

SB

59

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: SB 59
 Bill Version: _____
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title: An Act...Awards of Federal Funds to BRU: DOT&PF Capital Budget
Municipalities for Road Projects... Component: DOT&PF Capital Budget
 Sponsor: Senators Torgerson & Taylor
 Requester: _____ Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 59 requires that the local government sponsor provide the local match for their project. This will have the effect of reducing state local match need by approximately \$1.5M per year.

Key points: the state cannot "grant" Federal Highway funds; DOT&PF remains "on the hook" and responsible for the satisfaction of federal requirements. The state can obligate the local sponsor to meet those requirements through a project agreement, but cannot transfer the ultimate responsibility for proper use of the funds. The engineering capability of most Alaska communities is very modest; the federal requirements are substantial. Our experience is that local staff have basically no experience meeting federal environmental (NEPA) and federal right-of-way acquisition requirements.

The result is that both the local sponsor and DOT must exercise project oversight, which expands the cost of the project administration and construction engineering. For projects that have problems, this duplication of oversight is substantial, leaving less of the project funds to be used for actual construction than would be the case if DOT&PF administered the project.

Prepared by: Thomas Brigham, Director Phone 465-6978
 Division: Planning, DOT&PF Date/Time 3/15/01 11:55pm
 Approved by: Joseph L. Perkins, Commissioner Date _____
 Agency: DOT&PF

For distribution information, call the Governor's Legislative Office

SB 59

DATE: JILL
cc: CHAS
JACK
THOMAS
FRANK
Bever

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities
Administrative Services

TO: Distribution

DATE: February 11, 2000

FAX NO: (907) 465-3124
TELEPHONE NO: (907) 465-3911

FROM: Nancy J. Shagle
Director

SUBJECT: FY01 ICAP

Attached is the rate sheet generated from the FY2001 DOT&PF Indirect Cost Allocation Plan. The indirect cost rates on line 15 are those that projects will be charged during FY01. We are attempting to cover only our actual costs, so the rates being charged are not the full amount allowable under OMB Circular A-87 (see calculated rates on line 14).

The rates and the amounts to be recovered appear to be an increase over the current year, but actually reflect a change in categorizing costs to projects. It has been determined that a large amount of personal services previously charged as direct project costs should be charged as indirect. The shift affects those people who provide general support to all projects and can not easily identify tasks to specific projects. The overall costs to projects should not be affected since this is just a change in category of expenditure and not an increase.

This information is being provided to you now to assist you in determining project funding requirements for FY01. Please make sure that your project managers and client agencies are informed of this information. This plan is being reviewed by Internal Review and has been submitted to Federal Highway Administration for their approval.

If you have any questions, please call Dorothy Krieger at 465-8982 or send an e-mail message.

