

01/17/13 &

01/22/13

OVERVIEWS :

**DEPARTMENT OF
TRANSPORTA-
TION & PUBLIC
FACILITIES**

<TARGET><BILL></BILL><SUBJECT>01-17-13 and 01-22-13
OVERVIEWS DEPARTMENT OF TRANSPORTATION and PUBLIC
FACILITIES</SUBJECT><COMM>STRA28</COMM></TARGET>

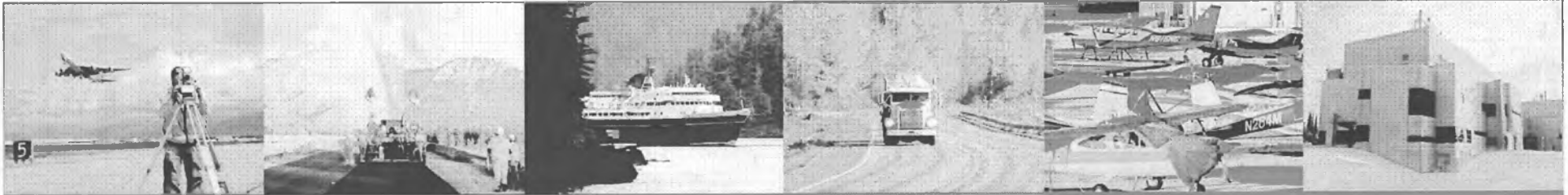


Alaska Department of Transportation & Public Facilities

JOINT TRANSPORTATION COMMITTEE

Commissioner Pat Kemp

January 17, 2013

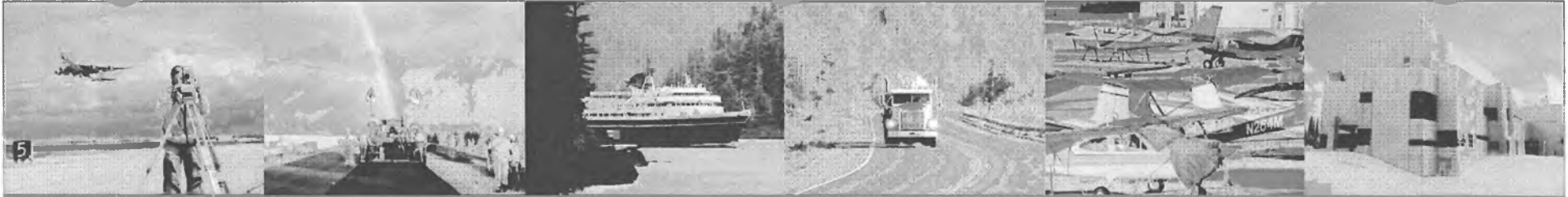


Statutory Requirements

AS 44.42.020 Department of Transportation and Public Facilities

(a) The department shall

- (1) plan, design, construct, and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities;
- (2) study existing transportation modes and facilities in the state to determine how they might be improved or whether they should continue to be maintained;
- (3) study alternative means of improving transportation in the state with regard to the economic costs of each alternative and its environmental and social effects;
- (4) develop a comprehensive, long-range, intermodal transportation plan for the state;
- (5) study alternatives to existing modes of transportation in urban areas and develop plans to improve urban transportation;
- (6) cooperate and coordinate with and enter into agreements with federal, state, and local government agencies and private organizations and persons in exercising its powers and duties;
- (7) manage, operate, and maintain state transportation facilities and all docks, floats, breakwaters, and buildings, including all state highways, vessels, railroads, pipelines, airports, and aviation facilities;



Statutory Requirements

AS 44.42.020 Department of Transportation and Public Facilities

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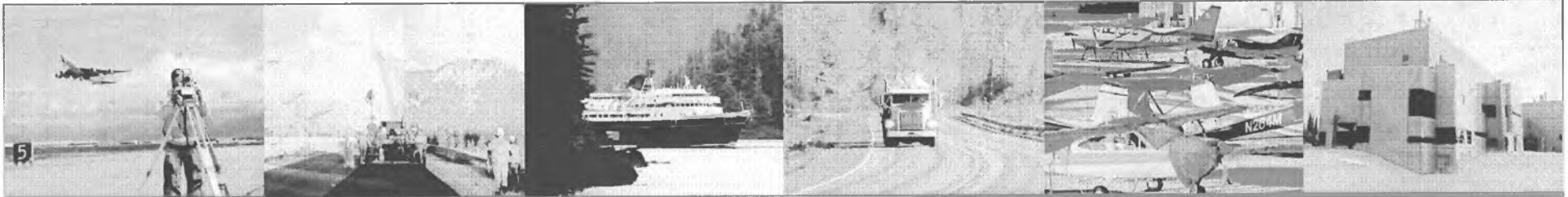
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(12) supervise aeronautics inside the state, under AS 02.10;

(13) implement the safety and financial responsibility requirements for air carriers under AS 02.40;

(14) inspect weights and measures;

(15) at least every four years, study alternatives available to finance transportation systems in order to provide an adequate level of funding to sustain and improve the state's transportation system.



Mission

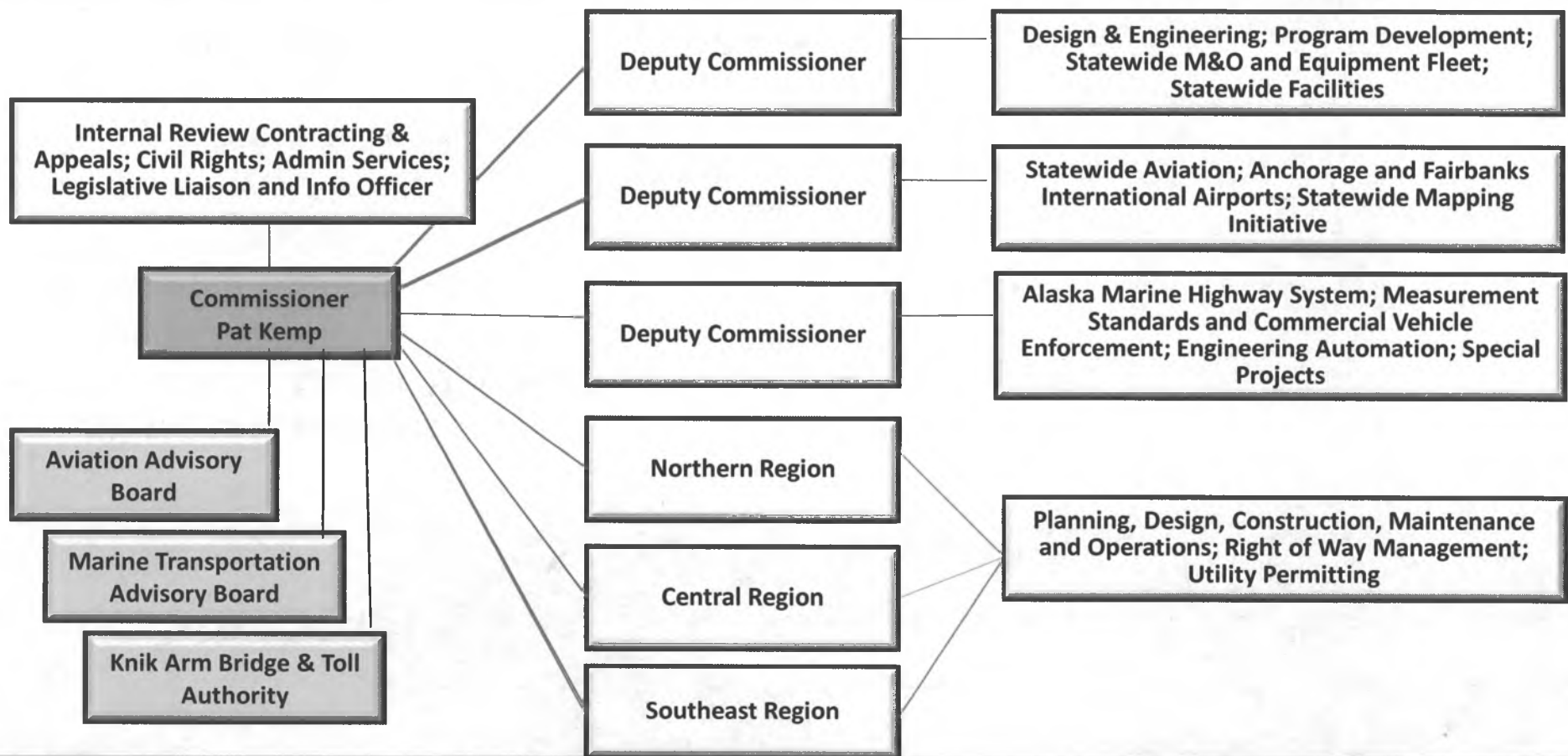
“Get Alaska moving through service and infrastructure.”

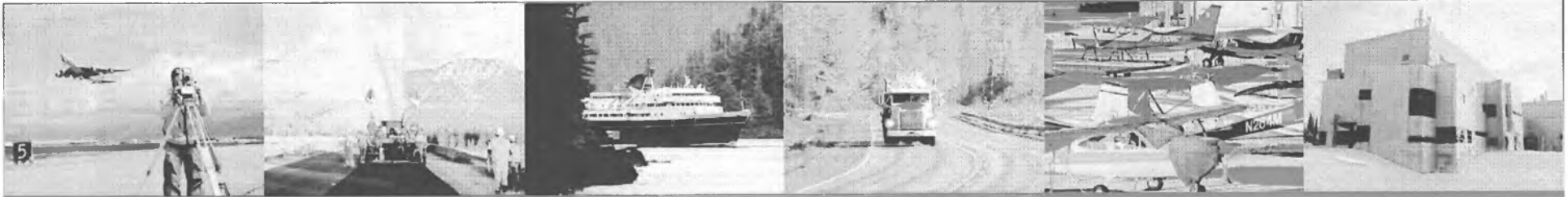
To do this we:

- Provide for the safe and efficient movement of people and goods
- Provide access to state services
- Open opportunities for exploration and development of Alaska’s resources



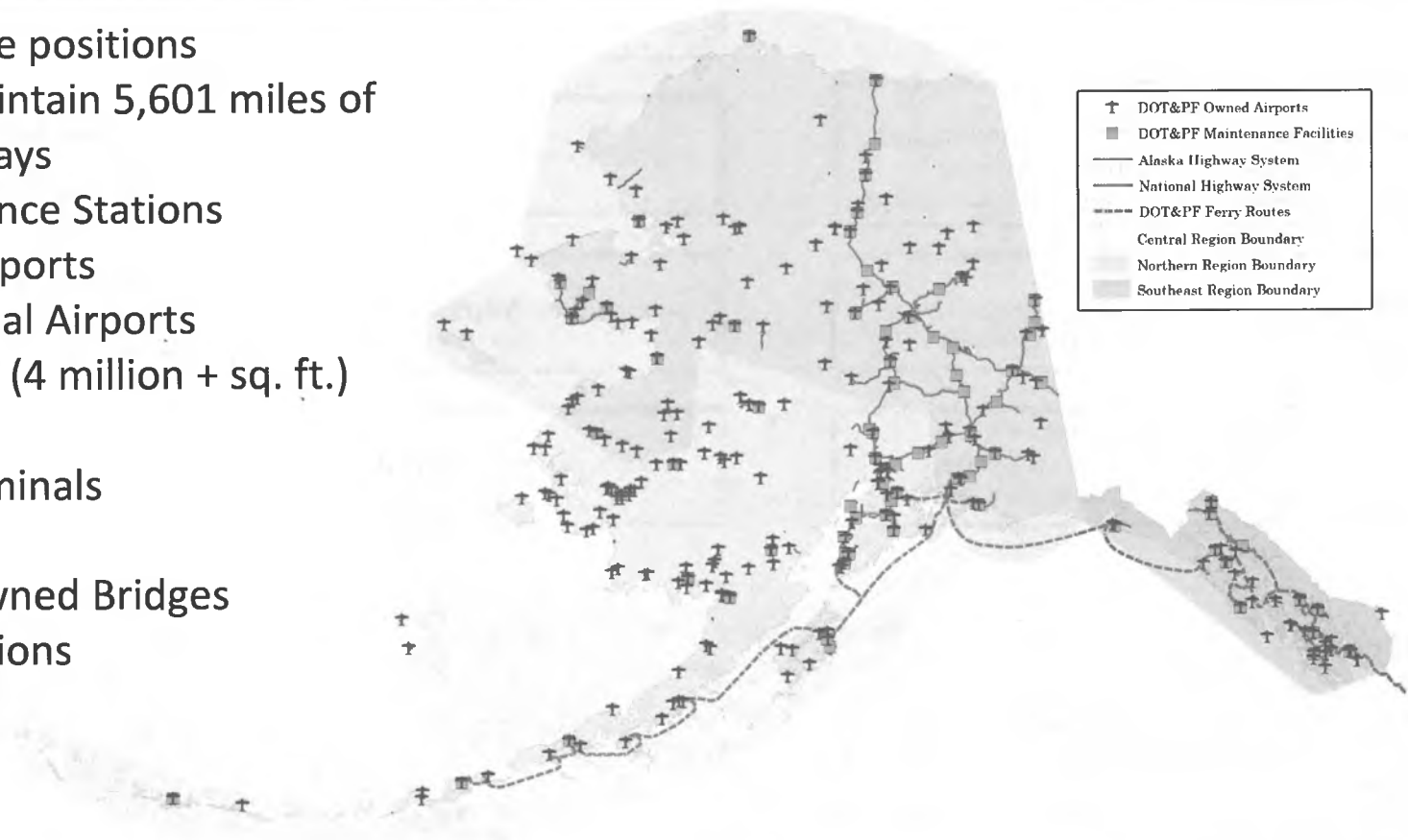
Organization





DOT&PF Assets

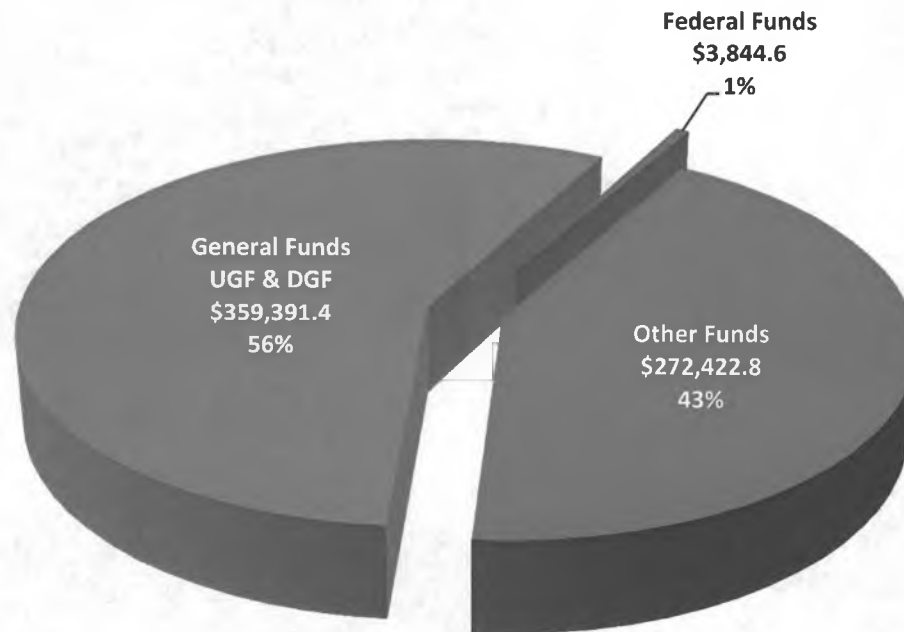
- 3186 full time positions
- Own and maintain 5,601 miles of roads/highways
- 84 Maintenance Stations
- 254 State Airports
- 2 International Airports
- 700 Facilities (4 million + sq. ft.)
- 11 ferries
- 35 Ferry Terminals
- 47 Harbors
- 805 State Owned Bridges
- 7 Weigh Stations

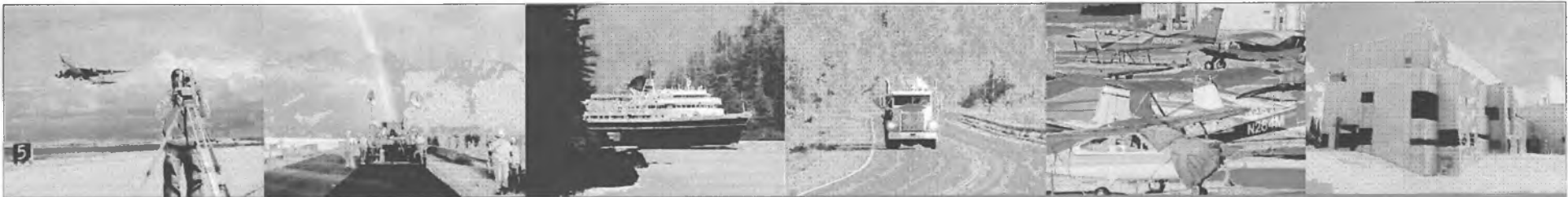




FY14 Operating Budget

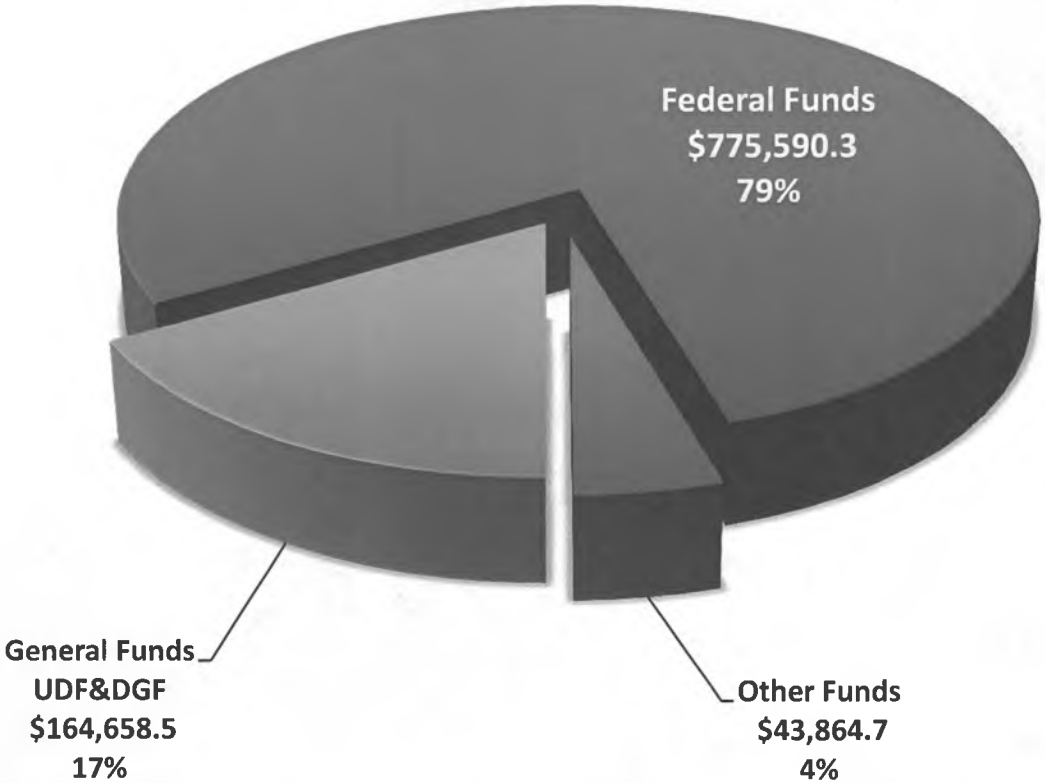
Total: \$635,658.8





FY14 Capital Budget

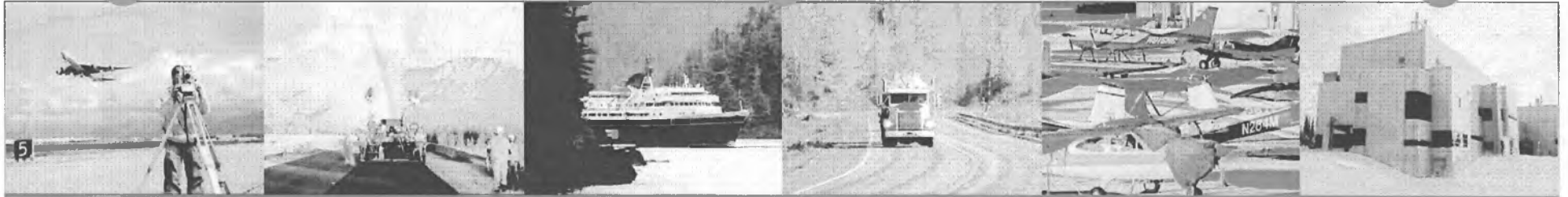
Total: \$984,113.5



| Federal Programs | Amounts |
|----------------------------|-------------|
| Aviation Program | \$191,444.3 |
| Highway Program | \$501,500.0 |
| Statewide Federal Programs | \$82,650.0 |

