

**2/5/09**

**PRESENTA-  
TION:  
FEDERAL  
STIMULUS  
PACKAGE**



# House Transportation Committee

2009 Stimulus Program  
for Transportation  
American Recovery & Reinvestment Act

February 5, 2009

## Presentation Outline

- Rules of the Funding
- How much funding is expected?
- Steps taken; steps needed
- How projects were identified and prioritized
- Anchorage and Fairbanks set-asides
- Impact to DOT&PF's work load

## Why Important?

- Putting Alaskan's to work
- Reduces backlog of highway, aviation and transit (including ferry) needs
- Repairs aging infrastructure
- Jump starts gas line infrastructure needs

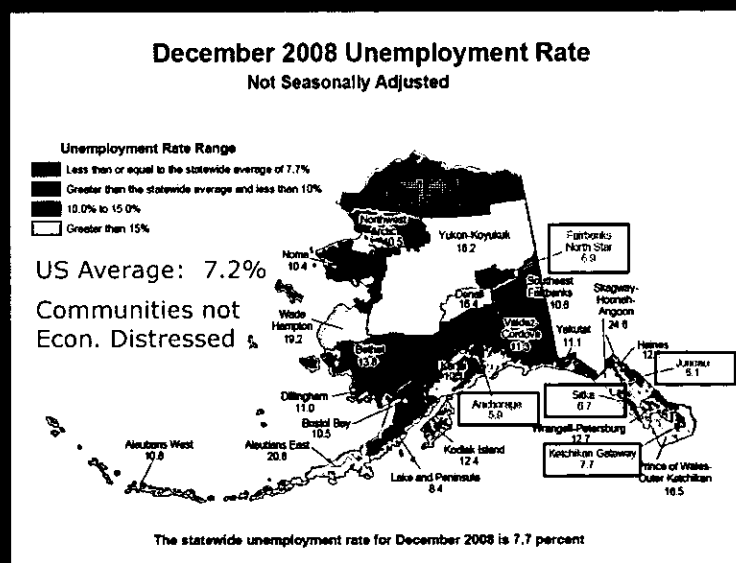
## Rules of the Program

- Highway funds follow FHWA rules
- Transit funds follow FTA rules
- Aviation funds follow FAA rules
- Federal rules not relaxed
  - Must be in an approved STIP or TIP (not FAA)
  - Must be eligible for fund category
  - Must have begun as a federal project
    - NEPA (1-2 years)
    - ROW certification
    - Permits from all relevant authorities
  - Give emphasis to economically distressed regions

## Economically Distressed

- H.R. 1 encourages projects in economically distressed areas
- 42 USC 3161 defines:
  - Unemployment rate > US rate + 1%
  - All areas of Alaska meet this definition, except:
    - Boroughs at: North Slope, Fairbanks, Anchorage, Juneau, Sitka and Ketchikan

## DOL Unemployment Data



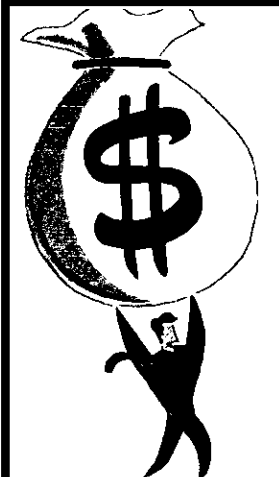
## Use or Lose Provision

- Congress demands fast use of funds
- Use 50% of funds in 90 days (HR 1)
- Funds not used will go to states who can use
- This means:
  - Must use >50% by May 15
  - Be ready to obligate further to capture funds other states lose

## Maintenance of Effort

- 30 days from enactment: Governor to certify the state will maintain state funding scheduled for highways
  - Can not supplant stimulus funds for state funds to transportation
  - Certification must extend to Sep 2010 (SFY 09 – SFY 11)
- Non-certification will trigger loss of funds entirely

## Big Picture (H.R. 1)



\$829 Billion Total



\$45 Billion for  
Transportation

Alaska Receives:



\$500+ Million  
Transportation for  
AK

## How Much Funding?

Type of Funds	House H.R. 1	Senate S. 1
Hwy & Bridges	\$238.3 Million	\$131.5 Million
--AMATS Hwy. Share	\$22.4 M	\$23.0 M
--FMATS Hwy. Share	\$8.1 M	\$5.1 M
--Enhancements	\$7.4 M	--
--CMAQ Share	--	\$5.2 M
--State & non-MPO Share	\$187.0 M	\$79.6 M
Transit	\$74.3 Million	~\$35.0 Million
--AMATS Share	\$40.0 M	~\$27.0 M
--Buses and related	\$9.5 M	~\$8.0 M
--Ferries and trains	\$25.8 M	--
Use or Lose Rule	90 days; 18 months	6 months; 12 months

Funding breakdown subject to near daily adjustments and revisions.

