function:

The approach used by the Fish and Game Department could serve as a model (without the structure of advisory committees). The planning authority would consist of 7 members who would represent modal concerns and also based on geographic considerations. The members would serve staggered terms.

Two should represent "Land", two "Air", and two "Marine" and one "Buildings" interests.

At least one would be picked to represent one of the 3 DOT/PF "Regions", but not more than 3 from any. (or we could use "Judicial Districts if suitable"). They would serve staggered four (or five) year terms, appointed by the Governor, confirmed by the Legislature. If a member does not fulfill a designated term they can be replaced by another appointee for the rest of the term.

The members of the authority would elect their chairperson.

The personnel presently assigned to DOT/PF for State Wide Planning could be significantly reduced to two positions (for federal mandated functions like statistics) and considerable savings are the result.

The members of the authority would receive reimbursement for expenses, including travel and per diem, however, no salary. They would need minimal clerical support. The Regions would maintain their regional planning staff which would fulfill the present functions in relation to the headquarters Statewide Planning Group and the Regional Director.

Therefore the present "Div. Statewide Planning and Programming" would be controlled by the Authority and not the Commissioner.

Considerable savings could be achieved with the reduction of Statewide Planning positions.

The present "Alaska Transportation Planning Council" could be eliminated, as the Authority would include this function.

The "research" function should not be included as part of the Authorities task. It should be left as is, primarily with the University and the DOT/PF materials sections. Maintenance is part of the operating budget and should remain under the control of the Commissioner of DOT/PF.

DOT/PF COMMISSIONERSYEARSPUBLIC WORKS

Richard A. Downing	1959 - 66
George R. MacClanahan	1967 - 68
Harold D. Strandberg	1968 - 70
George W. Easley	1971 - 74
Buel "Tex" Taggart	Apr - Dec 1974

HIGHWAYS

Sam Johnson	Mar 1962
Donald A. McKinnon	1962 - 66
Warren C. Gonnason	1967 - 68
Cosby E. Steen	1968 - 69
Robert L. Beardsley	1969 - 71
Bruce A. Campbell	1971 - 74
Walter B. Parker	1974 - 76
H. D. Scougal	1976 - 77

DOT & PF

Donald P. Harris	1977 - 78
Robert W. Ward	1978 - 82
Daniel A. Casey	Feb - Nov 1983
Richard J. Knapp	1984 - 86
R. Rocky Gutierrez	Dec 1986 - Feb 1987
Mark S. Hickey	1987 - 90
Frank G. Turpin	1991 - 93
Bruce A. Campbell	1993 - 94
Michael A. Barton	Jul - Nov 1994
Joseph L. Perkins	Jan 1995



U.S. Department  
of Transportation  
Federal Aviation  
Administration

Alaskan Region

222 W. 7th Avenue #14  
Anchorage, Alaska  
99513-7587

OPTIONAL FORM 89 (7-93)

## FAX TRANSMITTAL

# of pages ▶ 3

To	LYDIA LONES	From	RON SIMPSON
Dept./Agency		Phone #	FAA
Fax #	(907) 465-3766	Fax #	(907) 271-2851
NSN 7540-01-317-7368		5039-101 GENERAL SERVICES ADMINISTRATION	

April 30, 1997

The Honorable Jerry Ward, Chair  
Senate Transportation Committee  
Alaska State Senate  
Juneau, Alaska 99801

Dear Senator Ward:

## Testimony on Senate Bill No. 171

I would like to take this opportunity to express our concerns regarding the proposed Senate Bill No. 171, relating to the establishment of an Alaska Capital Improvement Project Authority. This Authority would be established to rank, prioritize and approve capital development projects, as well as provide stability and continuity in the capital development program when administration changes occur. However, from an FAA perspective, this proposed Senate Bill No. 171 has negative consequences that will jeopardize the ability of the State of Alaska to optimize federal airport capital development funds.

The Airport Improvement Program (AIP), administered by the Alaska Region Airports Division, comprises 100% of airport capital development funding in the State of Alaska. AIP funds are derived from the Airport and Airways Users Trust Fund, and are distributed nationally by FAA Headquarters. As far as we are aware, there is no State funded "stand alone" airport infrastructure development program in Alaska. AIP provides 93.75% of airport capital development funds, and 6.25% is provided by the airport sponsor (which is the State of Alaska for State owned and operated airports).