- Federal Highway Program (FHWA)
- Federal Aviation Program (FAA)
- Federal Transit Administration (FTA)
- National Highway Traffic Safety Administration (NHTSA)
- Federal Motor Carrier Safety Administration (FMCSA)

*Funding shown in thousands



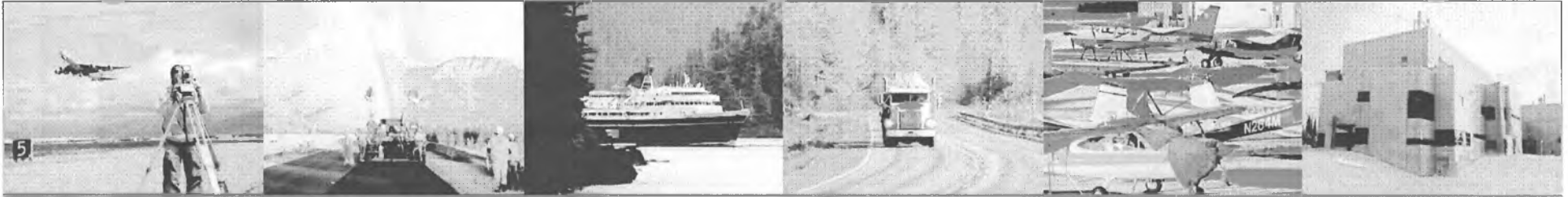
Capital Projects

- Potential value of projects under development estimated at \$3-5 billion
- Transportation needs > \$20 billion



Most Immediate Challenge

- MAP 21 and funding available to local community projects



DOT&PF Information Sources

- Sign up for GovDelivery.com
- 511 is the Traveler Information system the state uses to inform citizens about road conditions, ferry arrivals and departures, dynamic maps, road weather cameras, construction projects, weather service watches and real time public transit schedules.
- Sea News is our monthly email newsletter where subscribers receive exclusive advance notice on travel specials, community events and the latest AMHS news! FerryAlaska.gov

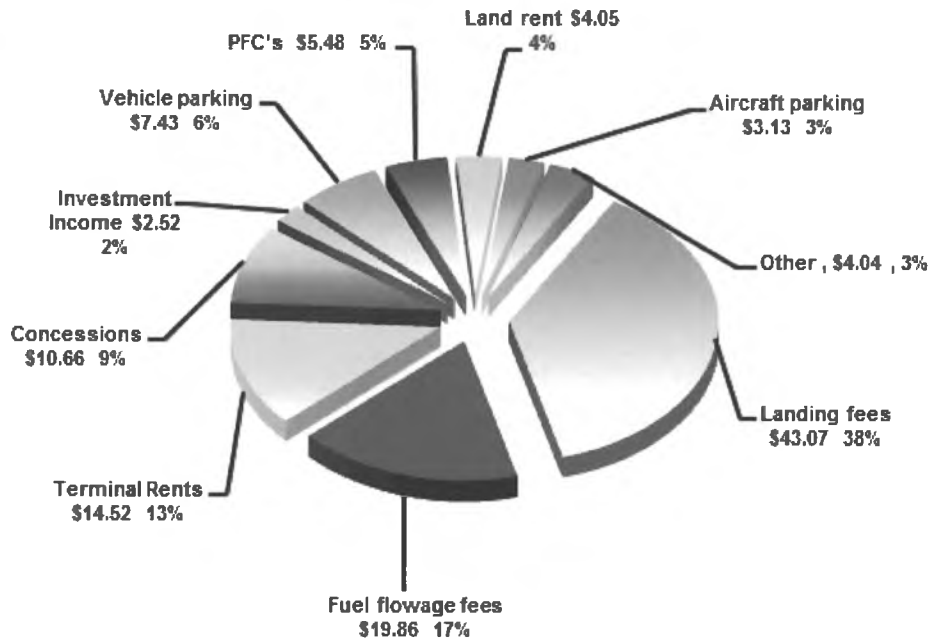


511.Alaska.gov



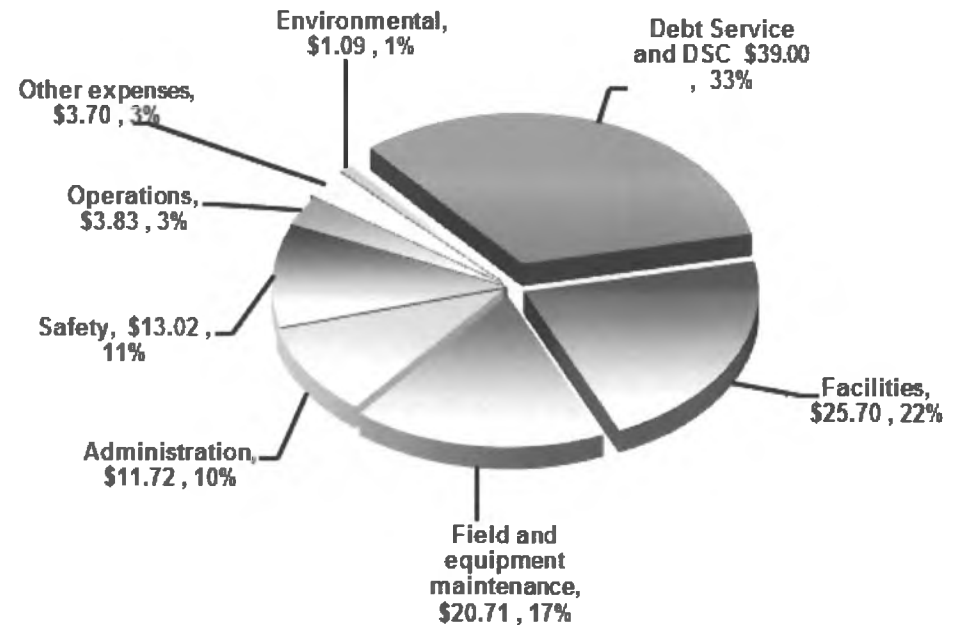
Annual Revenues and Operations, Maintenance and Debt Costs - Funded from Customer Charges -

AIAS 2012 Revenue Sources (in Millions)



\$115M in Operating Revenues

AIAS 2012 Annual Operating Costs (including Debt Service and Coverage) (in Millions)



Costs are covered by adjustments to rates and fees – self sustaining system



Alaska Department of Transportation & Public Facilities

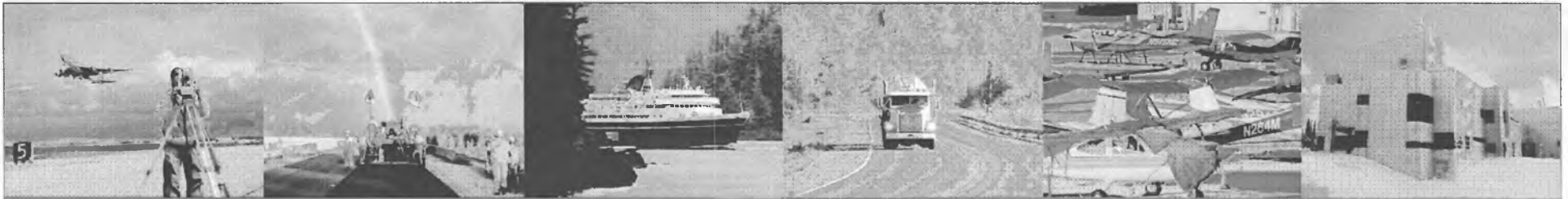
JOINT TRANSPORTATION COMMITTEE HIGHWAYS OVERVIEW

Deputy Commissioner K. Kim Rice, P.E.
January 22, 2013



Outline

- DOT & PF
 - Purpose - Statutes
 - Agency's Mission
- DOT&PF's Organization
 - Headquarters – Programs, Policy
 - Regions – Capital Program Delivery; M&O
- Budget – Operating & Capital
- Strengths / Challenges / Initiatives
- Web Information

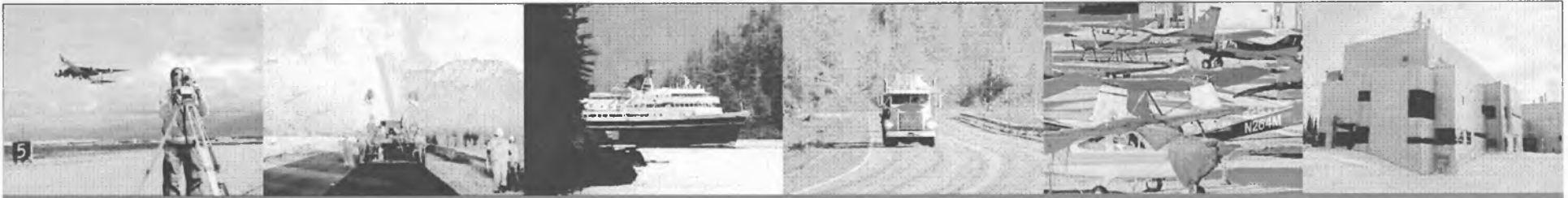


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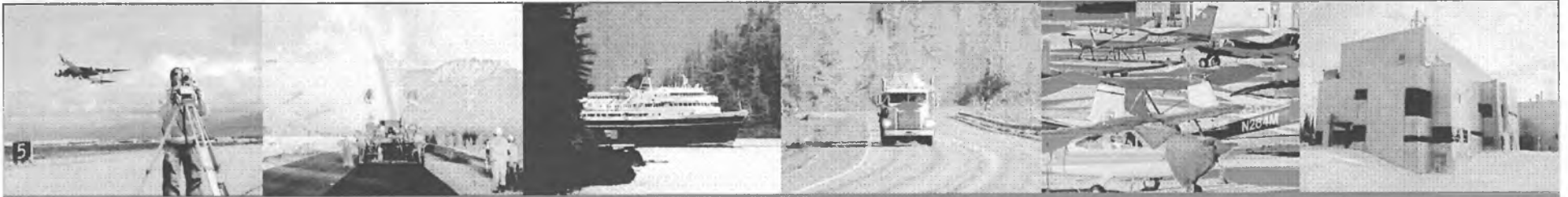
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Alaska Statute

- **Alaska Statutes: AS 19.05.125 Purpose.**

The purpose of AS 19.05 - AS 19.25 is to establish a highway department capable of carrying out a highway planning, construction, and maintenance program that will provide a common defense to the United States and Alaska, a network of highways linking together cities and communities throughout the state (thereby contributing to the development of commerce and industry in the state, and aiding the extraction and utilization of its resources), and otherwise improve the economic and general welfare of the people of the state.



Mission

“Get Alaska moving through service and infrastructure.”

To do this we:

- Provide for the safe and efficient movement of people and goods
- Provide access to state services
- Open opportunities for exploration and development of Alaska’s resources



Core Values

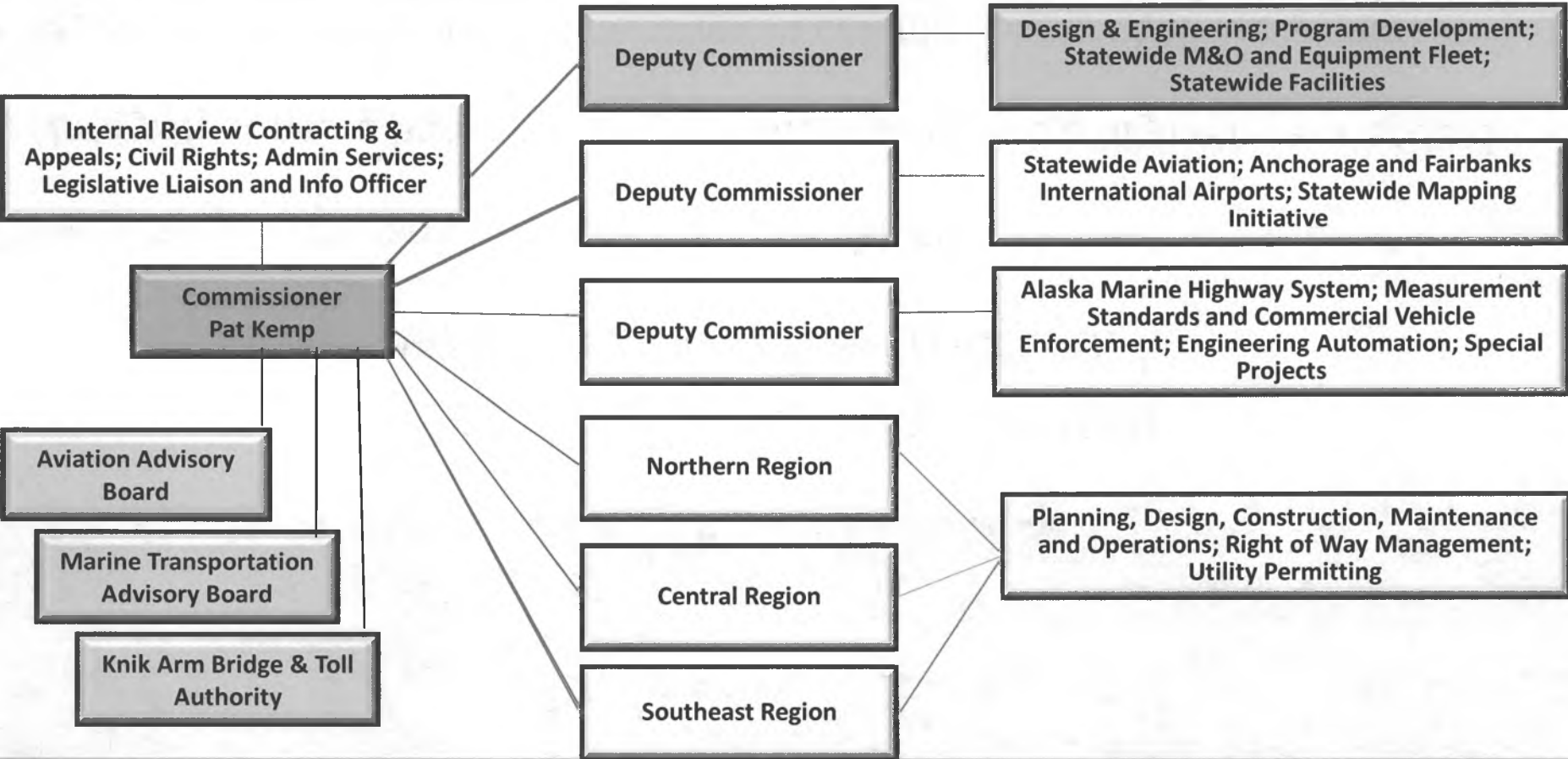
“Get Alaska moving through service and infrastructure.”

To do this we Encourage/Embrace the Core Values

- **Integrity:** Ensure honesty, dependability, loyalty, and a high ethical standard
- **Excellence:** Personal and department commitment to continually improve individual, team, and organizational knowledge, performance, and methods to provide superior service and products
- **Respect:** Positive regard for colleagues and customers



Organization





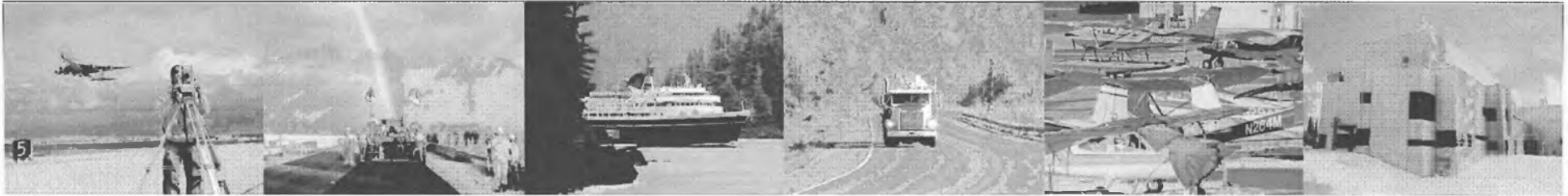
Statewide Functions

- Statewide Engineering
 - Standards, Bridge Design, Harbors
 - Geotechnical/Materials, Right of Way, Environmental
 - Statewide Maintenance
 - Planning/Program Development
 - STIP, long range plan, data warehouse, highway safety office
 - Administrative, Commercial Vehicles, State Equipment Fleet, Facilities
 - Statewide Aviation, AMHS
- <http://dot.state.ak.us/>



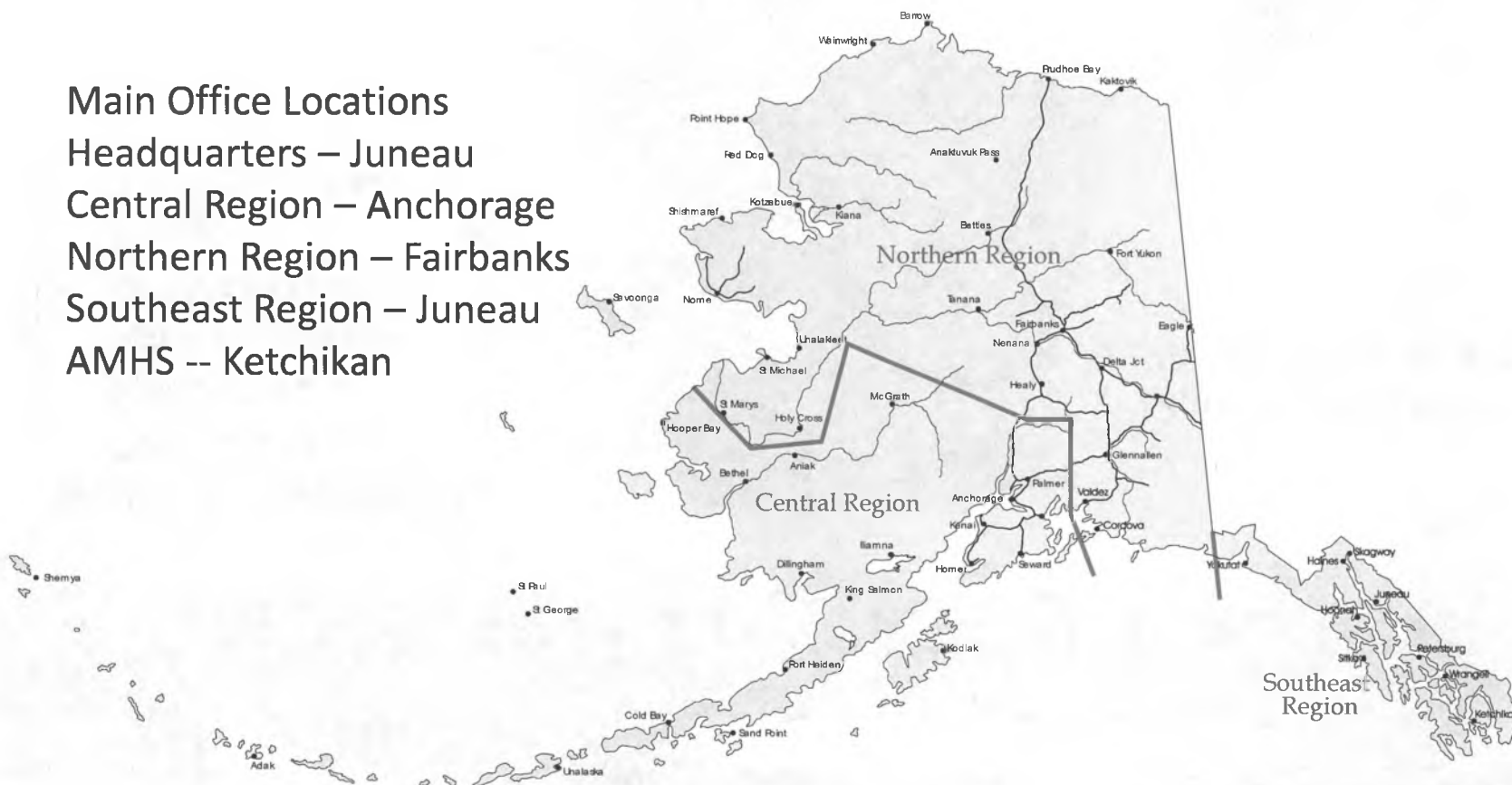
Regional Offices

- 3 Geographic regions:
 - Highway design and construction
 - M&O to both highways and rural aviation systems
 - Planning, ROW, environmental, other
 - Rural aviation design, construction and leasing



DOT&PF Regional Boundaries

Main Office Locations
 Headquarters – Juneau
 Central Region – Anchorage
 Northern Region – Fairbanks
 Southeast Region – Juneau
 AMHS -- Ketchikan