Attachment

RECEIVED
FEB 14 2000
Stwd. Design & Eng. Svcs
Director's Office

INDIRECT COST RECOVERY RATES FOR FY 2001

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES								
RATE DETERMINATION	1 Federal Highway CIP	3 State Highway CIP	5&6 Airports CIP	7 Public Facilities CIP	13 Transportation Planning CIP	14 Harbors CIP	15 Reimb/Misc. CIP	Total
DETERMINATION OF UNDER/(OVER) RECOVERY								
1 COA99 Distribution base for COA99, (Direct Labor)	33,547,630	111,581	8,555,646	1,131,930	4,989,827	219,200	961,020	49,516,834
2 Times Calculated Rate Applied during COA99	10.28%	72.15%	41.76%	50.55%	8.01%	40.08%	69.9%	
3 Indirect costs that would have been recovered. [(line 1 * line 2)]	3,448,696	80,576	3,572,838	572,191	399,685	87,855	671,561	9,562,402
4 Actual indirect costs recovered during FY99	2,083,279	26,417	2,149,260	224,489	235,424	38,553	155,565	4,912,987
5 Indirect Costs for COA99 (A-87 eligible costs)	6,387,856	451,593	2,771,881	487,287	974,550	363,291	586,832	12,023,290
Less greater of line 3 or line 4.	3,448,696	80,576	3,572,838	572,191	399,685	87,855	671,561	9,562,402
6 Over/(Under) Collection. [(line 5 - line 3)]	2,939,160	(357,983)	(800,957)	(84,904)	574,865	275,436	(84,729)	2,460,888
RATE CALCULATION								
7 Indirect Costs for COA99 (A-87 eligible costs)	6,387,856	451,593	2,771,881	487,287	974,550	363,291	586,832	12,023,290
8 Additional indirect costs from CAP's & former direct.	4,635,031	236,295	1,984,891	320,798	(18,892)	368,761	217,234	7,794,118
9 Over/(Under) Collection from line 6.	2,939,160	(357,983)	(800,957)	(84,904)	574,865	275,436	(84,729)	2,460,888
10 Total all indirect costs for 2001	14,012,047	329,905	3,955,815	723,181	1,530,523	1,007,488	719,337	22,278,296
11 Distribution Basis: Direct Proj Costs less Ovhd, (ICAP)	237,436,456	8,054,420	105,713,709	17,075,419	9,914,199	19,584,138	11,854,920	409,633,261
12 Less costs switched from direct to indirect	(4,685,031)	(236,295)	(1,984,891)	(320,798)	18,892	(368,761)	(217,234)	(7,794,118)
13 Total all direct costs for 2001	232,751,425	7,818,125	103,728,818	16,754,621	9,933,091	19,215,377	11,637,686	401,839,143
14 Calculated Rate. [(line 10)/line 13]	6.02%	4.22%	3.81%	4.32%	15.41%	5.24%	6.18%	6.46%
15 Rate Charged July 1, 2000 (Rate charged during FY2001)	4.00%	2.00%	2.00%	2.00%	4.00%	2.00%	2.00%	2.57%
INFORMATION PURPOSES ONLY								
Estimated Indirect costs recovered at stated rate. [(line 13 * line 15)]	9,310,057	156,363	2,074,576	335,092	397,324	384,308	232,754	12,890,473
ICAP funded expenditure authorization budgeted 2001								12,300,000
Indirect Costs for COA99 (A-87 eligible costs)	6,387,856	451,593	2,771,881	487,287	974,550	363,291	586,832	12,023,290
Actual indirect costs recovered during FY99	2,083,279	26,417	2,149,260	224,489	235,424	38,553	155,565	4,912,987
Actual Under/(Over) Collection of A-87 Indirect Costs	4,304,577	425,176	622,621	262,798	739,126	324,738	431,267	7,110,303



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)-463-5480

February 21, 2001

Senator John Torgerson
State Capitol
Juneau, AK 98111

Re: **SB 59** "relating to awards of federal funds to municipalities for road projects"

Dear Senator Torgerson,

Today the Alaska Municipal League Legislative Committee Public Works and Infrastructure Subcommittee **voted unanimously to support SB 59**. Members commented that they are often frustrated by the State process to set local road construction priorities and that this bill provides an optional tool for a municipality to better serve the needs of its citizens.

This bill was discussed as part of a general devolution of responsibilities to municipalities that may improve local service, but may also contribute toward increased local taxes. The subcommittee suggested that the legislature also consider increasing road revenue sharing back to its statutory level of \$2500 per mile (currently it is less than \$500), creation of a municipal dividend, or similar measure to provide additional resources.

Thank you for your efforts on behalf of municipalities.

Sincerely,

Kevin Ritchie
Executive Director



ALASKA STATE LEGISLATURE

SENATOR JOHN TORGERSON

- ◆ CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
- ◆ CHAIR, SENATE RESOURCES COMMITTEE

Session:

State Capitol, Room 427, Juneau, AK 99801
Telephone 907/465-2828 Fax 907/465-4779

District:

45457 Kenai Spur Hwy.: Suite 101B, Soldotna, AK 99669
Telephone 907/260-3042 Fax 907/260-3044

SB 59 – FEDERAL FUNDS TO MUNICIPALITIES FOR ROADS

Sponsor Statement

SB 59 establishes a new Municipal Road Projects Program (MRPP) that directly awards up to \$20 million of federal funds to municipalities for re-construction or construction projects that are eligible for federal funding.