We are concerned that Senate Bill No. 171, will adversely impact the ability of the State of Alaska to compete for limited AIP funds. The AIP funding level, on a national basis, is shrinking from a high \$1.9 billion to \$1.0 billion projected for fiscal year 1998. AIP funding averages approximately \$60 million per year for the State of Alaska. These funds are distributed on a competitive basis, based on the selection of high priority projects. The State of Alaska competes with every other state on a national basis for its commensurate share of limited AIP funds. The airport system in Alaska is in an infancy state as compared to the mature airport system in the lower 48; hence, airport infrastructure development needs are paramount in Alaska as compared to other states.

We understand that the Authority, as proposed, will be approving a list of development projects by February 2 of each year, for construction over the next succeeding two fiscal years. This proposed process will not mesh with the AIP application process. ACIP's are required to be submitted to FAA Headquarters in the October time frame to compete for AIP funds for the succeeding construction seasons. Furthermore, to compete effectively on a national basis requires at least two to three years advanced planning to accomplish AIP programming requirements, such as attaining environmental permits and land acquisition, before a project can be approved for AIP funding. Legislative authorization is needed for the DOT&PF to perform the required preliminary engineering, design and bidding that must occur before an AIP grant can be issued. Any inability to timely submit ACIP's, or meet AIP programming requirements, will be perceived by FAA Headquarters as an indication that the State of Alaska may not really need AIP funding; thus jeopardizing future funding levels.

We believe that this Authority is being proposed to fix a problem that has already been recognized and corrected by DOT&PF; the backlog of capital development projects that were designed but never constructed. The DOT&PF formed the Airport Project Evaluation Board (APEB) two years ago to address this apparent problem with their project selection process. We have worked very closely with the DOT&PF to ensure that the new APEB project selection process results in the highest priority projects being selected. The record will verify that the backlog of unfinished projects developed prior to the establishment of the APEB. The APEB has corrected this problem, as well as improved the State of Alaska's ability to compete for limited AIP funds.

The APEB is comprised of the Statewide Planning Director, Statewide Aviation Director, three Regional Directors, and the Deputy Commissioner of Aviation which provides a statewide perspective incorporating the entire State's airport development needs and concerns. The APEB project selection ranking criteria considers factors such as safety, health and quality of life, economic benefits, community support, community maintenance and operation contribution, airport security and certification requirements, aviation and transportation alternatives, runway length and condition, aviation hazards, erosion and flooding problems, among others. This new project selection ranking criteria closely resembles the FAA's National Priority System for AIP project selection.

The establishment of the APEB has resulted in higher priority projects being forwarded by the State of Alaska to FAA Headquarters to compete for these limited federal funds. The APEB process effectively incorporates federal priorities with overall statewide needs to compile Airport Capital Improvement Plans (ACIP's) that are credible. The ACIP's are three to five year plans that provide a measure of stability and continuity to the State's airport capital

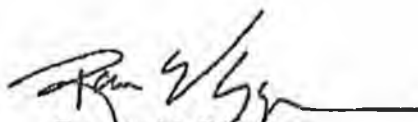
development program. The APEB process has enabled the State to acquire over \$45 million in discretionary funds over the last two years; additional funds that the State would not have otherwise received without selecting projects that are high priority and competitive on a national basis.

This new Authority, as proposed in Senate Bill No. 171, will be made up of public citizens that will serve with staggered terms. This causes us great concern as we have invested countless hours in educating the APEB on the FAA National Priority System to ensure that they have the expertise to select the highest priority projects to give the State of Alaska the best competitive edge for AIP funds. Re-educating this new Authority and building the necessary expertise is no small undertaking; and with staggered terms and rotating membership, this educational process will undoubtedly be ongoing, significantly impacting our resources and the State's ability to optimize AIP funds.

With all due respect, we encourage the Alaska State Legislature to enable the DOT &PF and FAA to continue to work cooperatively together incorporating the APEB process to pursue, capture and retain all of the airport infrastructure development funds we can to meet the aviation needs in Alaska. The establishment of an Authority will only add an additional layer of bureaucracy and jeopardize the ability of the State of Alaska to optimize federal airport capital development funds.