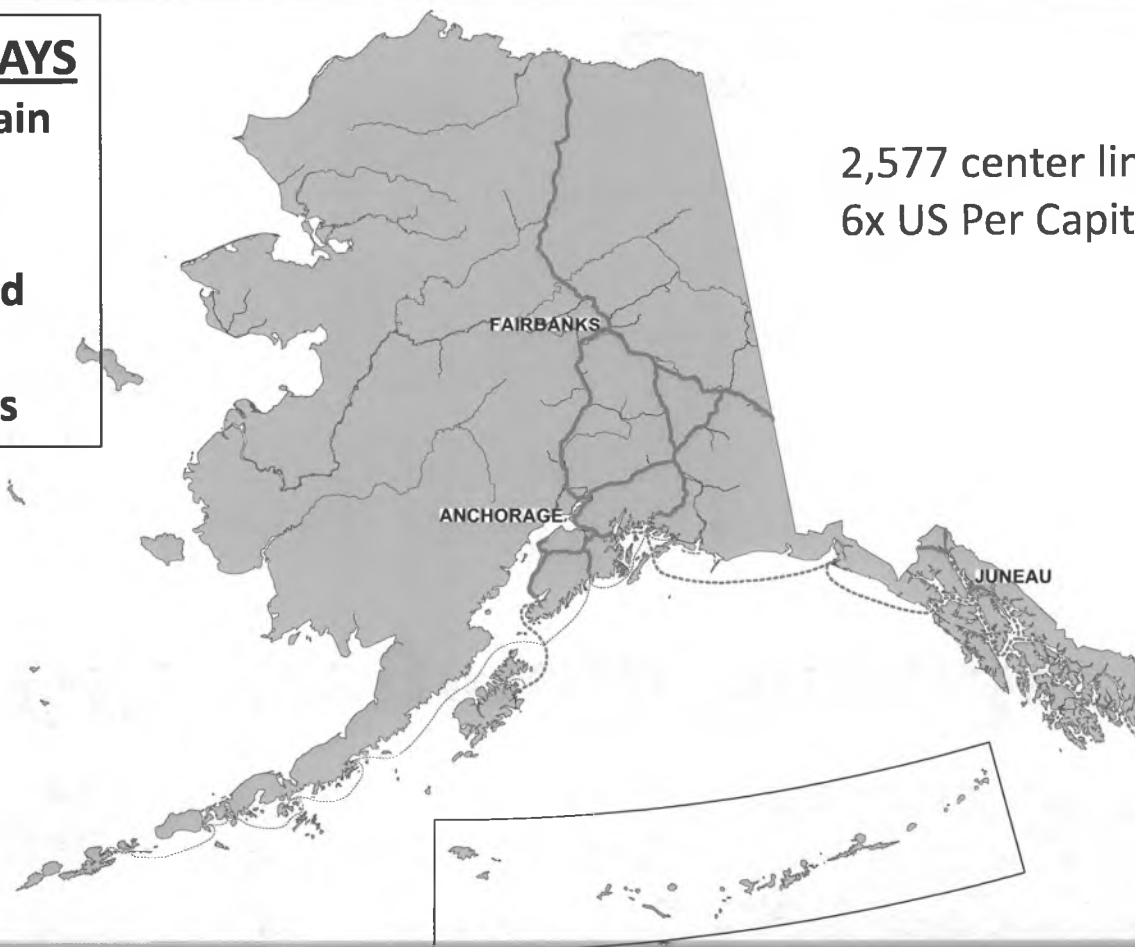
<http://dot.state.ak.us/regions-portal.shtml>

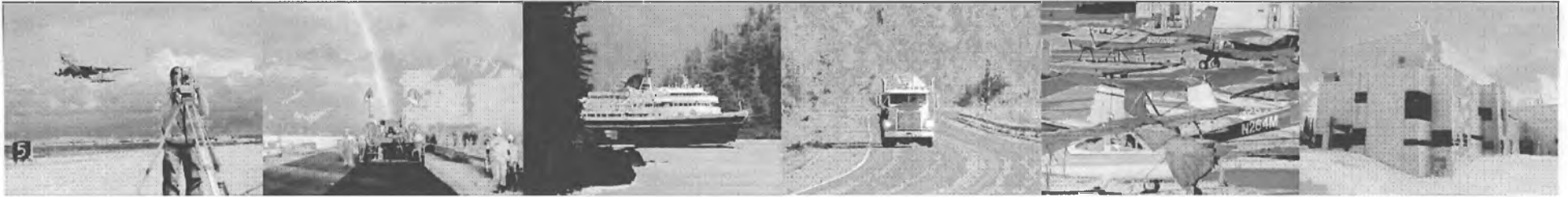


National Highway System

DOT&PF HIGHWAYS

- Own and maintain 5,601 miles of roads/highways
- 805 State Owned Bridges
- 7 Weigh Stations

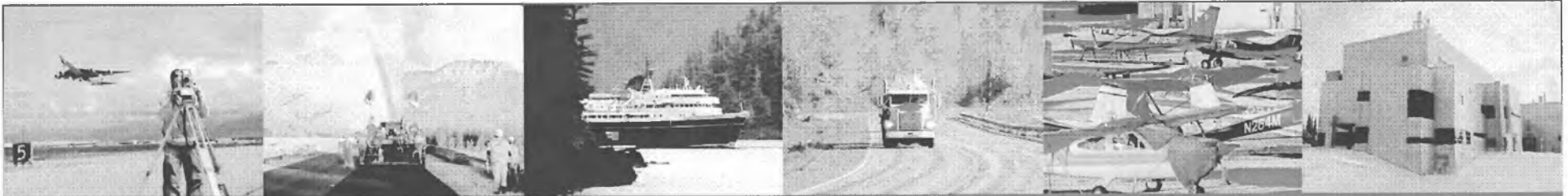




DOT&PF Maintenance Stations

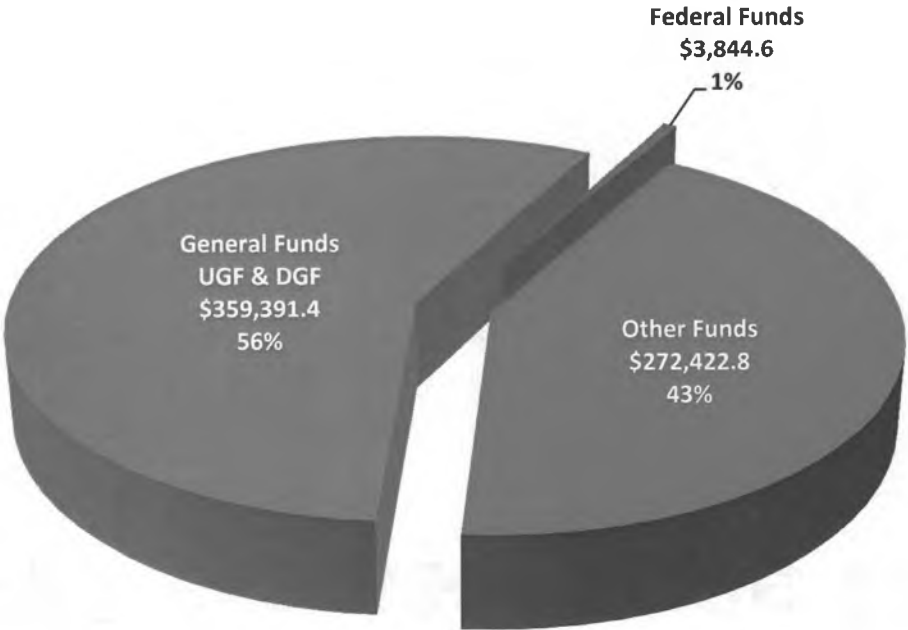
84 Stations Statewide





FY14 Operating Budget

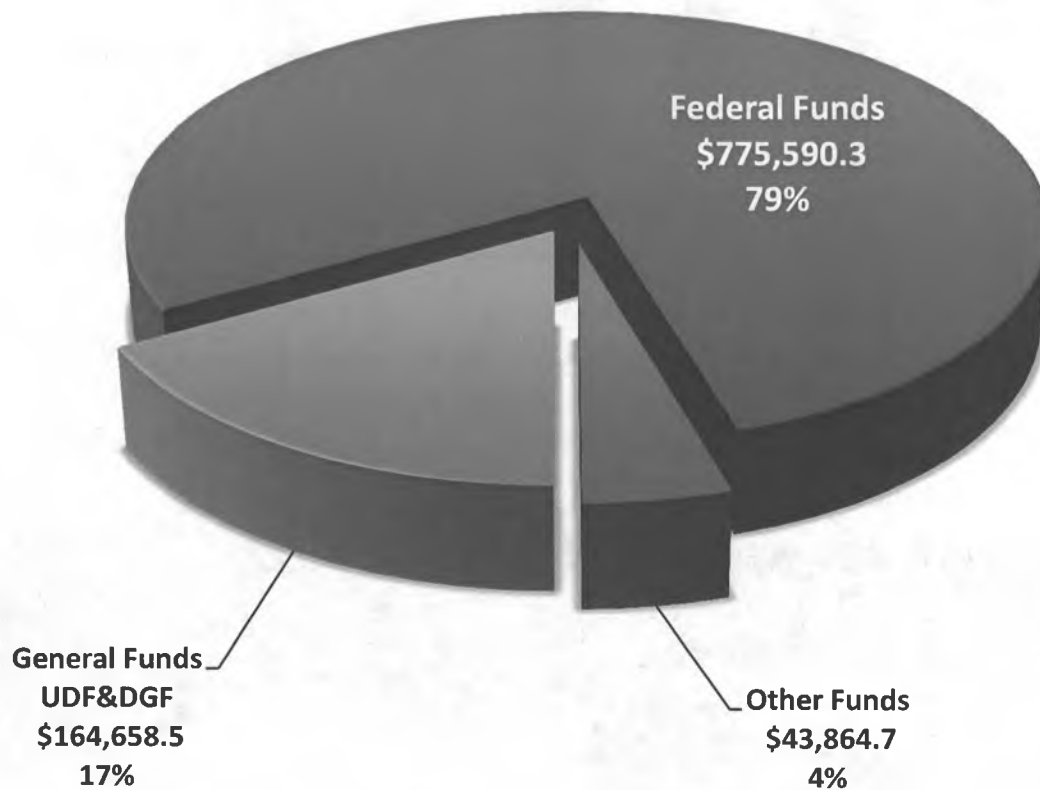
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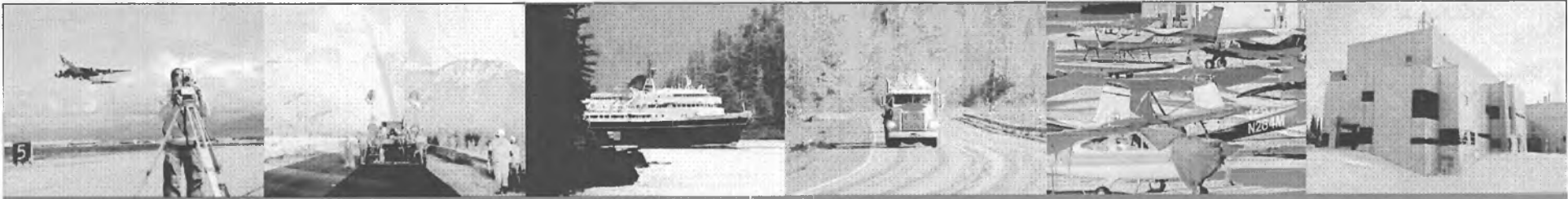
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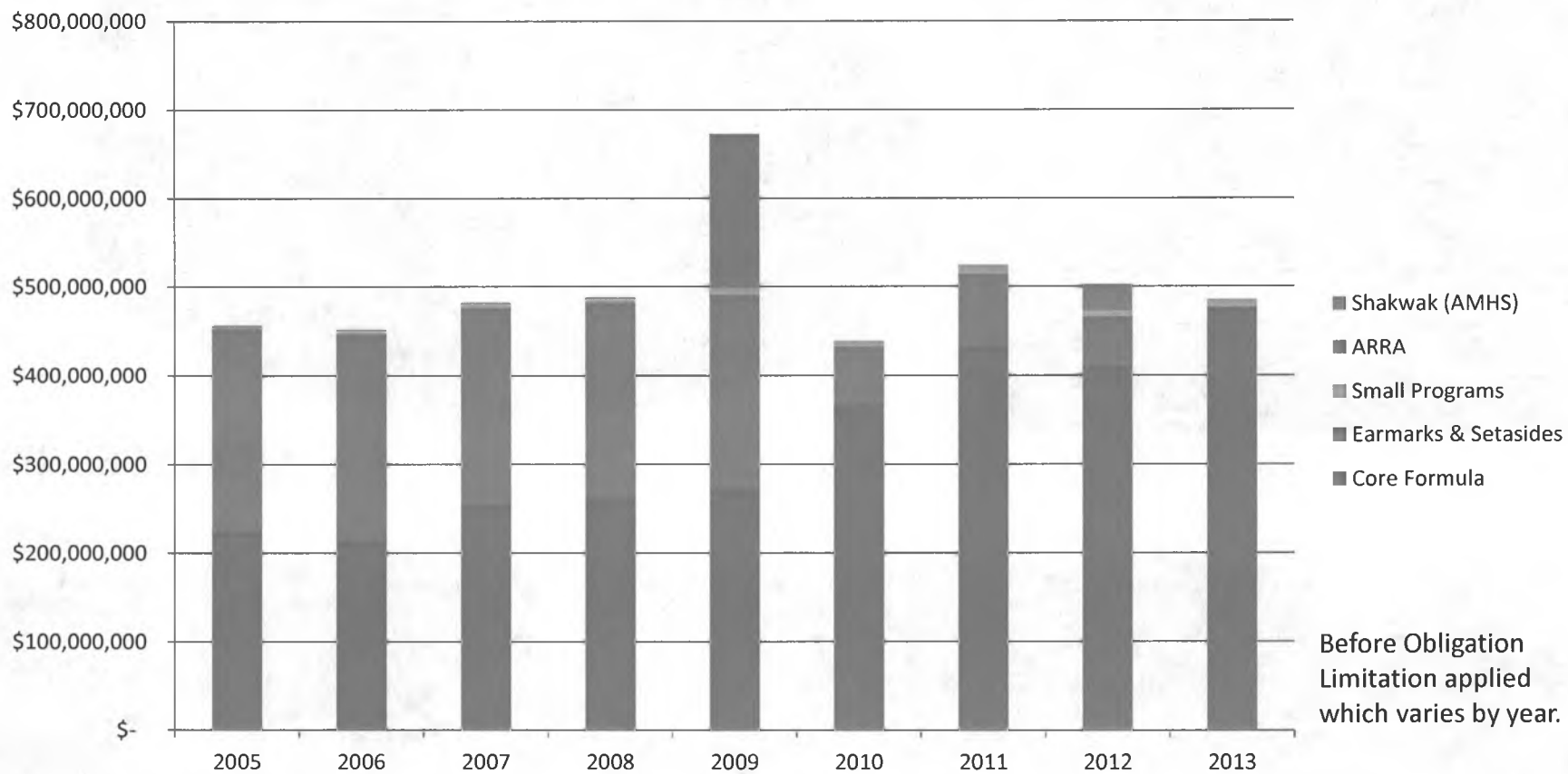


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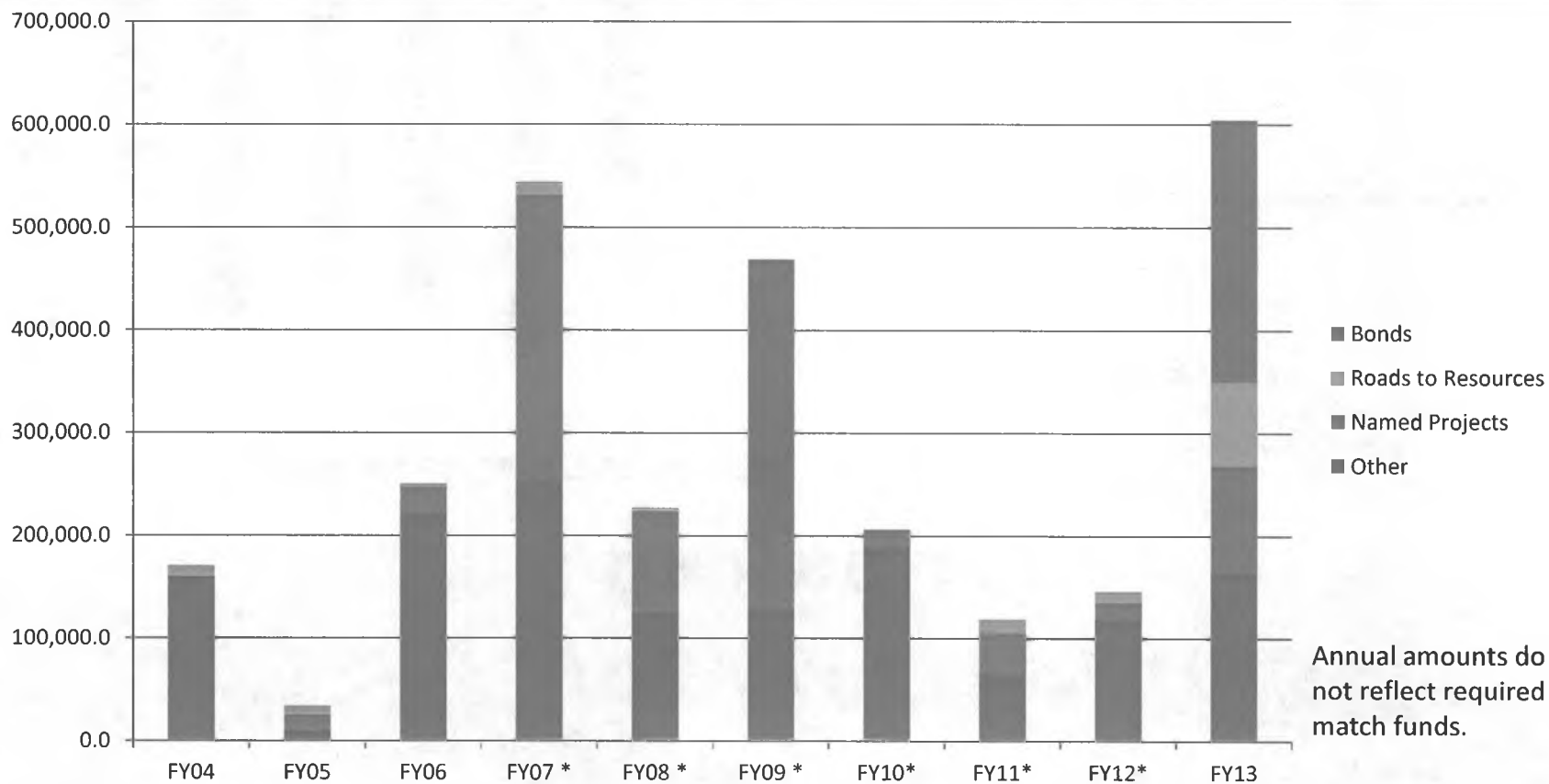


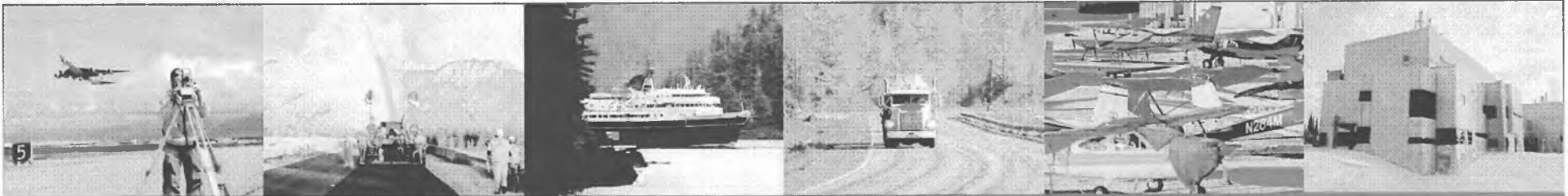
Federal Capital Program



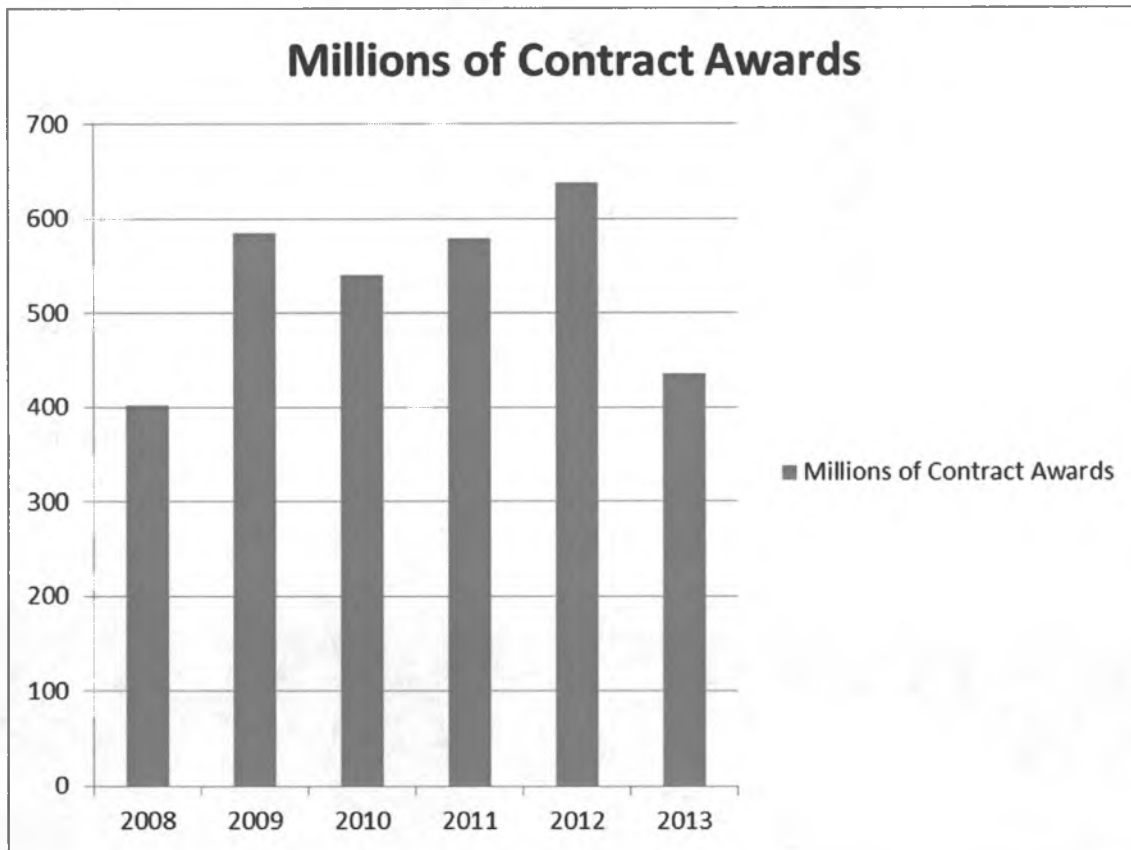


State Capital Program





DOT&PF Capital Construction Projects



NOTE:

a. All construction awards (aviation, marine highways, highways, facilities)

b. All fund sources – State, GF, Federal

c. 2013 is estimated. - will likely be larger.