## How Much Funding?

Type of Funds	House H.R. 1	Senate S. 1
Aviation	Up to \$231 M	Up to \$84.7 M
<i>FAA determines how much \$ and priorities to state.</i>		
<b>Rural Aviation Program</b>		
Number of Possible Projects	27	Same
Dollar value of Possible Projects	\$271.3 M	Same
<b>International Aviation Program</b>		
Number of Possible Projects	12	Same
Dollar value of Possible Projects	\$104.7 M	Same
Use or Lose Rule	90 days; 18 months	6 months; 12 months
Funding breakdown subject to near daily adjustments and revisions.		

## Steps Taken Already

- DOT&PF has been proactive
  - Identified universe of eligible projects that can meet criteria
  - Prioritized the list
  - STIP amendment (#18) underway
  - Authorized work needed to get projects bid ready (bi-weekly meetings)
  - Prepared supplemental budget request

## Further Steps Needed

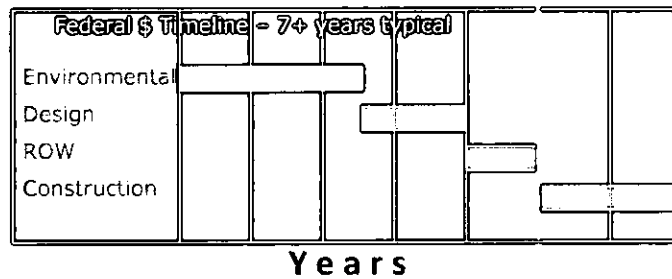
- Complete designs, permits and other clearances on *fast list* projects by April (all modes)
- Highway and Transit Funding:
  - Take public comments on *fast list* STIP amendment #18; then final
  - Seek FTA and FHWA approval of STIP
  - Issue Federal Aid Agreements on *fast list* projects
  - Issue bid advertisements on *fast list*

## How were Projects Selected?

- Know the rules:
  - Eligibility
  - Rapid Timing expected
  - Economic distress criteria
  - Mandatory set-asides in law
  - STIP, NEPA, permits not waived
- A small list of eligible projects met the criteria
  - No NEPA, no ROW purchase, and no long-lead projects could be considered
- Success requires laser-like focus on above
- Aviation: FAA decides projects to fund

## Stimulus Funds Prerequisite

### Stimulus Projects Must be Here



Implication: Virtually impossible for a new project to meet the stimulus timeline.

## Criteria to Prioritize (Highways)

- Mandatory set-asides
- Governor's Gas Line readiness announced projects
- Safety
- Economic Distress criterion
- Leverage other dollars
- Jobs created in 2009 season
- (FAA decides for Aviation Funds)

## Fairbanks and Anchorage

- The two MPOs, AMATS and FMATS will select projects in their boundaries
  - Same rules apply
  - Each MPO amending their TIP to show stimulus projects
  - Focus, must be to projects that are soon bid-ready
  - \$72.9 M sub-allocated to two MPOs (transit and highways in HR 1)

## Why did DOT look to Existing Projects?

- Congressional rules quickly focused the universe of relevant projects to a very small list...
  - Already federally started
    - Meet eligibility rules
    - Many steps previously completed
  - Fast track: can be obligated in 90 days
    - Few projects meet this goal
  - Existing projects have strong support
    - Prior community and/or legislative actions

## Summary of Work Selected

- 272 center line miles of roads resurfaced (+18 miles trails)
- 10 bridges replaced or repaired
  - 4 local class bridges
- 2 new ferries (partial)
- Ferry rehabilitation & two terminals
- Safety: passing lanes, lighting, roundabout
- Buses/vans in 8 communities
- Airports: 2 Internationals + up to 18 other

## Legislature's Role

- All Federal-aid funds, including most funds going to AMATS and FMATS must be appropriated by Legislature
  - Stand-alone supplemental in progress by OMB
  - Early action ideal; some projects have early mobilization windows to make 2009 construction season
  - Need excess appropriation too in order to potentially capture extra stimulus funds from other states.

## 'Slow' List

- Q. Could projects be added and make the due date for the slow list?
- A. No.
  - Federal aid projects take 2-7 years
  - Even slow list projects must be in capital budget this year
    - Jul 2010 (SFY '11) is too late to obligate slow funding under Senate goal of Feb. 2010
    - Only practical slow projects are those still well along-in-a current design effort

## New Projects Are Helped Too

- Q. How can new projects benefit from Stimulus?
- A. Every Stimulus project accomplishes work that would have been priority for 2010 STIP or AIP funds
  - More than a typical year's worth of Highway and Aviation construction is being funded, opening up room for the next generation of projects

## Adding Other Projects

- It's understood communities want other projects considered...
  - But, the rules are tight and fixed in law
  - Success means we focus limited resources on what can proceed
  - Time and resources diverted will harm outcome