If there are any questions, or if I can clarify the AIP funding processes, please do not hesitate to call me at (907) 271-5438.

Sincerely,



Ronnie V. Simpson  
Manager, Airports Division

cc: Senate Transportation Committee Members  
Joseph Perkins, P.E., Commissioner DOT&PF

# Alaska State Legislature

Mailing Address:  
P.O. Box 55094  
North Pole, Alaska 99705  
Ph: (907) 488-0862  
Fax: (907) 488-4271



MIKE MILLER  
President of the Senate

While in Juneau  
State Capitol  
Juneau, Alaska  
99801-1182  
Ph: (907) 465-4976  
Fax: (907) 465-3883

Senate District Q

## SB 171 SPONSOR STATEMENT ALASKA CAPITAL IMPROVEMENT PLANNING AUTHORITY (ACIPA)

The purpose of Senate Bill 171 is to increase public involvement, stability and discipline in capital project planning for the State of Alaska.

Planning for Alaska's capital improvement projects is presently carried out by the Planning Division of the DOT/PF. Research and planning is carried out by three regional planning teams (Central, Northern and Southeast). The Regional Planning Teams coordinate with the local governments, including Anchorage Metropolitan Authority Transportation Systems (AMATS), and Fairbanks Metropolitan Authority Transportation System (FMATS), within their regions. They feed their regional plans into the Statewide Planning Team in headquarters, Juneau. HQ Juneau consolidates the local and regional plans into statewide plans. Statewide plans are required for internal management and to meet requirements for federal funding.

SB 171 comes into play most directly at the level of statewide prioritization and funding alternatives. It would not change the basic, regionalized planning process now in use. It will change the method by which projects are rated, prioritized and submitted to the Governor and Legislature.

Currently, DOT/PF sets up a Project Evaluation Board to prioritize projects. SB171 establishes an independent Authority, the Alaska Capital Improvement Project Authority (ACIPA), to perform the functions that lead to finalizing our capital spending priorities. The Authority, a seven member board, would represent modal concerns (air, land and sea) and be based on geographic considerations. It would have greater public participation and community sensitivity

by virtue of the diverse composition of its members. It would also have all the expertise available from DOT/PF's Planning Division and be more independent of political influence by virtue of the staggered tenure of its appointees.

Despite efforts by DOT/PF over the years to have the planning process include the public, capital project planning remains a dark science to most Alaskans. We don't know how or why Project A gets funded before Project B, and why Project C doesn't get funded at all. Part of the problem is these plans are arrived at by different methods. All are subject to political intrigues between the Governor and Legislature.

Planning is further hindered by a lack of continuity at the executive level. DOT/PF Commissioners have an average tenure under two years. The permanent professional planners get committed to the projects they work on and the people they work with.

The provisions in SB171 are intended to make the capital project planning process more comprehensive and stable in its role of building Alaska's infrastructure. The Authority will have a single purpose mission rather than be entangled with the multi-purposes of the Governor, Legislature and DOT/PF.

This bill also vests in the Authority the power to set tolls on toll facilities and to establish signing standards and speed limits for Capital Improvement Projects.

We have talented state employees involved in our planning process. But, when it comes to decision making about competing projects, we need to enlarge the circle of expertise to include members of the public. SB 71 provides a mechanism for project planning and approval. This bill will add continuity and stability to our capital budget process.



U.S. Department  
of Transportation  
Federal Aviation  
Administration

Alaskan Region

222 W. 7th Avenue #14  
Anchorage, Alaska  
99513-7587

April 30, 1997

The Honorable Jerry Ward; Chair  
Senate Transportation Committee  
Alaska State Senate  
Juneau, Alaska 99801

Dear Senator Ward:

Testimony on Senate Bill No. 171

I would like to take this opportunity to express our concerns regarding the proposed Senate Bill No. 171, relating to the establishment of an Alaska Capital Improvement Project Authority. This Authority would be established to rank, prioritize and approve capital development projects, as well as provide stability and continuity in the capital development program when administration changes occur. However, from an FAA perspective, this proposed Senate Bill No. 171 has negative consequences that will jeopardize the ability of the State of Alaska to optimize federal airport capital development funds.