<http://www.dot.state.ak.us/procurement/index.shtml>



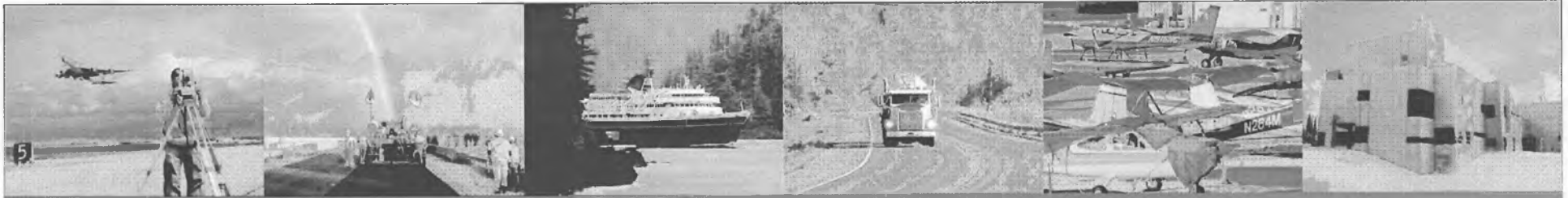
Strengths

- **History of success**
 - Tough mission, in a tough environment
 - Permafrost, mountains, oceans, extreme climate, vast distances
- **Not just about highways / Most diverse state DOT among 50 states / Multi-model**
- **Workforce –Great People!**
 - Strong work ethic
 - Competence - experience, expertise, knowledge
 - Dedicated
 - Pride in accomplishments
- **Quantity and quality of assets**
- **Diverse & interesting challenges**
 - Opportunity for growth
 - Opportunity to serve



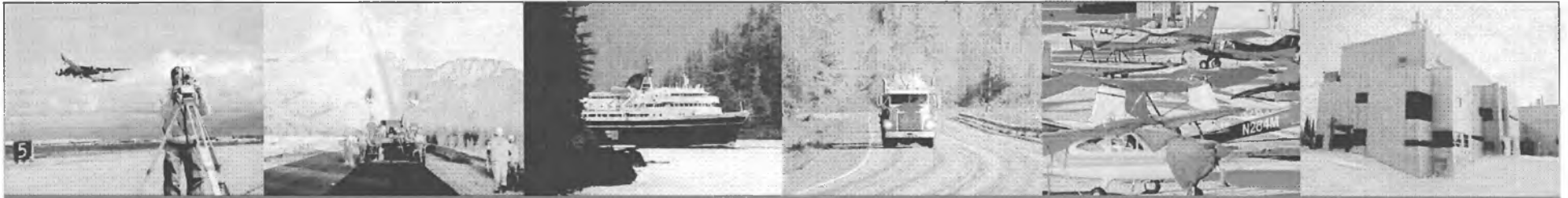
Challenges

- M&O \$ – Balancing budget against needs, changing conditions and expectations
- Capital \$ – very dependent upon federal funds, dollars not indexed to need or construction cost
 - Rural essential needs
 - Population growth demands, more lanes
 - Safety issues
- Staffing – Aging workforce / Recruitment & Retention
- Environmental issues – continue to expand, new issues being raised, longer process timelines



Challenges / Opportunities

- Federal Authorization – “Moving Ahead for Progress in the 21st Century” (MAP-21). Impacts available funding for local projects (Presentation by Mike Vigue)
- Roads to Resources (R2R) – (Presentation by Murray Walsh)



DOT&PF Information Sources

- DOT Website <http://dot.state.ak.us/>
- 511 – Traveler Information (Road Conditions, RWIS...) <http://511.alaska.gov/alaska511/mappingcomponent>
- Navigator Construction Status - <http://alaskanavigator.org/>
- Active Project Status - <http://dot.alaska.gov/projects-status/>
- Links to Project Websites http://dot.alaska.gov/project_info/index.shtml
- State Transportation Improvement Program <http://www.dot.state.ak.us/stwdplnq/cip/stip/index.shtml>



Contact Info

- kkim.rice@alaska.gov
- Sign up for GovDelivery.com
 - User subscription to all things DOT
 - 30+ topics
 - Free, no junk mail to follow
 - By text or email
 - Easy to change or cancel too

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Alaska Department of Transportation & Public Facilities

MAP-21: Current Federal Transportation Policy

January 2013



Outline

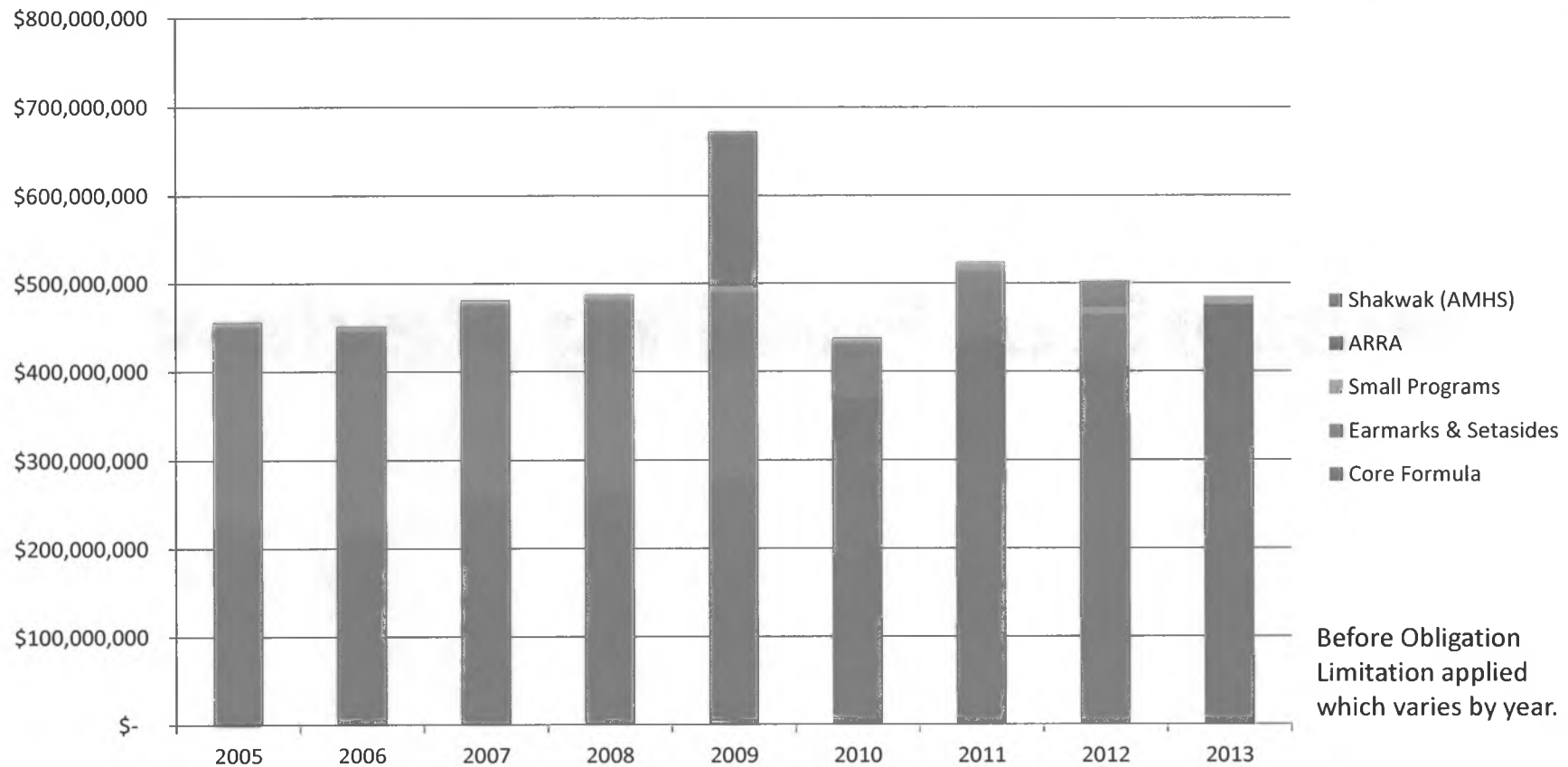
- Historical Funding Review
- MAP-21 Highway Reauthorization



Historical Funding Review

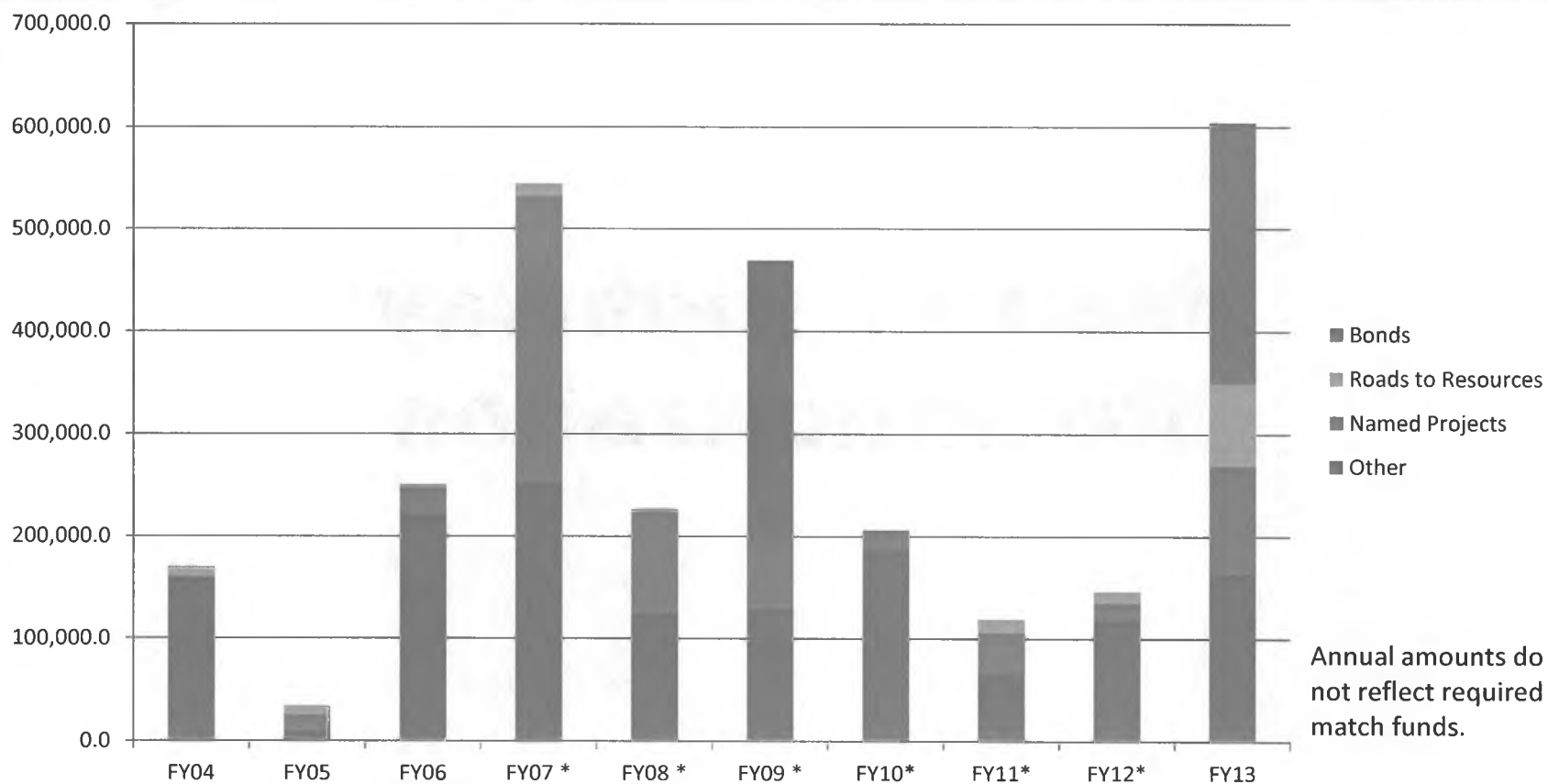


Federal Capital Program





State Capital Program





Map-21 Highway Reauthorization



MAP-21

- 2-year highway and transit bill for Federal years 2013 & 2014
- Relies on GF appropriations and other funding transfers; no new taxes or fees to sustain level funding
- Significant new policies, including some streamlining of difficult federal processes
- Numerous other policy changes



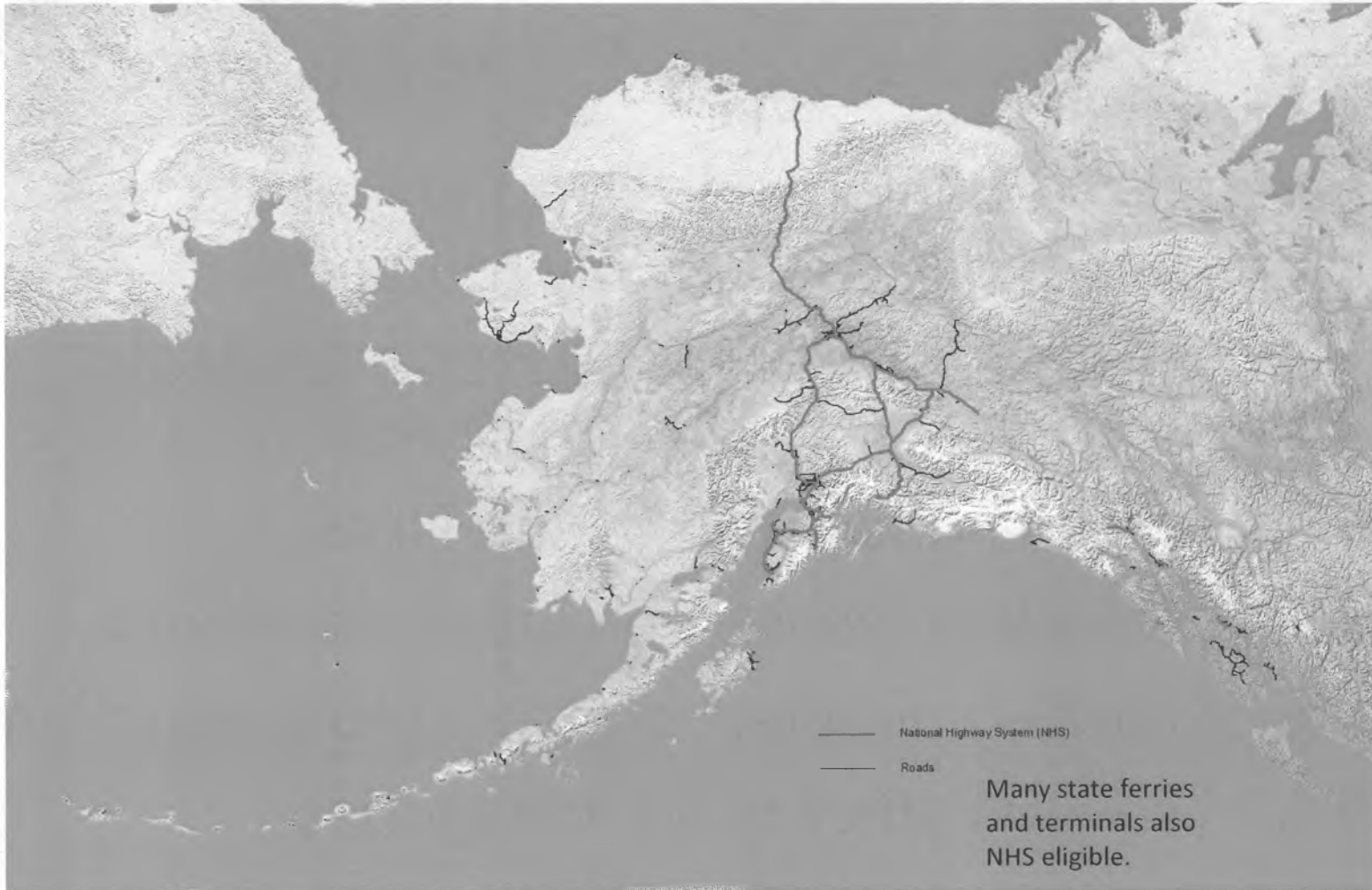
MAP-21 Funding

- Highway funding down from \$520 M to \$485 M
 - Similar reduction felt in all other states
- Transit funding at \$45 M, plus new ferry funding of yet unknown amount
- Significant streamlining of funding categories
- New federal priorities:
 - National Highway System (expanded)
 - Highway Safety
 - Meeting performance standards on NHS
 - Urban areas > 200,000 population



MAP-21 Redefines Federal Interest

- Federal-Aid System narrowed to just the Interstate and Nat'l Highway routes.
 - NHS broadened to include all Principal Arterials.
 - Added 90 miles (~4%) to Alaska NHS
- 57% of funding focused on the NHS
- 27% of funding focused on lower-tier roads
- 7% of funding directed to safety (+5% sanctions)
- 9% to several other minor categories