## Sub-Allocation

- Q. Can DOT&PF sub-allocate to communities and let them proceed?
- A. No. DOT&PF remains responsible and the federal rules (Highways and Aviation) are too complex for this to successfully occur.
  - FHWA concurs:  
*the DOT&PF cannot transfer its authority to*
  - AMATS and FMATS projects mostly undertaken by DOT&PF
    - MPOs select projects; DOT&PF executes

## Why Two STIPs underway?

- 2009 STIP year must be amended for Stimulus projects
  - Draft amendment to 2009 out soon
- 2010 – 2013 STIP document requires a new effort:
  - Project nominations and scoring occurring now
  - Draft then Final STIP covering 4 years (May to August)
- Both efforts are legally required and both must be started at this time

## Impact to DOT's Workload

(All modes)

- By May: Must obligate > \$240 M in stimulus projects
- Jun - Aug '09: Must obligate > \$450 M in regular federal-aid
- Oct – Aug '10: Must obligate \$650 M in regular federal-aid + stimulus
- Bottom line: >50% increase in workload for next 18 months!

# Questions/Comments:



# STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES  
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February 4, 2009

FEB 09 2009

The Honorable Albert Kookesh  
Chair, Senate Transportation Committee  
State Capitol, Room 11  
Juneau, AK 99811

The Honorable Peggy Wilson  
Chair, House Transportation Committee  
State Capitol, Room 408  
Juneau, AK 99811

Dear Senator Kookesh and Representative Wilson:

Below is the Department of Transportation and Public Facilities' response to Rep. Johansen's question regarding how the department would respond to having the Ketchikan Gateway Borough give the airport back to the state. As you can see, it is a complicated issue.

The current 42 year lease (ADA-05175) between the state and Ketchikan Gateway Borough (KGB) was executed in 1984 and replaced several shorter-term leases dating back to construction of the airport. The long length of lease term, heavily negotiated over several years, was intended to signify a commitment by the state and KGB for local management and provide a more secure position for both KGB and the state. The joint effort sought to represent a partnership between the state and KGB, relieving the borough of expenses for major repairs and reconstruction while protecting the state from day-to-day and on-going maintenance costs.

Under ADA-05175, KGB enjoys the latitude to establish ordinances that replace portions of 17 AAC 45, Rural Airport Regulations. This allows KGB to charge landing fees (currently not implemented by regulation at other rural airports), and establish rental rates, fees and other charges (subject to state approval).

The lease terms govern any termination of the lease and speak to several important criteria for this to transpire, namely:

Section 19: Termination by Lessor (state)—state may terminate for default for:  
-failure to use the leased premises for the purpose authorized

*"Providing for the safe movement of people and goods and the delivery of state services."*

- failure to operate in compliance to keep airport operating certificate
- failure to perform other terms of the lease

Section 20: Termination by Lessee(KGB)—KGB may terminate for:

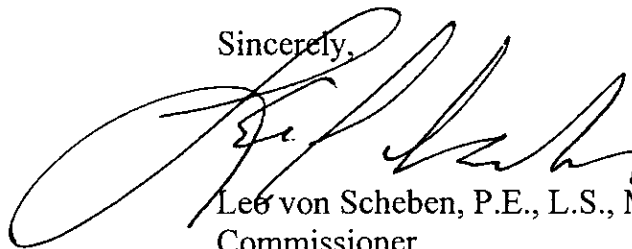
- fiscal insufficiency
  - if expenses exceed airport revenue by 35% in any single fiscal year; or
  - if expenses exceed airport revenue during 2 of any 4 consecutive fiscal years by an average shortage of 20%
- failure of state to perform

If either of these sections become applicable (and to date neither has), and the lease is terminated, the 'disposition of improvements and bonded indebtedness' language is quite specific and complex. Said disposition is dependent on the circumstances surrounding the termination, and addresses such issues as reimbursement for airport improvements constructed under the lease, ownership of buildings and other assets, responsibility for bond indebtedness, interest in existing subleases, liens, the airport ferry and disbursement of the Ketchikan Airport Enterprise Fund.

The issue of the state 'taking over' the Ketchikan Airport has been considered multiple times in the past few years. However, due to the complex nature of terminating the lease, which may occur only under the prescribed conditions, the decision to transfer operation of the Ketchikan Airport back to the state has always been deemed not in the best interest of the state or the KGB.

If you have additional questions the committee would like to discuss this further, Gary Davis, Southeast Region Director and/or Christine Klein, Deputy Commissioner for Aviation are available.

Sincerely,



Lee von Scheben, P.E., L.S., M.B.A.  
Commissioner

cc: Jim Beedle, Deputy Commissioner for Marine Operations  
Christine Klein, Deputy Commissioner for Aviation  
Frank Richards, P.E., Deputy Commissioner for Highways & Public Facilities  
Gary Davis, Southeast Region Director  
Mary Siroky, Legislative Liaison

*"Providing for the safe movement of people and goods and the delivery of state services."*