The Airport Improvement Program (AIP), administered by the Alaska Region Airports Division, comprises 100% of airport capital development funding in the State of Alaska. AIP funds are derived from the Airport and Airways Users Trust Fund, and are distributed nationally by FAA Headquarters. As far as we are aware, there is no State funded "stand alone" airport infrastructure development program in Alaska. AIP provides 93.75% of airport capital development funds, and 6.25% is provided by the airport sponsor (which is the State of Alaska for State owned and operated airports).

We are concerned that Senate Bill No. 171, will adversely impact the ability of the State of Alaska to compete for limited AIP funds. The AIP funding level, on a national basis, is shrinking from a high \$1.9 billion to \$1.0 billion projected for fiscal year 1998. AIP funding averages approximately \$60 million per year for the State of Alaska. These funds are distributed on a competitive basis, based on the selection of high priority projects. The State of Alaska competes with every other state on a national basis for its commensurate share of limited AIP funds. The airport system in Alaska is in an infancy state as compared to the mature airport system in the lower 48; hence, airport infrastructure development needs are paramount in Alaska as compared to other states.

We understand that the Authority, as proposed, will be approving a list of development projects by February 2 of each year, for construction over the next succeeding two fiscal years. This proposed process will not mesh with the AIP application process. ACIP's are required to be submitted to FAA Headquarters in the October time frame to compete for AIP funds for the succeeding construction seasons. Furthermore, to compete effectively on a national basis requires at least two to three years advanced planning to accomplish AIP programming requirements, such as attaining environmental permits and land acquisition, before a project can be approved for AIP funding. Legislative authorization is needed for the DOT&PF to perform the required preliminary engineering, design and bidding that must occur before an AIP grant can be issued. Any inability to timely submit ACIP's, or meet AIP programming requirements, will be perceived by FAA Headquarters as an indication that the State of Alaska may not really need AIP funding; thus jeopardizing future funding levels.

We believe that this Authority is being proposed to fix a problem that has already been recognized and corrected by DOT&PF; the backlog of capital development projects that were designed but never constructed. The DOT&PF formed the Airport Project Evaluation Board (APEB) two years ago to address this apparent problem with their project selection process. We have worked very closely with the DOT&PF to ensure that the new APEB project selection process results in the highest priority projects being selected. The record will verify that the backlog of unfinished projects developed prior to the establishment of the APEB. The APEB has corrected this problem, as well as improved the State of Alaska's ability to compete for limited AIP funds.

The APEB is comprised of the Statewide Planning Director, Statewide Aviation Director, three Regional Directors, and the Deputy Commissioner of Aviation which provides a statewide perspective incorporating the entire State's airport development needs and concerns. The APEB project selection ranking criteria considers factors such as safety, health and quality of life, economic benefits, community support, community maintenance and operation contribution, airport security and certification requirements, aviation and transportation alternatives, runway length and condition, aviation hazards, erosion and flooding problems, among others. This new project selection ranking criteria closely resembles the FAA's National Priority System for AIP project selection.

The establishment of the APEB has resulted in higher priority projects being forwarded by the State of Alaska to FAA Headquarters to compete for these limited federal funds. The APEB process effectively incorporates federal priorities with overall statewide needs to compile Airport Capital Improvement Plans (ACIP's) that are credible. The ACIP's are three to five year plans that provide a measure of stability and continuity to the State's airport capital

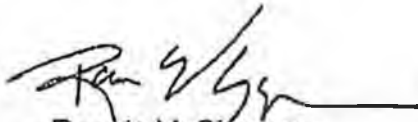
development program. The APEB process has enabled the State to acquire over \$45 million in discretionary funds over the last two years; additional funds that the State would not have otherwise received without selecting projects that are high priority and competitive on a national basis.

This new Authority, as proposed in Senate Bill No. 171, will be made up of public citizens that will serve with staggered terms. This causes us great concern as we have invested countless hours in educating the APEB on the FAA National Priority System to ensure that they have the expertise to select the highest priority projects to give the State of Alaska the best competitive edge for AIP funds. Re-educating this new Authority and building the necessary expertise is no small undertaking; and with staggered terms and rotating membership, this educational process will undoubtedly be ongoing, significantly impacting our resources and the State's ability to optimize AIP funds.