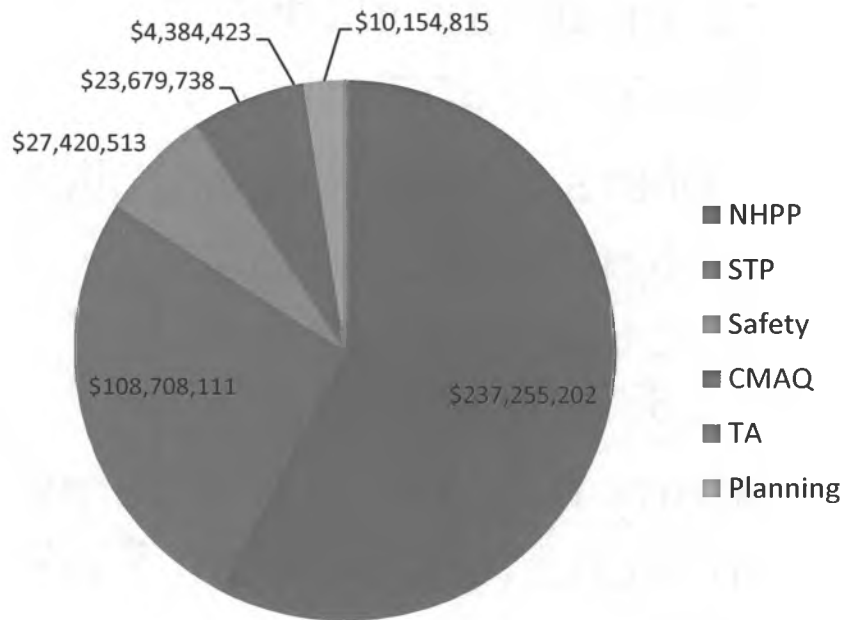


Alaska NHS Routes

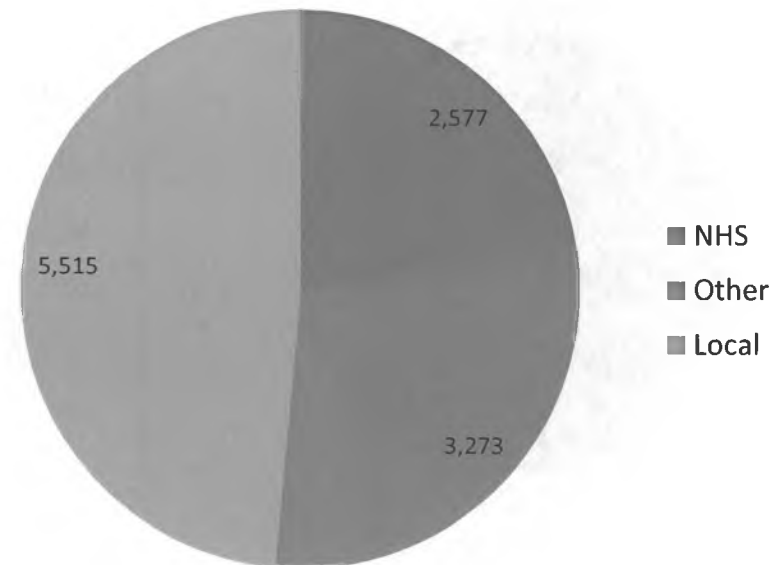


MAP-21 Emphasis is to NHS

Federal-aid Funds



Miles of Road

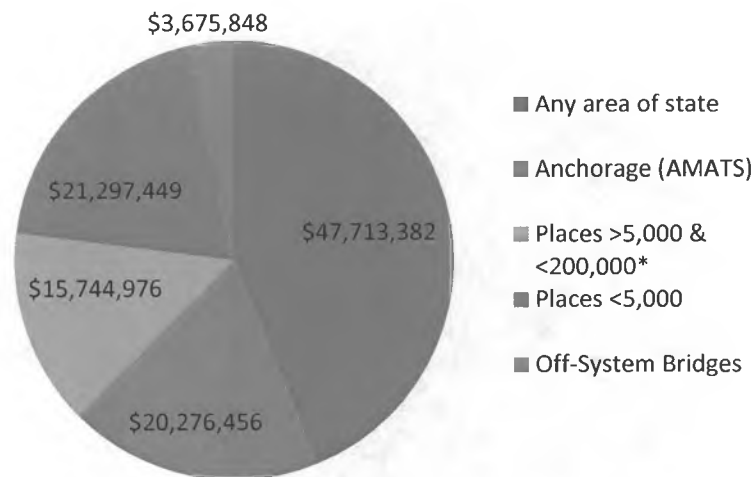


18% of Road Miles Garner 57% of Federal-aid Funding



MAP-21 Allocation to STP

MAP-21 STP Funds



- All non-NHS roads will compete for smaller share of funding.
- Dollars available per mile:
 - NHS = \$92,000/mile
 - Other, except local = \$32,100/mile
- Many required work items must be funded from STP also.

*Fairbanks, Juneau, Soldotna, Ketchikan, Kodiak, Sitka, Palmer & Wasilla



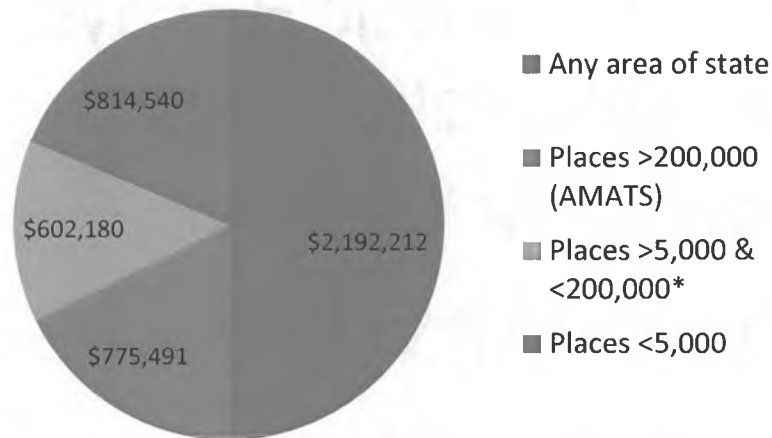
Transportation Alternatives (TA)

- 4 previous programs merged into one funding category:
 - Transportation Enhancements, Scenic Byways, Safe Routes to School and Recreation Trails
 - Recreation Trails allocation set at '09 level
- 50% set-aside by population like STP
- Unusual eligibility language added



MAP-21 Allocation to TA

MAP-21 TA Funds



*Fairbanks, Juneau, Soldotna, Ketchikan, Kodiak, Sitka, Palmer & Wasilla

- Rec Trails gets firm set-aside \$1.35 M
 - Administered by DNR
- Remainder: unusual new method of allocation; no final guidance at hand.



MAP-21 Eliminations

- AMHS direct allocations end (\$10 Million annual set-aside and competitive discretionary funds)
 - New national formula program (\$67 M)
 - 45% of funds allocated on number of vehicles carried
 - 35% of funds allocated on base of route miles
 - 20% of funds allocated on number of passengers carried
- Alaska & Hawaii STP formula exemption removed



MAP-21 Eliminations

- Shakwak funding ends
 - \$30 M annually to Canada for Haines & Alaska Highways
 - Periodic method of funding AMHS needs
- Forest Highway program ends
 - \$9 M annually to build highways on Nat'l Forests
 - Replaced by \$7 M program on all federal lands



Performance Mandate

- FHWA to set NHS Performance Measures for:
 - Pavements and Bridges
 - Safety
 - Freight Mobility
 - Congestion
- If NHS system conditions fall behind:
 - Must divert funding to better performance
 - Later, penalized with higher match requirement



Streamlining

- Environmental streamlining:
 - Greater use of Categorical Exclusions (work within ROW, smaller \$ projects)
 - Cat-X's: simplest, fastest level of NEPA compliance (no Purpose and Need, no alternatives consideration)
- Funding streamlining
 - Many fewer categories of funding (though some still retained as “sub” categories)
 - Makes funds management less onerous



Other MAP-21 Categories

- CMAQ funding increased overall
 - Provides dollars to address PM 2.5 and similar air quality issues
- Highway Safety projects well funded
 - Statewide, funding nearly double
 - \$26.4 Million for Highway Safety Improvement Program (HSIP)
 - \$1.1 Million for Rail/Highway Crossing improvements
 - \$21.1 Million for Hazard Elimination (NHTSA funded with FHWA oversight)
- Urban planning funds increase by \$500K to \$1.9 Million (AMATS & FMATS)



MAP-21 Conclusions

- Overall Federal-aid funding remains consistent with SAFETEA-LU average
- Less funding categories but more restrictive and reduced STP funding
- No dedicated Bridge Program
- With NHS focus, less funding available for lower classed roads including AHS
- Safety funding significantly increased
- Transportation Alternative program makes enhancement type projects such as Safe Routes to School, Bicycle and Pedestrian, Scenic Byways more difficult to fund with Federal-aid
- Performance Measures and Transportation Asset Management requirements will require more resources devoted to data collection and analysis to meet Federal reporting requirements



Alaska Department of Transportation & Public Facilities

Roads to Resources

Joint House/Senate Transportation Committees

January 22, 2013

Patrick Kemp, P.E.
Commissioner

Murray Walsh.
Roads to Resource Manager



Roads to Resources Program

- Road to Resources funds have previously been used on smaller economic development projects
- Focus expanded to larger projects to fill the pipeline, create jobs, and increase commerce





Roads to Resources Program

Guidelines for funding and design standards:

- Initial permitting accomplished by DOT&PF
- Initial road is “long and skinny” constructed to minimum design standards to support development startup
- Initial road is funded either by DOT&PF or in partnership with the developer
- A long-range public/private partnership agreement would be forged to best fit both partners



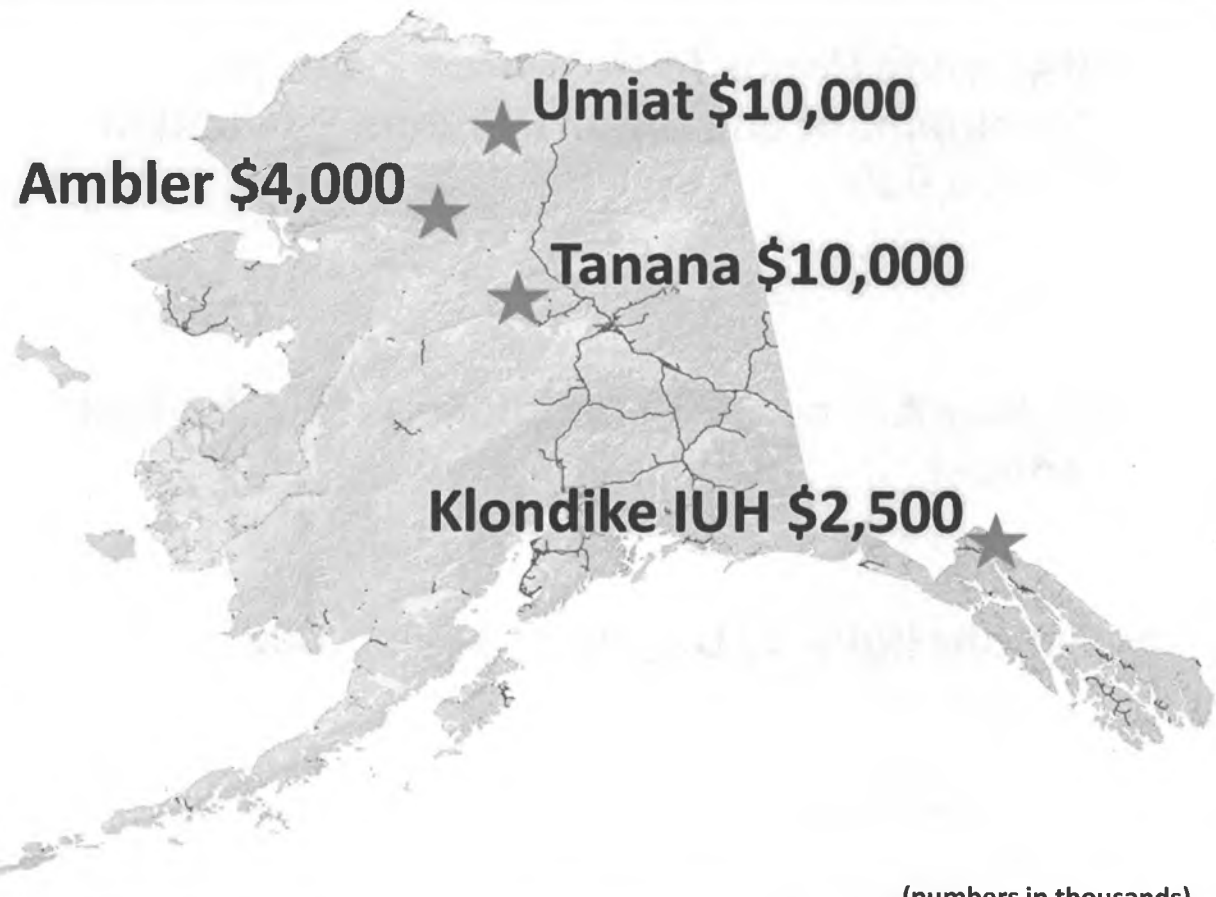
Roads to Resources Program

- Road is improved to higher standards as traffic and development dictates
- Funding to improve the road will be borne by the resource developers
- Roadway could be designated an “Industrial Use Highway” in order to charge tolls to industrial users (AS 44.62)
- Annual M&O costs could be funded with IUH receipts



Roads to Resources 2013 Capital Budget

★ Statewide Roads to Resource Program Development and Small Projects Evaluation \$2,000



(numbers in thousands)



Roads to Resources 2014 Capital Budget Request

- ★ **Statewide Roads to Resource Program
Development and Small Projects Evaluation
\$2,000,000**
- ★ **Ambler Access, \$8,500,000 in AIDEA budget
request**
- ★ **Dalton Highway Upgrade, \$7,500,000**

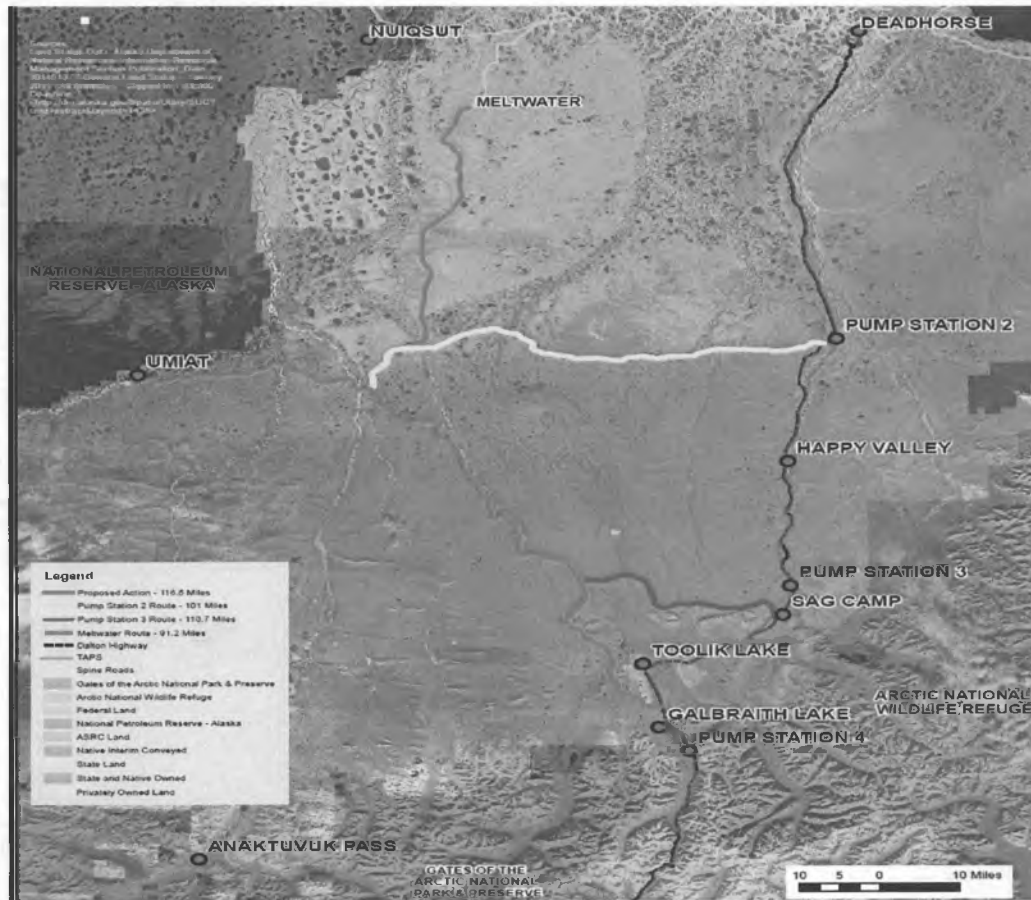


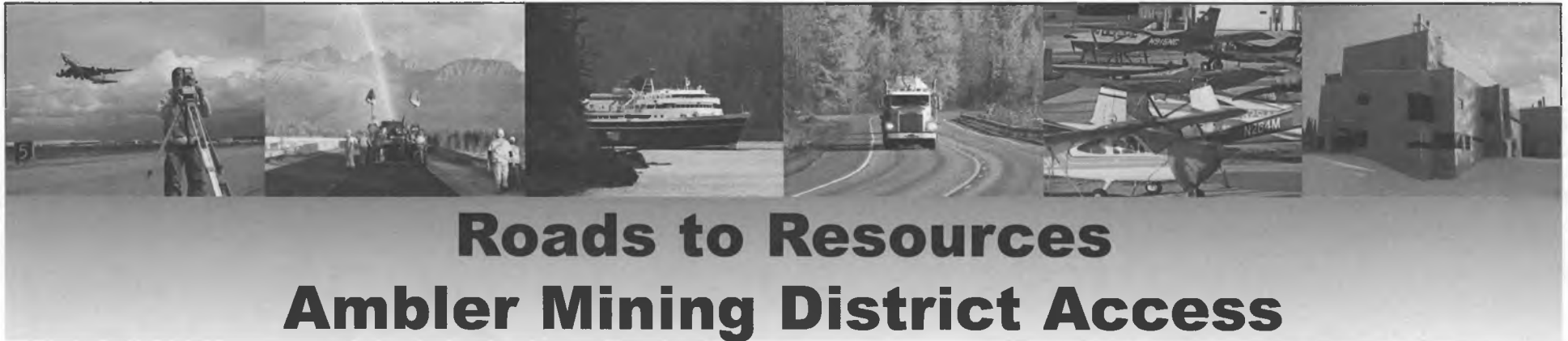
Road to Umiat – Foothills West

- Umiat is a petroleum rich area, 200 to 300 million barrels of oil, and trillions of cubic feet of gas
- 18' wide road with inter-visible turnouts
- \$200 million to \$300 million construction estimate for road and bridges
- Corps of Engineers is lead federal agency on NEPA, R.O.D. in early 2015



Road to Umiat - Foothills West





Roads to Resources Ambler Mining District Access

- Ambler Mining District is a mineral rich area (Cu, Zn, Pb, Ag, and Au)
- 300 direct jobs for development of NovaCopper's Arctic deposit
- NovaCopper and NANA Corp. have entered into a partnership to develop mineral resources
- FY 2014 budget request includes \$8,500,000 for AIDEA to continue the work



Ambler Mining District

- Contains over 120 million tons: Cu, Zn, Pb, Ag, Au resources yielding:

Published or Announced Mineral Resources

(6 of 106 Mineral occurrences)

September 17, 2010 DNR Report

Copper - 4,360,000 tons

Zinc - 5,629,000 tons

Lead - 900,000 tons

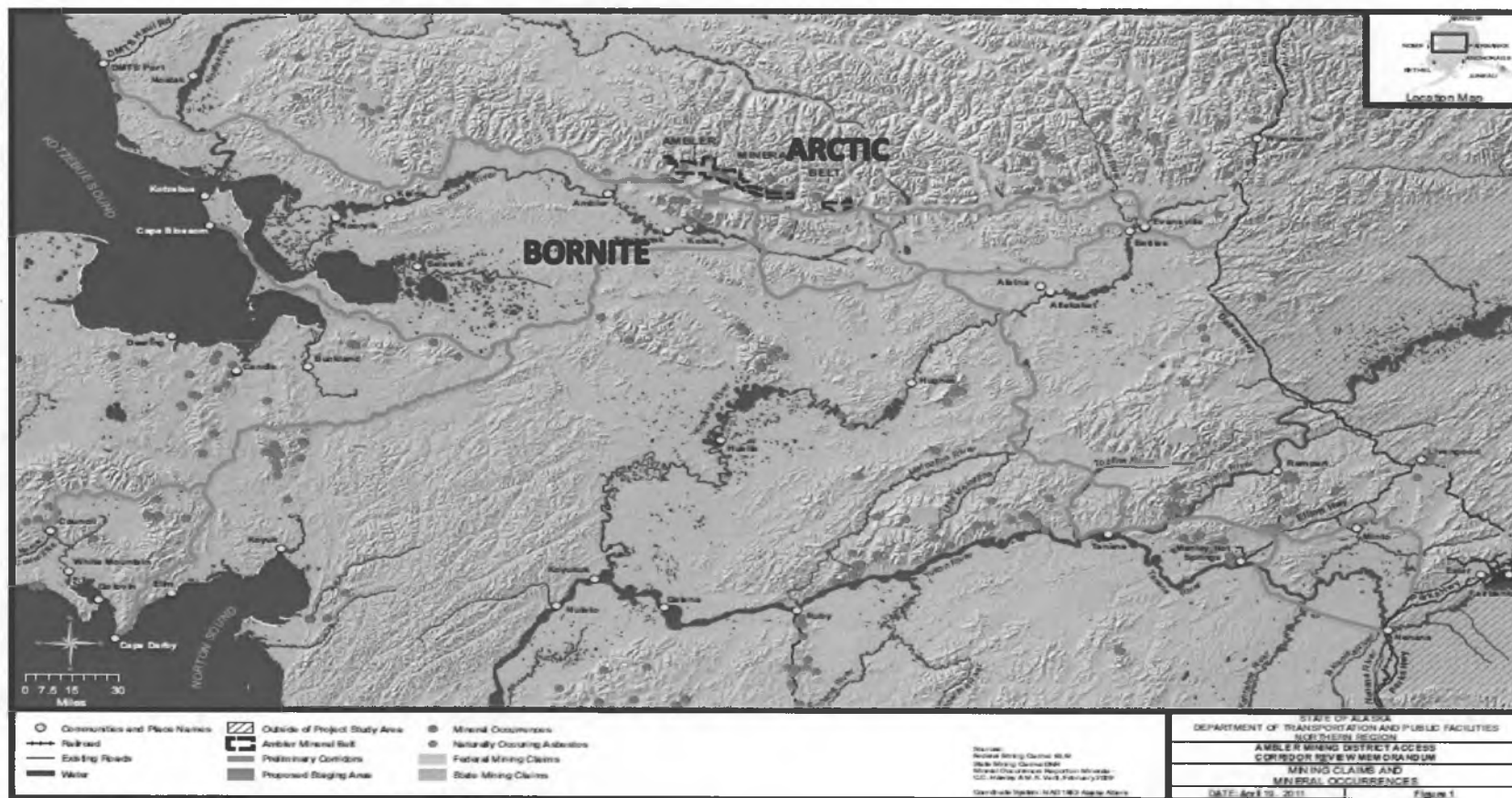
Silver - 240,000,000 ounces

Gold - 1,940,000 ounces

- Development of Arctic deposit would create over 300 direct jobs for Nova Copper proposal