The Department is responsible for developing a project application that sets out all information that will be requested by the Department. The municipality is required to provide the federal match and the project must qualify for federal funding. The municipality must comply with all federal requirements for receipt and expenditures of the funds.

The department also develops priorities for all municipal road projects, but is required to assign a higher priority to projects that involve reconstruction of current state maintained roads when the municipality agrees to accept maintenance responsibility at the completion of the project. The municipality becomes responsible for all aspects of the project, including the match requirements for the federal funding. This will also reduce the state's road maintenance costs when roads are transferred to a municipality.

The bill provides for a system so a municipality can be the recipient of federal funds and provide necessary improvements for local roads. This process is currently in place in many states and in fact, Alaska is one of very few states that do not provide for pass through funding to local governments.

I urge your support for this bill.

JT/mj: SB 2 (S-HESS) Sp St

REPRESENTING THE KENAI PENINSULA

*Anchor Point Bear Creek Clam Gulch Cooper Landing Crown Point Fritz Creek Happy Valley Halibut Cove Homer Hope Kachemak City Kachemak Selo
Kasilof Lowell Point Moose Pass Nanwalek Nikolaevsk Ninilchik Port Graham Razdolna Seward Seldovia Soldotna Stariski Sterling Vozienska*



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SB 59 -- Federal Funds to Municipalities for Roads

Sectional Analysis

Sec. 1: This adds a new Article 4 – Awards of Federal Funds to Municipalities for Road Projects to AS 19.05.

New 19.05.150

- Authorizes a program for federal fund awards, maximum \$20 million, to municipalities for roads, subject to appropriations.
- Language that the awards do not lapse under AS 37.25.010.

New 19.05.155

Sets out the process by which a municipality applies to the department for the federal money for a road project. Requires that the municipality provide the matching funds and that they agree to comply with all federal regulations. Requires the department to not accept applications unless the project qualifies for federal funding.

New 19.05.160

- Authorizes the department to set a priority process for projects, but requires a higher priority be assigned to reconstruction/rehabilitation of a road that will be transferred to a municipality for maintenance.
- Requires the department to include the municipal road projects in the STIP in priority order established above, unless a project is prohibited under federal law.

Sec. 2: Effective date of the bill.

JT/mj: SB 59(S-TRA)SA: 2-15-01

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45457 Kenai Spur Hwy.; Suite 101B, Soldotna, AK 99669
Telephone 907/260-3042 Fax 907/260-3044

DATE: February 8, 2001

TO: Senator John Cowdery, Chair
Senate Transportation Committee

FROM: Senator John Torgerson

RE: Hearing on SB 59

I would appreciate your scheduling a hearing on SB 59 – An Act relating to awards of federal funds to municipalities for road projects; and providing for an effective date.

As you know, the transportation network in Alaska encompasses routes maintained by entities other than the State of Alaska. However, the current process in the Statewide Transportation Improvement Plan does not provide for a direct pass through of federal funds to municipalities.

This bill makes that process available.

I will of course provide a sponsor statement and other information you require. Thank you for your time and consideration.

REPRESENTING THE KENAI PENINSULA

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District:

45457 Kenai Spur Hwy.; Suite 101B, Soldotna, AK 99669
Telephone 907/260-3042 Fax 907/260-3044

DATE: February 23, 2001

TO: Senate Transportation Committee

FROM: Mary Jackson 

RE: Additional information on SB 59 – Federal Funds to
Municipalities for Roads

Attached

- ◆ Support Letter dated 2/21/01 from Alaska Municipal League – 1 page
- ◆ ICAP Information – 3 pages (2/2/01)

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