With all due respect, we encourage the Alaska State Legislature to enable the DOT &PF and FAA to continue to work cooperatively together incorporating the APEB process to pursue, capture and retain all of the airport infrastructure development funds we can to meet the aviation needs in Alaska. The establishment of an Authority will only add an additional layer of bureaucracy and jeopardize the ability of the State of Alaska to optimize federal airport capital development funds.

If there are any questions, or if I can clarify the AIP funding processes, please do not hesitate to call me at (907) 271-5438.

Sincerely,



Ronnie V. Simpson  
Manager, Airports Division

cc: Senate Transportation Committee Members  
Joseph Perkins, P.E., Commissioner DOT&PF

10. March 1997


Dear Legislator:

Our members and many citizens are very concerned about the direction Alaska's transportation program is taking. This includes lack of integrated multimodal planning, insufficient funding, misdirected priorities and "deferred maintenance" problems.

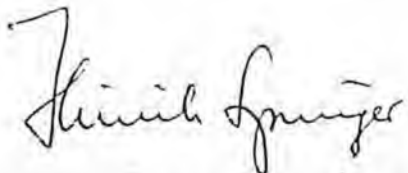
The time is now to correct this situation. The following proposal to create a "CAPITAL IMPROVEMENT PLANNING AUTHORITY" is a first step in the right direction.

The mechanics are simple and the principles sound. We urge you to execute such a move during this year's session and we offer our help and expertise.

Sincerely,



Frank Dillon, Executive Director  
ALASKA TRUCKING ASSOCIATION



Henry Springer, Executive Director  
ASSOCIATED GENERAL CONTRACTORS OF ALASKA



Dennis Nottingham, PE, Secretary  
HIGHWAY USERS FEDERATION OF ALASKA

Proposal:

## CREATION OF A "CAPITAL IMPROVEMENT PLANNING AUTHORITY"

### Back ground:

Ever since Statehood in 1959 the former Departments of Highways and Public Works and later the Department of Transportation and Public Facilities had the highest turnover rate of their commissioners of any department (18 commissioners in 35 years = 1.9 years/each). This has resulted in instability, change of direction and management and uncertainties, externally and internally. The resulting uncertainties have had negative effects on commerce in general, and more specifically on the industries dealing with insurance and bonding, manufacturing and supply, unions and labor, contractors and other entities involved in transportation and public facilities. In addition local governments are adversely effected.

The 5, 6 or 10 year plans that were required by the Federal Government turned out to be political and administrative tools rather than well planned and binding planning - and programming documents. As a consequence Alaska's yearly CIP budgets have been exactly that - yearly products, which were and are the results of the political and legal activities of the Legislature and the Administration and not part of a long-term plan.

In the absence of a plan the Capitol program becomes a yearly "free-for-all" and the general mistrust and display of power between the Legislative and Executive Branches becomes apparent. The Legislature now micro-manages the program with line-item appropriations and every appropriations for singular phases of a project and a healthy mix of pork to fulfill the individual legislator's obligations. The executive branch in the absence of such restraints has a history of re-defining projects, re-allocating funds and line-item vetoes for purely political reasons. This all to the detriment of a clear long term plan and policy.

At the present, additional factors are of consequence:

- 1) Lack of a state-or ever region wide inter-modal transportation plan. Previous "regional transportation studies" which were obtained at high costs are ignored and collect dust.
- 2) Lack of a State(funded) program; at present all our plans are based on Federal-aid type programs.

3) Overall efficiency to translate public policy into action. High costs for planning activities which are based on broad "public involvement" processes, which is a sure way to prevent any new construction or even develop a broad state policy, because such processes never result in a consensus on statewide issues.

4) the Federal Aid Highway - and Aviation programs for Western States have seen a significant cut for next years authorization. In addition, we can expect further cuts when the ISTEA (Intermodal Surface Transportation Efficiency Act) and distribution formula are up for re-authorization this year. There are no plans to find other funding sources. Under the direction of Congress and the White House the "balanced budget" approach makes it unlikely that additional funds from the Highways - and Aviation's trusts will be released.