Ambler Mining District Access



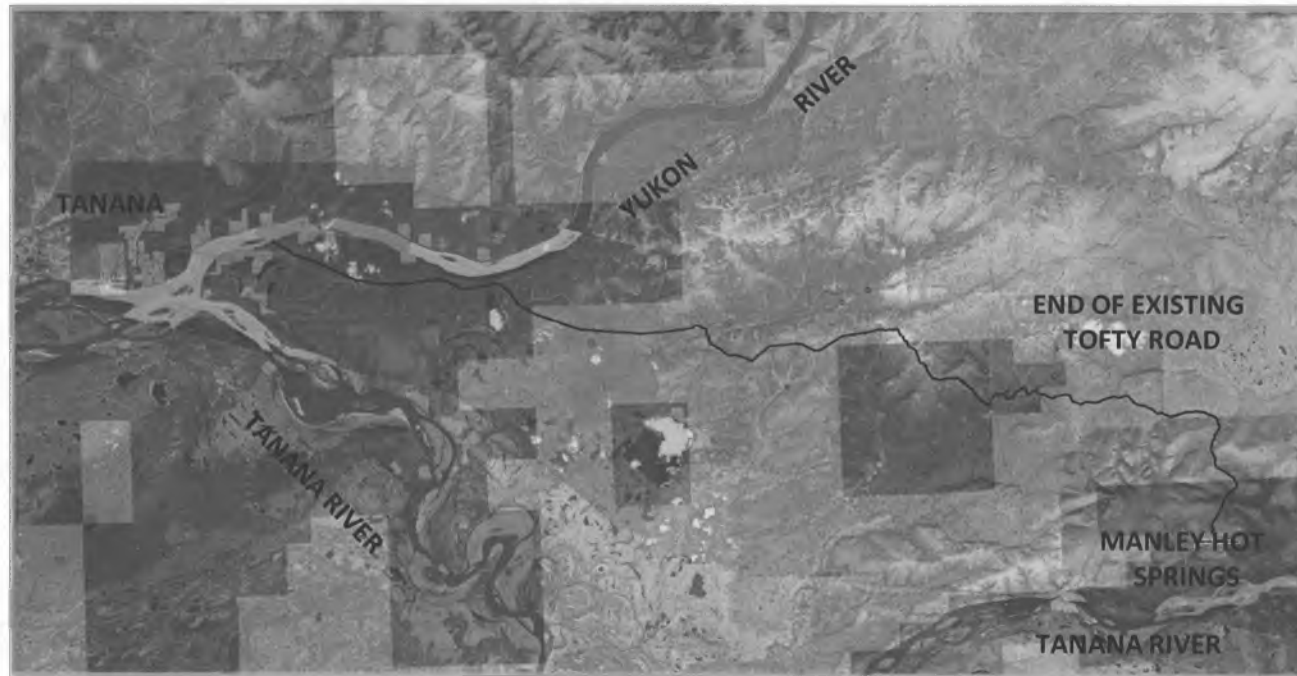


Road to Tanana

- Mineral rich area with mines in production
- Added benefit of providing road access to the community of Tanana
- 18' wide road with inter-visible turnouts
- Began construction in 2013



Tanana Access Road Map



0 2.5 5 7.5 10 Miles

| Legend | |
|--------|---|
| ● | APC, Service, Presence, Agreement |
| ■ | Alaska Department of Transportation - Public Resource Data File |
| — | Right of Way |
| — | Proposed Corridor |
| — | Open Mining Claims |
| — | Native Allotments |
| ■ | BLM Land |
| ■ | Native Land |
| ■ | State Land |
| ■ | State and Native Owned |
| ■ | Private, Owned - BLM |

Alaska Department of Transportation & Public Facilities
TANANA ACCESS ROAD

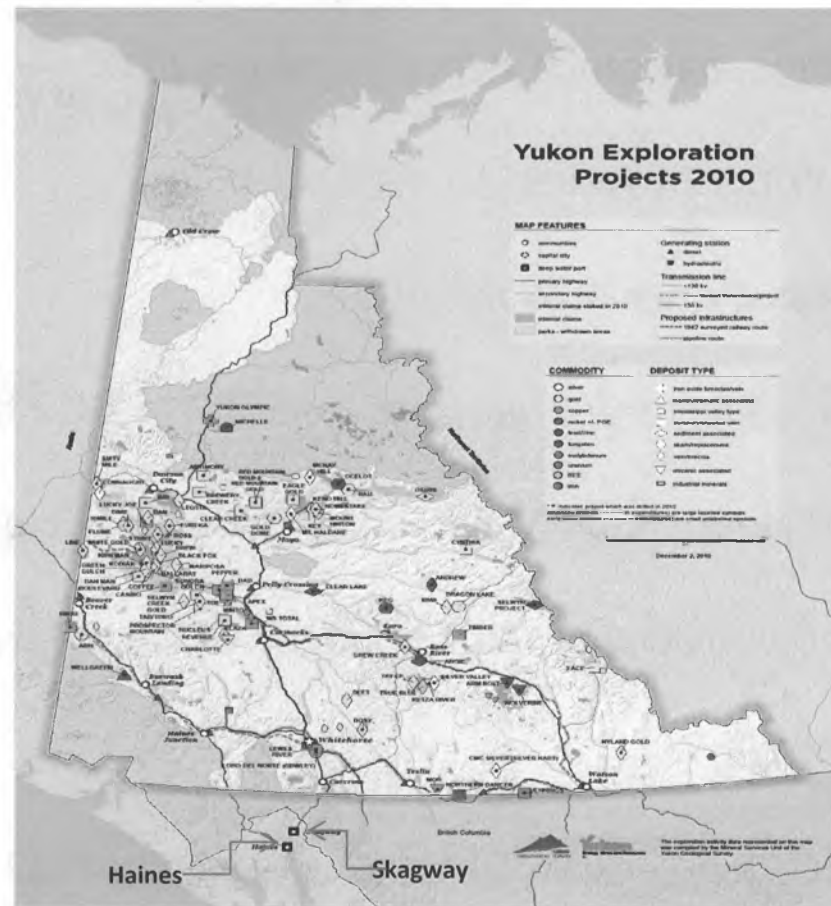


Klondike Industrial Use Highway (IUH)

- Yukon ore haul volumes to Skagway are projected to significantly increase due to Canadian mine industry growth
- The Klondike IUH is the only Industrial Use Highway in Alaska (Allows oversize/overweight hauls, based on cost recovery of damages)
- Tolls collected since 1985
- Replace bridge and strengthen pavement to support heavy haul ore trucks



Klondike Industrial Use Highway (IUH)





Other Projects

- West Susitna Access Reconnaissance, Report in mid – 2013
- Niblack Mine Access- Prince of Wales (Au, Ag, Cu, Zn, Pb)
- Bokan Mtn. Mine Access- Prince of Wales (REE)
- Totchaket Road- Nenana (ag/tim/oil/gas/min) \$6.5MM in 2012 bond – City of Nenana
- Granduc Mine- Hyder Salmon Road (Cu) Road upgrade, possible IUH
- Petersburg – Kake, \$40,000,000 in FY 2013 budget, NEPA underway
- SE LiDAR, \$5MM in FY2013,
- Katlian Valley Access (Quarry) – Sitka, \$14MM approved in 2012 bond



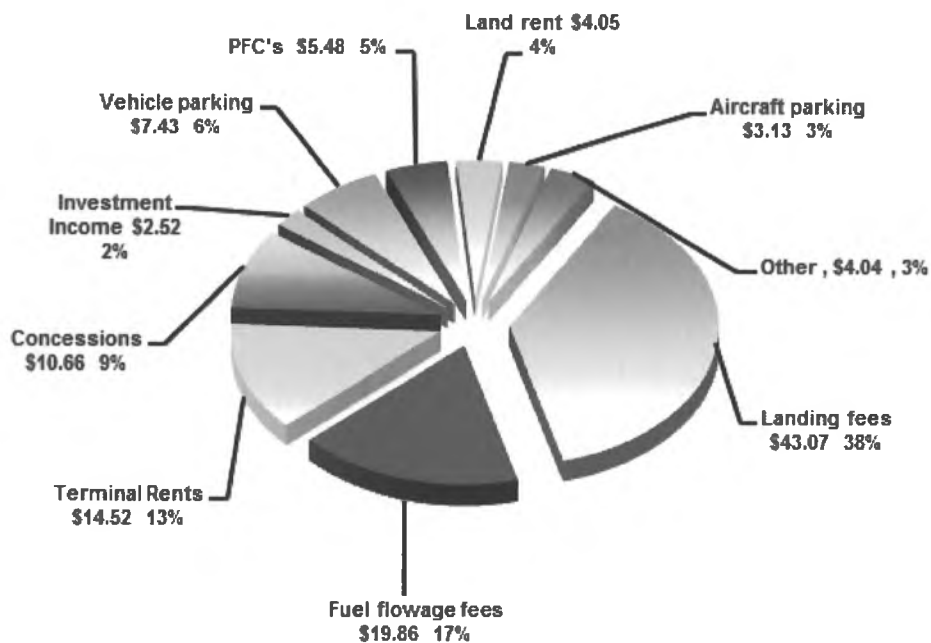
Thank you!

Questions?



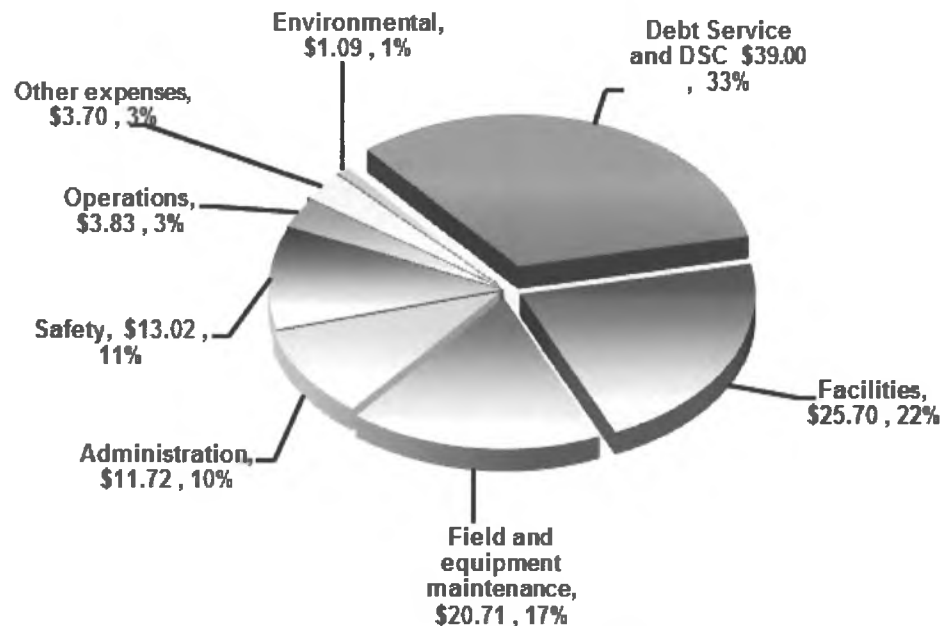
Annual Revenues and Operations, Maintenance and Debt Costs - Funded from Customer Charges -

AIAS 2012 Revenue Sources (in Millions)



\$115M in Operating Revenues

AIAS 2012 Annual Operating Costs (including Debt Service and Coverage) (in Millions)



Costs are covered by adjustments to rates and fees – self sustaining system



**Alaska Department of
Transportation & Public Facilities**
Aviation Overview
Joint Transportation Committee

January 24, 2013



Introductions

- **Deputy Commissioner Steven Hatter, PMP, CM**
 - Two primary “hats”—Alaska International Airports System (AIAS) Executive Director; As Deputy Commissioner, oversee DOT&PF’s Statewide Aviation mission
- **Mr. John Parrott, AAE, Ted Stevens Anchorage International Airport Manager**
- **Mr. Jesse VanderZanden, AAE, Fairbanks International Airport Manager**



Mission Statements

DOT&PF:

“Get Alaska moving through service and infrastructure.”

Alaska International Airports System (AIAS):

“To keep Alaska flying and thriving.”



Topics

- **Alaska International Airports System**
 - Structure
 - Alaska Advantage
 - Future
- **Statewide Aviation**
 - Rural System Scope and Scale
 - DOT&PF Aviation Org Structure
 - Stakeholders



AIAS Structure



AIAS Structure

Created Fifty Years ago by Ch88 SLA
1961 - (AS 37.15.410-550)



Ted Stevens
Anchorage
International Airport
"A World AeroNexus"

+

=



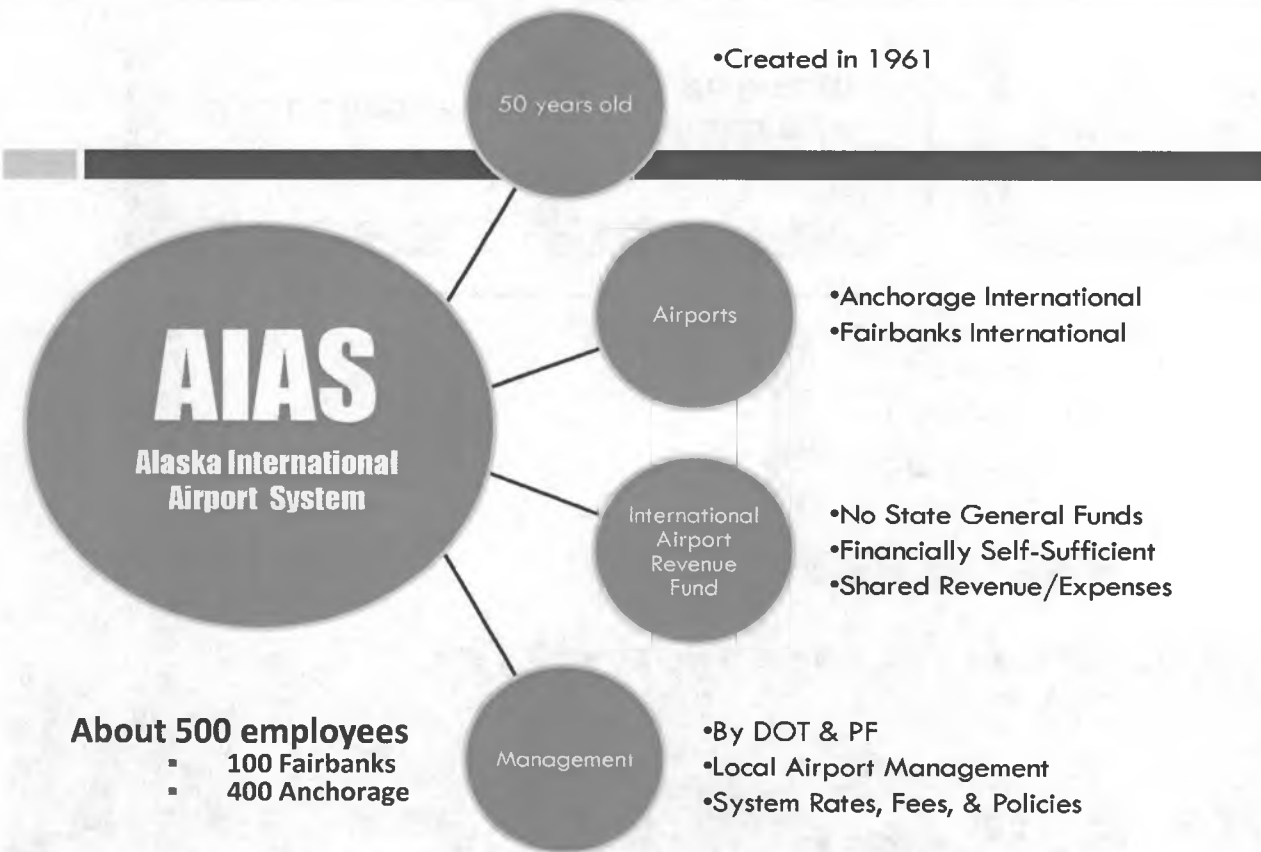
Alaska
International Airport
System
"A World AeroNexus"



Fairbanks
International Airport
"A World AeroNexus"



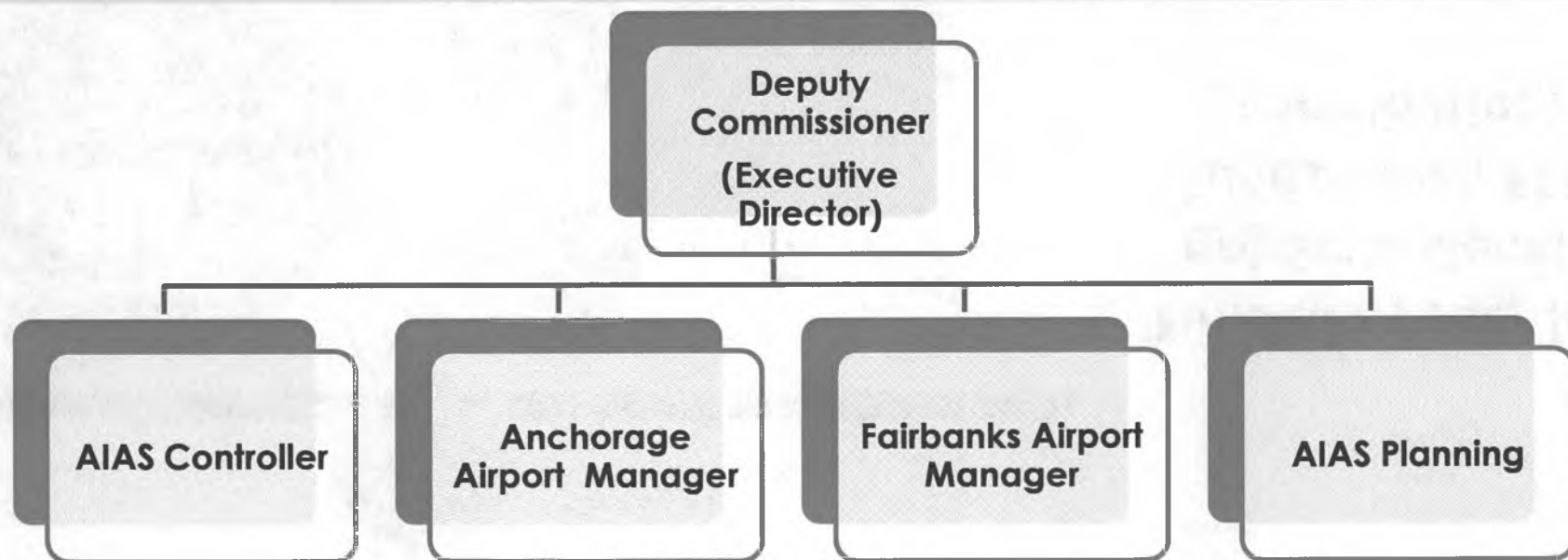
Self-Sustaining



**Funded by user fees
not State General
Funds (small PERS
contribution)**



Organization/Leadership



491 Personnel

- Administration
- Operations
- Facilities
- Field & Equipment Maintenance
- Police and Fire



State Economic Engine

Anchorage

- **15,577 Jobs – one in ten jobs**
- **About \$724 million in direct annual payroll**
- **Another \$303 million in annual payroll for jobs in the community**

Fairbanks

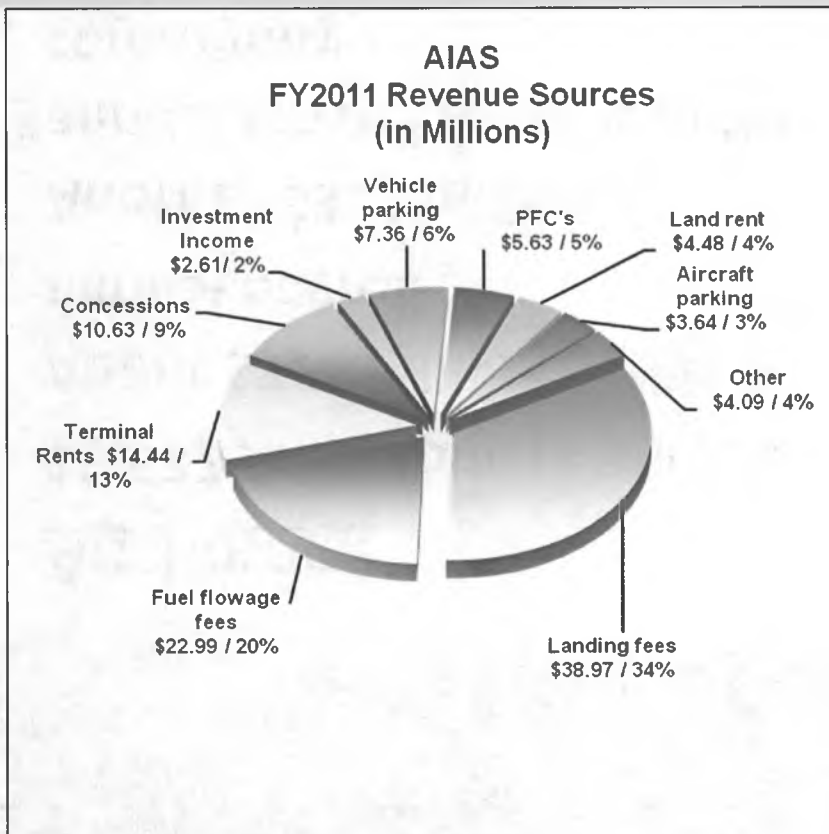
- **1,900 Jobs - one in twenty jobs**
- **\$225 million in economic output**
- **Ranked 85th in the nation in weight of total mail and freight (2010)**

***Source: 2011 McDowell Group Study**

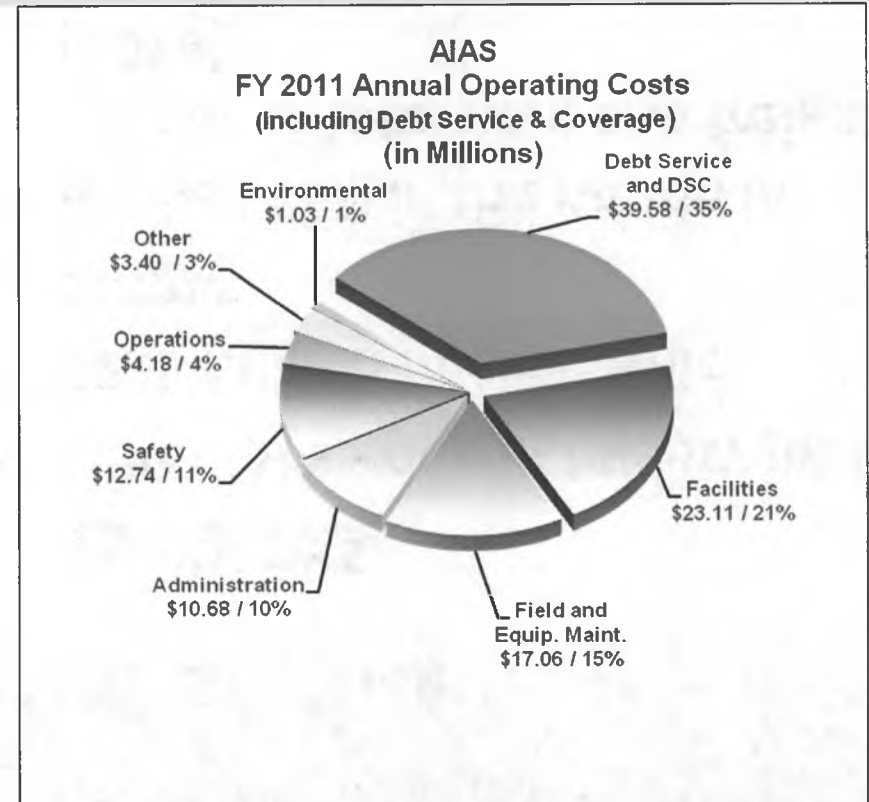
***Source: 2011 Alaska Aviation System Plan Study**



AIAS Revenues and Costs



\$101M in Operating Revenues



Costs are covered by adjustments to rates and fees – self sustaining system



Operating Agreement with Carriers

- **Residual Cost Model**
 - **Signatory Carriers underwrite**
 - **Signatory Carriers have a voice—Operating, Capital**
- **Signatory Carriers organize and engage AIAS as Airline Airport Affairs Committee (AAAC)**
- **AIAS has authority to issue revenue bonds**
- **Current agreement expires 30 Jun 2013**



New Operating Agreement

- **Negotiated Operating Agreement (OA) with Signatory Airlines (28)**
- **Capital Improvement Program**
- **Reviewed rates and fees model**
- **Reviewed next OA term**
- **New OA to be effective 1 Jul 2013**



Collaborative Relationships

We're working closely with airline partners to navigate tough economy and traffic downturn. The following is AAAC's written response to AIAS's November 2011 rate increase:

"The State worked collaboratively with the AAAC Chairs...to determine the most prudent course to take."

"The State has been very collaborative in their approach...to address the needs of both the Airlines and the Airport."

AAAC Co-Chairs



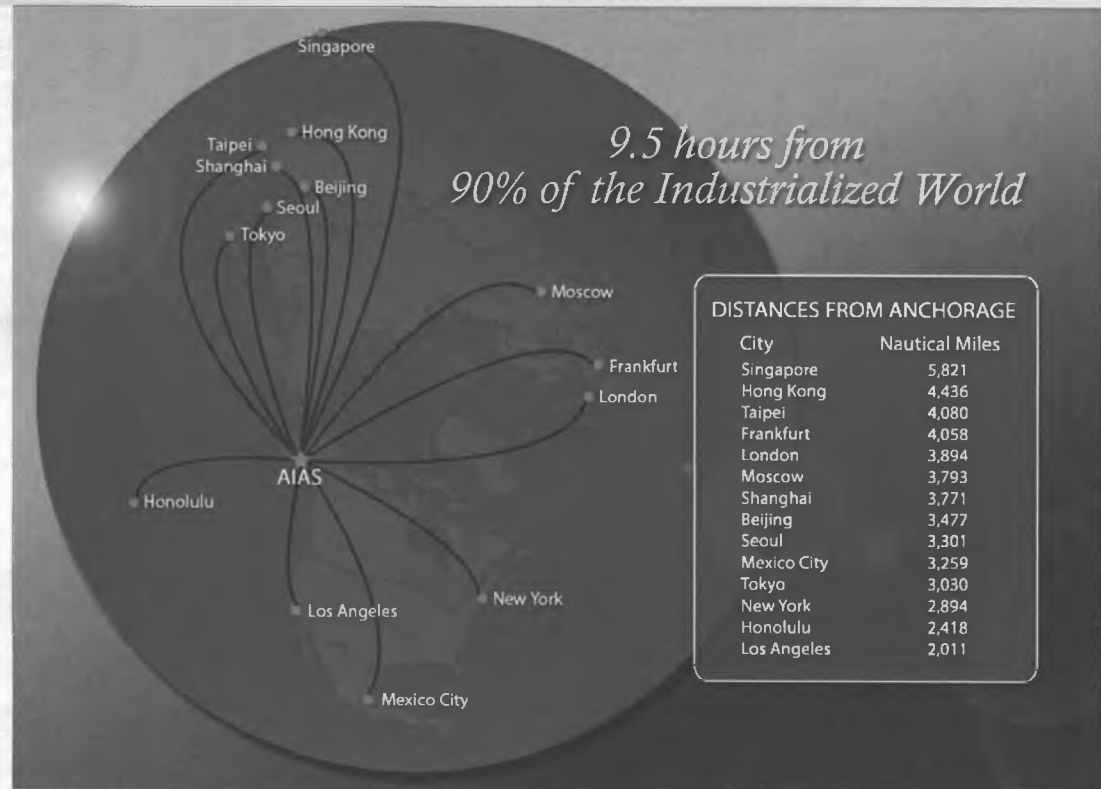
AIAS: The Alaska Advantage



Location and Two Airports

- 9.5 hours from 90% of Industrialized World
- Never a same day closure (except 9/11)

+/- 10 minutes diversion Trans-Pac





Payload vs. Range

PVG-ORD Direct
Distance: 7,050 miles
Payload: 170,000 lbs
 77,273 kg

PVG-ANC-ORD
Distance: 7,150 miles
Payload: 295,000 lbs
 134,090 kg



| | | |
|-------------------|-----------|--|
| At \$1.00 per lb: | | For 747-8F: |
| PVG-ANC-ORD = | \$295,000 | Increased Revenue with ANC stop is \$125,000 |
| PVG-ORD = | \$170,000 | |
| ANC Stop = | \$125,000 | |

\$125,000 x 5 days/week x 52 weeks = \$32,500,000



US/Global rankings

| Rank | City |
|------|--------------|
| 1 | Memphis |
| 2 | Anchorage |
| 3 | Louisville |
| 4 | Miami |
| 5 | Los Angeles |
| 6 | Chicago |
| 7 | New York |
| 8 | Indianapolis |
| 9 | Newark |
| 10 | Atlanta |

| Rank | City |
|------|------------|
| 1 | Hong Kong |
| 2 | Memphis |
| 3 | Shanghai |
| 4 | Anchorage |
| 5 | Incheon |
| 6 | Paris |
| 7 | Frankfurt |
| 8 | Dubai |
| 9 | Tokyo |
| 10 | Louisville |

Data from Airports Council International for CY2012 metric tons cargo

Slide 17

jp4

Need to update with 2011 data
John Parrott, 10/15/2012



Large and Diverse Customer Base



**Approximately 30
passenger and 40
cargo airlines
operate through
AIAS.**



Cargo Anchor Tenants

UPS

- Operates 11 wide-body aprons in a 90,000 sq.ft. facility
- Established ANC as pilot domicile in 2007
- Opened 27,000 sq.ft. pilot training facility in 2008 – \$35M investment



FedEx

- Invested in excess of \$150M in ANC facilities
- ANC serves as primary hub
- Completed multi-phased expansion of package sorting facility in 2007 / MD-11 simulator





Asia Centric Cargo Market

- **Over 99% of cargo through AIAS -- five Asian origins (China, Taiwan, Korea, Japan, Hong Kong)**
- **N. America - Asia cargo through AIAS expected to grow ~ 1-2%**
- **71% of all Asia-bound air cargo from U.S. goes through AIAS**
- **82% of all U.S.-bound air cargo from Asia goes through AIAS**
- **All Asia-North America cargo carriers have flights through AIAS**
- **Approx 80% of AIAS carrier generated revenue is cargo**

***Source: 2011 McDowell Group Study**



Competition

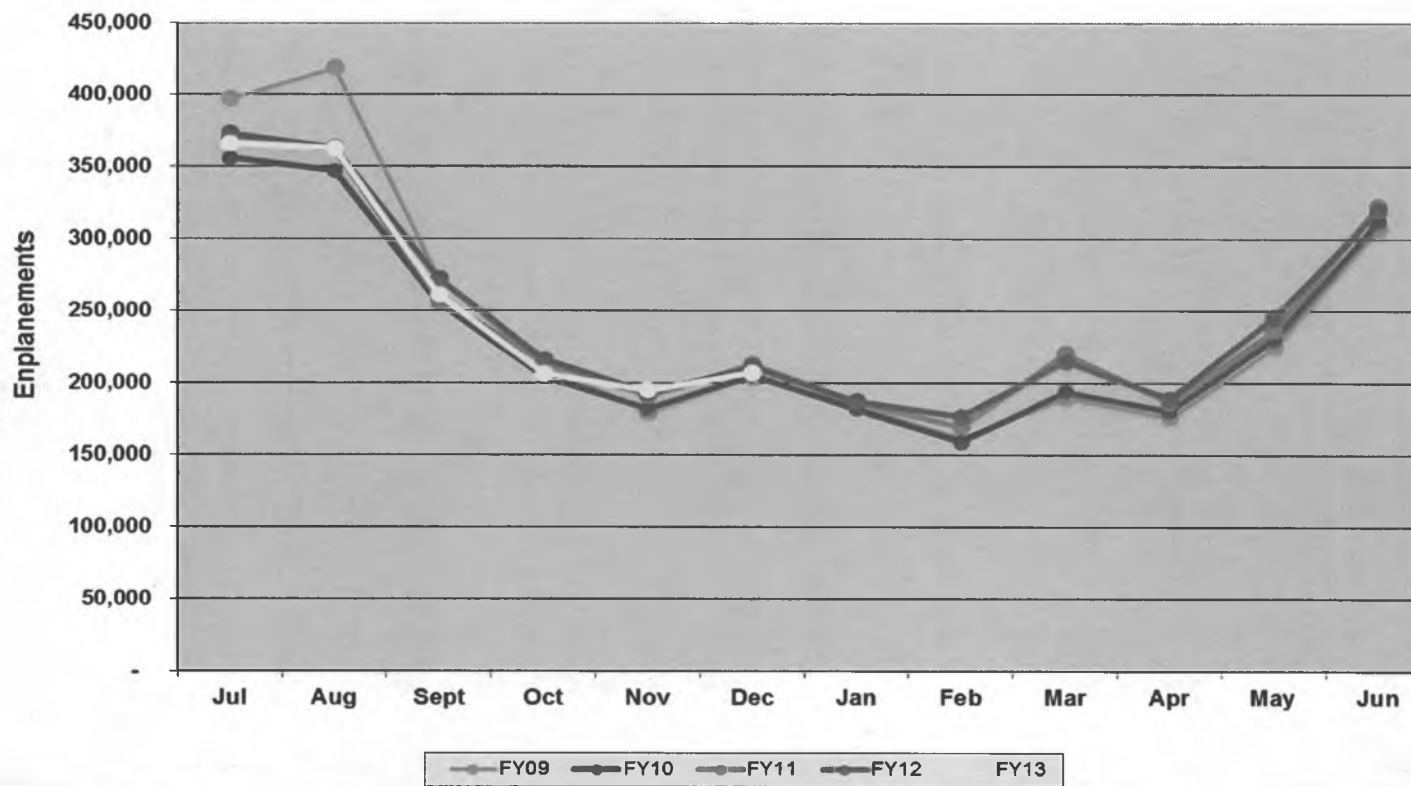
- **Portland, Seattle, Vancouver, and Prince George have all visited Asia in an effort to recruit cargo.**
- **Canadian airports operate under a completely different system.**
- **FAA prohibits US airports from direct payment incentives, i.e., risk abatements. As a result, these programs are generally state or local government funded.**
- **Airports allowed to waive fees for a limited period.**
- **AIAS implemented Passenger and Cargo Incentive Program in 2011 that waives landing fees for up to twelve months for new city pairs or relocated cargo flights.**

jp5



Passenger Activity

AIAS
 FY09 - FY13 YTD
 Monthly Enplanements
 As of December 31, 2012



Slide 22

jp5

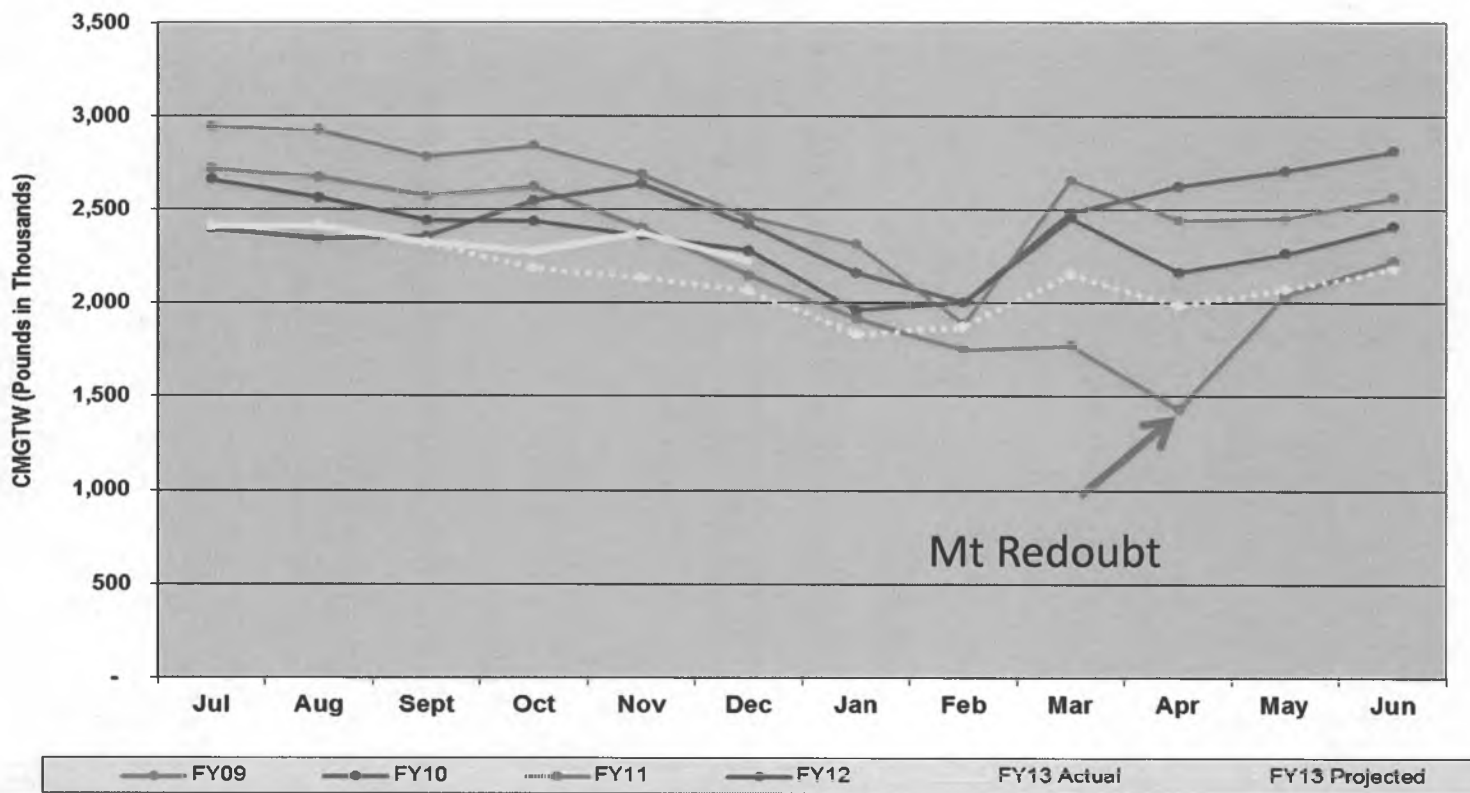
update
John Parrott, 10/15/2012

jp6



Cargo Activity: -10% FY12 /-5% FY13 ytd

AIAS
 FY08 - FY13 YTD & Projected Oct - Jun FY13
 Monthly Reported Combined Cargo/Pax CMGTW
 As of Dec 31, 2012



Slide 23

jp6

update
John Parrott, 10/15/2012



What Causes Decreased Activity?