5) Deferred maintenance of public facilities: lack of sufficient funds through the years for maintenance and up keep operations has resulted in premature deterioration of our facilities. In Alaska over 25% of bridges and 40% of highways are now deficient. The increased use of federal programs dollars for environmental and recreational purposes, as is presently the case, does not help matters. Under the present circumstances it is particularly misguided and a luxury we cannot afford. In addition, Alaska's unique situation with the South Eastern Maritime Transportation takes funding away from the more traditional uses.

It is time to find some mechanism to provide a balance to fund a long term plan based on sound public policy. Our situation is not unique; other states face the same problems and it is prudent to examine their solutions.

Of the 50 states 31 have adopted a "Board" or "Commission" system in various functions. 16 have a Board with full executive authority, like a Commissioner as a cabinet member has here. 8 have a board which has policy setting authority and 7 have boards with "advisory" capacity. The rest has a "Commissioner" or "Director" with full authority like we have.

It is apparent that under our given circumstances an authority with policy setting and program/planning powers would be a suitable and desirable mechanism to address the stated problems.

"Alaska Capital Improvement Planning Authority" Points for consideration:

1) Area of authority:

Planning and Programming Authority for all State Public Facilities, including Highways, Airports, Marine Facilities and Buildings, to review and approve a yearly CIP and long range program.

This would include as a State wide basis by modes:

Land: highways - trails; basic access roads; urban mass transportation, rail systems, recreational facilities;

Air: passenger and freight services, international airports, bush aviation, private aviation;

Marine: SE Marine Highway System, ports and harbors, both commercial and recreational facilities , commercial barges - inland and ocean , navigable river systems, erosion control, etc.;

Building: public facilities, armories, maintenance stations, court buildings etc.

The overall functions would include integration with private systems, environmental concerns and coordination with federal and local government programs.

2) Compositions and function:

The approach used by the Fish and Game Department could serve as a model (without the structure of advisory committees). The planning authority would consist of 7 members who would represent modal concerns and also based on geographic considerations. The members would serve staggered terms.

Two should represent "Land", two "Air", and two "Marine" and one "Buildings" interests.

At least one would be picked to represent one of the 3 DOT/PF "Regions", but not more than 3 from any. (or we could use "Judicial Districts if suitable"). They would serve staggered four (or five) year terms, appointed by the Governor, confirmed by the Legislature. If a member does not fulfill a designated term they can be replaced by another appointee for the rest of the term.

The members of the authority would elect their chairperson.

The personnel presently assigned to DOT/PF for State Wide Planning could be significantly reduced to two positions (for federal mandated functions like statistics) and considerable savings are the result.

The members of the authority would receive reimbursement for expenses, including travel and per diem, however, no salary. They would need minimal clerical support. The Regions would maintain their regional planning staff which would fulfill the present functions in relation to the headquarters Statewide Planning Group and the Regional Director.

Therefore the present "Div. Statewide Planning and Programming" would be controlled by the Authority and not the Commissioner.

Considerable savings could be achieved with the reduction of Statewide Planning positions.

The present "Alaska Transportation Planning Council" could be eliminated, as the Authority would include this function.

The "research" function should not be included as part of the Authorities task. It should be left as is, primarily with the University and the DOT/PF materials sections. Maintenance is part of the operating budget and should remain under the control of the Commissioner of DOT/PF.

DOT/PF COMMISSIONERSYEARSPUBLIC WORKS

Richard A. Downing	1959 - 66
George R. MacClanahan	1967 - 68
Harold D. Strandberg	1968 - 70
George W. Easley	1971 - 74
Buel "Tex" Taggart	Apr - Dec 1974

HIGHWAYS

Sam Johnson	Mar 1962
Donald A. McKinnon	1962 - 66
Warren C. Gonnason	1967 - 68
Cosby E. Steen	1968 - 69
Robert L. Beardsley	1969 - 71
Bruce A. Campbell	1971 - 74
Walter B. Parker	1974 - 76
H. D. Scougal	1976 - 77

DOT & PF

Donald P. Harris	1977 - 78
Robert W. Ward	1978 - 82
Daniel A. Casey	Feb - Nov 1983
Richard J. Knapp	1984 - 86
R. Rocky Gutierrez	Dec 1986 - Feb 1987
Mark S. Hickey	1987 - 90
Frank G. Turpin	1991 - 93
Bruce A. Campbell	1993 - 94
Michael A. Barton	Jul - Nov 1994
Joseph L. Perkins	Jan 1995