- **The global economy.....**
- **Other risk factors:**
 - **Fleet mix (passenger 777)**
 - **Potential competitor airports**
 - **Perceptions that operating at/through AIAS doesn't "pencil"**
- **We aggressively and collaboratively manage those factors within our control, while also proactively marketing and myth busting**



AIAS Future



Kulis

- **Background:**
 - 129 acres in ANC South Airpark
 - Leased from State by USAF from 1959 to 2011
 - USAF licensed Alaska Air National Guard to operate as Kulis Air National Guard Base.
- **Base Realignment and Closure (BRAC)**
 - Initiated in 2005
 - Action: Close Kulis Air National Guard Base (ANGB), AK. Relocate the 176th Wing (ANG) to Joint Base Elmendorf-Richardson, AK.
 - Lease terminated Oct 2011
 - DoD performing contaminated soil clean-up through summer 2013



Kulis

- **Leasing Interest:**
 - **Must conform to FAA grant assurances**
 - Examples include compatible land use and revenue self-sustainment.
 - **Government Entities**
 - Various State and Federal agencies have expressed interest in the non-aeronautical facilities.
 - **Private Corporations**
 - High level of interest to lease non-aeronautical buildings as corporate campus for large private entities. Third party developers looking to sublease to private entities.
 - Northern Aviation Service (NAS) servicing Shell



Fuel Supply

- Fuel market is entirely private
- 2009 fuel shortage caused by swift and unexpected recovery in air cargo market
- Some carriers opted to overfly AIAS lacking confidence in fuel supply
- Fuel price and supply a large part of airline routing decisions
- New suppliers entered the market
- Private industry has added 16 M gallon storage
- Status today: low risk of a repeat of 2009



Preserving/Increasing Cargo Activity

- **Working cooperatively with airlines**
- **Held Alaska Cargo Summits in 2010, 2011**
- **Followed up with Asia trips**
 - **Build relational equity and market Alaska advantages**
- **Comprehensive AIAS Strategic Planning begun in 2011**
- **Implemented Cargo Incentive Program**



Passenger Activity

- **Nearly 3 million enplanements per year...2.5 million at Anchorage and 500,000 at Fairbanks. Approximately 1/5 were out-of-state and international.**
- **Japan Airlines summer charters** **ANC/FAI**
- **Korean Airlines summer charters** **ANC**
- **Jet Blue initiated ANC-Long Beach for second summer** **ANC**
- **United initiated FAI-DEN last summer** **FAI**
- **United initiating FAI-ORD (Chicago) this summer** **FAI**
- **Icelandair Anchorage-Reykjavik 2013** **ANC**
- **Working with Alaska “Coalitions of the Willing”**
- **Implemented Passenger Incentive Program**



Strategic Planning & Marketing

- **System planning/responses to previous management reviews**
 - **Strategic Plan (2011)**
 - **Business Plan (2012-13)**
 - **Human Resources Study (2011/12)**
 - **Marketing Plans / System Branding (Ongoing)**
- **Proactive communications**
 - **Work with sister State agencies; Convention and Visitors Bureaus (CVBs) and Economic Development Corporations (EDCs) to strategize opportunities**
 - **Attend passenger and cargo conferences to promote AIAS**
 - **Pursue Asian carriers**



Master Plans

AIAS Strategic Plan (DOWL/HNTB Team)

- **FAI Master Plan (RS&H Team)**
- **ANC Master Plan (RS&H Team)**



Takeaways

- **Two Airports - One System**
 - Local, regional, national and global resource
- **Self-sustaining - no general funds**
- **Business-centric: rates and fees and self-supporting bonds**
- **Economic engine of regional, state, and global significance**
- **Critical aviation enabler in our nation's most aviation-centric state**
- **Working cooperatively with the airlines – they shoulder the financial risk - unilateral state action puts this relationship at risk**
- **Aggressive strategic planning to protect and enhance our system**
- **Great people doing great things for our state**

To Keep Alaska flying and thriving!



Statewide Aviation



Rural System Scope and Scale

- **253 DOT&PF owned/operated airports & seaplane bases**
- **172 gravel & 47 paved airports; 33 Sea Plane Bases & 1 heliport**
- **19 Part 139 certificated airports**
- **Primary access for 82% of Alaskan communities off the contiguous road system**
- **Rural System is not self sustaining; primarily funded by GF, some revenue via leases**



DOT&PF Aviation Organization Structure

Statewide Aviation

- Strategic Direction
- Policy
- Federal Programs (AIP)
- Leasing/Revenue
- Statewide Digital Mapping Initiative (SDMI)
- Safety
- Stakeholder Engagement

The Regions

- Program/Project Delivery Management (Planning & design through construction)
- Maintenance and Operations



Stakeholders

Government

- **USDOT, FAA, TSA, EPA, USPS**
- **Federal CODEL**
- **State Legislature**
- **Sister State Agencies**
- **Municipalities, Boroughs, Local Governments**

Private Sector

- **Alaskans!**
- **Alaska Air Carriers Association (AACAA)**
- **Alaska Airmen's Association**
- **Aircraft Owners and Pilots Association (AOPA)**
- **Alaska Airports Association**
- **Medallion Foundation**
- **Safety Organizations**



Major Rural System AIP Construction Projects

Expected to be Funded in FFY'13 & '14

- **Runway Safety Areas**
 - Nome
 - Kodiak
 - Kotzebue
 - Adak
- **Pavement Rehab**
 - Sitka
 - Nome
 - Ketchikan
 - Bethel
 - Talkeetna
 - Gulkana
- **Rural Access**
 - Tununak
 - Koliganek
 - Ambler
 - Hooper Bay
 - Haines
 - Pilot Station
 - Golovin
- **Buildings**
 - Unalaska
 - Barrow
 - Bethel
 - Manley



Aviation Challenges--Current

- Meeting Federal Aviation Administration (FAA) requirements at 255 airports – most of which are rural.
- The increasing cost of winter maintenance chemicals and the federal ban on a common chemical (UREA) used at the largest airports
- Maintaining the current level of service at the International Airports, while developing new revenue opportunities in a dynamic and margin-oriented business.
 - Global air cargo market opportunities continue to change as economic and political conditions change in China, Asia Major, Russia, and central Asia.
 - Alaska's International Airport System (AIAS) must be managed to remain competitive and focused to meet these opportunities.



Aviation Challenges--Future

- **Evolving federal agency relationships**
 - **Increasing regulatory pressure (FAA, TSA, EPA)**
 - **Lessening awareness of, and appreciation for, Alaska realities not present in lower 48**
 - **Likely Decreasing FAA AIP funding means greater competition among airport sponsors—sponsor lack of compliance could factor as a “tiebreaker”**
- **Long term sustainment of infrastructure and service levels in austere funding environment**



Thank you!

Questions?

Glossary of terms

ADOT&PF or the Alaska Department of Transportation and Public Facilities – The agency within Alaska state government designated by the legislature to manage, plan, design, construct, operate and maintain transportation facilities.

AC – Advance Construction – An innovative financing tool permitted under FHWA rules that, with approval of the FHWA, allows the state to begin a federally funded project prior to the availability of federal funds to reimburse the project.

ADEC – Alaska Department of Environmental Conservation – The agency within Alaska state government responsible for air quality programs, including transportation air quality.

AHS – Alaska Highway System – The AHS is comprised of highways and ferry routes that have statewide significance but are not on the National Highway System. The AHS includes routes that connect communities and routes that link to recreational sites or areas of resource development. AHS routes provide greater utility to Alaska as a whole, than to individual communities.

AIP – Airport Improvement Program – A schedule of projects for airports throughout the state, funded with Federal Aviation Administration funds.

AMATS – Anchorage Metropolitan Area Transportation Solutions – The designated Metropolitan Planning Organization (MPO) for the Anchorage area. It is a joint local-state transportation planning and programming organization charged with developing a Long Range Transportation Plan (LRTP) and Transportation Improvement Plan (TIP) for the Anchorage urban area in compliance with the current federal surface transportation law.

AMHS – Alaska Marine Highway System – The State's system of ferry vessels, terminals and routes that link most of Alaska's coastal communities from the Aleutians to Southeast.

Apportionments – Program funding levels authorized from the federal Highway Trust Fund. These amounts are calculated annually and distributed to states. They are available for four years, typically. Expenditure of apportionments is generally subject to, and limited by, annually appropriated obligation authority.

Area Transportation Plan – Also known as a "Regional Transportation Plan", it is a detailed long-range multimodal transportation plan prepared by the ADOT&PF for a region or geographical area within Alaska. As defined, the area transportation plans are elements of the Statewide Long Range Transportation Plan (SWLRTP) and comprise the recommended projects for the SWLRTP for a given region. Several area transportation plans are in progress at any given time. As of the summer of 2009, update of the Southeast Alaska Transportation Plan is underway, while the Interior Alaska Transportation Plan is nearing completion. The department is preparing to begin an update to the Southwest Alaska Transportation Plan.

ARRA – The American Recovery and Reinvestment Act of 2009 – Also known as the Stimulus Act, signed into law on February 17, 2009. In response to the Great Recession, the act was meant to reinvigorate the economy by saving or creating several million jobs. About five percent of the act funds transportation projects.

ARRC – Alaska Railroad Corporation – a State owned agency responsible for management and operation of the Alaska Railroad.

Asset Management – is a business process and a decision-making framework that covers an extended time horizon, draws from economics as well as engineering, and considers a broad range of assets. The asset management approach incorporates the economic assessment of trade-offs among alternative investment options and uses this information to help make cost-effective investment decisions.

Bridge Discretionary Program – A competitive program administered by the FHWA for major bridge replacement or for new bridges that replace ferry routes.

BIA – Bureau of Indian Affairs – Some federal funds are allocated directly to the BIA for ultimate distribution to Alaska Native villages. These funds must be included in the STIP but are not controlled or allocated by the State.

Categorical Exclusion - Actions that do not individually or cumulatively have a significant effect on the human environment, for which neither an environmental assessment nor an environmental impact statement is required.

CMAQ – Congestion Mitigation/Air Quality – A specific funding program targeted to reducing air pollutants in non-attainment and air quality maintenance areas, specifically Anchorage, Eagle River, Fairbanks and Juneau.

Coarse Particulates or Particulate Matter (PM-10) – a criteria air pollutant. Coarse particulate matter includes dust, soot and other tiny bits of solid materials that are released into and move around in the air. Particulates are produced by many sources, including burning of diesel fuels by trucks and buses, incineration of garbage, mixing and application of fertilizers and pesticides, road construction, industrial processes such as steel making, mining operations, agricultural burning (field and slash burning), and operation of fireplaces and woodstoves. Particulate pollution can aggravate existing heart and lung disease, cause eye, nose and throat irritation and other health problems. (See also: Fine Particulates or particulate matter (PM-2.5))

Conformity – A federally required process used to ascertain if proposed transportation plans or projects will reduce emissions of pollutants in areas that are considered to be in non-attainment. Generally speaking, programs such as the TIP and STIP, and individual projects must be reviewed for conformity. Absent a finding of conformity, such decisions, except for specified categories of projects, plans or projects cannot be implemented in the non-attainment areas.

Corridors and Borders – The National Corridor Planning and Development Program (NCPD program) and the Coordinated Border Infrastructure Program (CBI program) are discretionary grant programs funded by a single funding source. These programs provide funding for planning, project development, construction and operation of projects that serve border regions near Mexico and Canada and high priority corridors throughout the United States. Border States and MPOs are, under the CBI program, eligible for discretionary grants for: Transportation and safety infrastructure improvements, operation and regulatory improvements, and coordination and safety inspection improvements in a border region.

Criteria Air Pollutants - Six air pollutants commonly found all over the United States. They are particle pollution (often referred to as particulate matter), ground-level ozone, carbon monoxide, sulfur oxides, nitrogen oxides, and lead. The Environmental Protection Agency calls these pollutants "criteria" air pollutants because it regulates them by developing human health-based and/or environmentally-based criteria (science-based guidelines) for setting permissible levels.

Cruise Ship Tax – A state tax on cruise ship passengers. The tax provides funds for infrastructure projects that support cruise ship sponsored tourism.

CTP – Community Transportation Program – A program of the department that addresses a wide range of community transportation modes, including rural and urban roads, remote, intelligent transportation systems (see definition below) and transit.

Denali Access System Program – A program established by SAFETEA-LU to fund planning, design, engineering, and construction of road and other surface transportation infrastructure in rural Alaska. SAFETEA-LU authorized \$15 million per year directly to the Denali Commission to carry out the program in consultation with the Denali Access System Program Advisory Committee appointed by the Governor. In distributing funds for projects, the Commission is to consult the list of transportation priorities developed by the committee.

Discretionary Funding – Several dedicated funding sources wherein projects compete nationally for funding. Discretionary programs include Ferry Boat, Bridge, Scenic Byways and Public Lands.

Earmark – Earmark or earmarked projects selected during the Congressional approval process that are specific as to funding amount, purpose and geographic location. The State has no authority to change these requirements.

Environmental Justice – An emerging federal requirement based on Title VI of the 1964 Civil Rights Act and Executive Order #12898, 1994. The essence of this Executive Order, pertaining to transportation issues, is the requirement that the delivery of transportation benefits shall be equitable with regard to populations protected under the Civil Rights Act.

EDA – Economically Distressed Area – Areas identified by the US Commerce Department that have unemployment rates at least 1.5 times the national average, or where 20% or more of the population is living in poverty, or the median family income at or below 80% of federal levels. The American Recovery and Reinvestment Act gives priority to projects in EDA's as determined at the time the project funds are put under obligation.

ER – or Emergency Relief – Special federal funding allocated to projects that repair damage caused by natural disasters and catastrophic failures.

Equity Bonus – A federal funding category created in SAFETEA-LU. The Equity Bonus provides funding to states based on equity considerations. These include a minimum rate of return on contributions to the Highway Account of the Highway Trust Fund and a minimum increase relative to the average dollar amount of apportionments under TEA-21. Selected states receive a guaranteed share of apportionments and High Priority Projects not less than the state's average annual share under TEA-21. This program replaced TEA-21's Minimum Guarantee program.

Forest Highway Program – A funding program for public highways on federal lands administered directly by the FHWA. In Alaska, this program uses a three-agency project selection committee including FHWA, the US Forest Service and ADOT&PF. While required to be in the STIP, the State of Alaska does not control or allocate these funds.

Ferry Boat Discretionary Program – A national discretionary program for construction of ferries and terminal facilities. SAFETEA-LU designated Alaska to receive \$10 million of \$20 million set aside each year for NHS ferry facilities. Alaska is further eligible for nationwide competition for the undesignated portion of the program.

FAA – Federal Aviation Administration – The federal agency of the US Department of Transportation responsible for funding airport and aviation projects.

FFY – Federal Fiscal Year – The period from October 1 through September 30. For example, FFY 2010 is the period from October 1, 2009 through September 30, 2010.

FHWA – Federal Highway Administration – The federal agency of the US Department of Transportation responsible for funding highway, trail and ferry projects.

Fine Particulates or Particulate Matter (PM-2.5) – a criteria air pollutant. Fine particulate matter is comprised primarily of soot and other tiny bits of solid materials released into and moving around in the air. Fine particulates are primarily produced by combustion sources, including burning of diesel fuels by trucks and buses, incineration of garbage, industrial processes, agricultural burning (field and slash burning), and operation of fireplaces and woodstoves. Fine particulate pollution has been linked to increased respiratory symptoms (irritation, coughing, difficulty breathing), reduced lung function, aggravated asthma, development of chronic bronchitis, irregular heartbeat, nonfatal heart attacks, and premature death in people with lung or heart disease. (See also: Coarse Particulates or particulate matter (PM-10))

FMATS - Fairbanks Metropolitan Area Transportation System – A joint local-state planning and programming organization, designated as the Metropolitan Planning Organization (MPO) for the North Star Borough, and the cities of Fairbanks and North Pole. The MPO develops a Transportation Improvement Program (TIP) for the Fairbanks urbanized area in compliance with the current federal surface transportation law.

FRA – Federal Railroad Administration – The federal agency of the US Department of Transportation responsible for railroad issues.

FTA – Federal Transit Administration – The federal agency of the US Department of Transportation responsible for funding public transportation or transit projects.

Functional Classification – the process by which streets and highways are grouped into classes, or systems, according to the character of service they are intended to provide. In basic terms, functional classifications for roads include:

- **Arterials:** These roads provide mobility so traffic can move from one place to another quickly and safely.
- **Collectors:** These roads link arterials and local roads and perform some duties of each.
- **Local:** These roads provide access to homes, businesses, and other property.

Functional Obsolescence – Typically used in reference to bridges, it describes bridges that do not meet contemporary design standards, typically due to inadequate lane widths, shoulder widths, vertical clearances or load capacity.

Greenhouse Gases – are gases that trap heat in the atmosphere, commonly known as the greenhouse effect. Some greenhouse gases such as carbon dioxide occur naturally and are emitted to the atmosphere through natural processes and human activities. Other greenhouse gases (e.g., fluorinated gases) are created and emitted solely through human activities. The principal greenhouse gases that enter the atmosphere because of human activities are carbon dioxide, methane, nitrous oxide, and fluorinated gases. The next transportation bill is expected to put limits on transportation activities that contribute to excessive greenhouse gas emissions.

High Priority Projects Program – provides designated funding for specific projects identified in SAFETEA-LU and other federal acts. These may also be known as demonstration (demo) or earmarked projects.

Interstate Highway System – The system of highways that connects the principal metropolitan areas, cities, and industrial centers of the United States. Also connects the US to internationally significant routes in Canada and Mexico. The Interstate System is a defined set of roads designated by Congress.

ISTEA – Intermodal Surface Transportation Efficiency Act of 1991 – An act of Congress that authorized funding for highways, safety, and mass transportation for a six-year period for federal fiscal years 1992 through 1997. This law was responsible for some programs still in force today, such as CMAQ and Transportation Enhancements, and implementing the STIP planning requirements.

ITS – Intelligent Transportation System – a generic term for rapidly evolving transportation products, services and systems based on advanced technologies such as computers, communications and electronics, intended to improve the safety, efficiency and effectiveness of the transportation system.

MPO – Metropolitan Planning Organization. – An MPO is federally-designated transportation planning body for an urbanized area with a resident population over 50,000. In Alaska, Anchorage and Fairbanks are the only MPOs, known as AMATS (Anchorage Metropolitan Area Transportation Solutions) and FMATS (Fairbanks Metropolitan Area Transportation System) respectively.

Maintenance Area – when referring to air quality this means an area that had been designated as non-attainment in the past, but now meets federal air quality standards. Portions of Anchorage and Fairbanks are currently designated as maintenance areas for carbon monoxide, and are eligible to use CMAQ funds on transportation projects that will help prevent the area from slipping back into non-attainment status. Juneau has requested maintenance status for coarse particulate matter and is awaiting approval from the Environmental Protection Agency.

NAAQS – National Ambient Air Quality Standard – Standards established in the Clean Air Act for various pollutants. Those most concerning Alaska transportation issues are CO (carbon monoxide) and PM (particulate matter – dust and smoke).

Needs List – The common name for Transportation Needs and Priorities in Alaska; a document formerly produced by ADOT&PF that listed all desired transportation projects in the state, including highways, ferries, trails, transit, airports, harbors, and buildings. The Needs List has been replaced by the Needs Database, available online.

NHS – National Highway System – A network of highways and ferry routes in the United States designated by Congress as the most important to interstate travel, national defense, and interstate commerce. Designations are based on recommendations by the FHWA.

Non-Attainment Area – a geographic area in which the level of a criteria air pollutant is higher than the level allowed by the federal standards. In Alaska, there are two areas classified as moderate non-attainment: Juneau-Mendenhall Valley and Eagle River. Portions of the Fairbanks North Star Borough and the Juneau-Mendenhall Valley are expected to be classified as non-attainment areas for fine particulate matter in 2009. Since the previous STIP was published both Anchorage and Fairbanks have improved air quality and are now classified as maintenance areas for carbon monoxide. (See also: Maintenance Area)

Non-Metropolitan Consultation Rule – A process to ensure consultation with local government officials in non-metropolitan areas for transportation planning programs administered by ADOT&PF including the Statewide Long Range Transportation Plan (SWLRTP) and the State Transportation Improvement Program as required by federal regulations (23 CFR 450). The process is described in more detail on the department's website: www.dot.state.ak.us/stwdplng/cip_stip/pubinfo.shtml

Obligation Authority – the total amount of federal highway funds that can be authorized for projects in a given federal fiscal year. This amount results from annual Congressional appropriations and has historically been less than the annual total program apportionments authorized by the surface transportation reauthorization acts (ISTEA, TEA-21, SAFETEA-LU).

PEB – Project Evaluation Board – The board empowered to evaluate and score projects; it is a team of managers from the Alaska Department of Transportation and Public Facilities. There is a board for surface transportation and another for aviation.

Performance Measures – is the process whereby an organization establishes the parameters within which programs, investments, and acquisitions are reaching the desired results. This process of measuring performance often requires the use of statistical evidence to determine progress toward specific defined organizational objectives.

Public Lands Discretionary – A program administered by the FHWA under Federal Lands Highways for highways on public lands. Alaska can apply for nationwide competitive funds annually.

SAFETEA-LU – The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users - The current law describing the surface transportation policy of the United States, and making program allocations for funding in various categories to the states. The act became law on August 10, 2005 and is valid until the end of September 2009, but has been extended via continuing resolutions of the Congress.

Shadow Tolls - Shadow tolls are payments made by a government to the private sector operator of a road based, at least in part, on the number of vehicles using the road and the distance they travel. Originated in England, shadow tolls are not currently used in the U.S.

SIB – State Infrastructure Bank – A SIB is a revolving fund mechanism for financing a wide variety of highway and transit projects through loans and credit enhancement. SIBs are designed to complement traditional Federal-aid highway and transit grants by providing States increased flexibility for financing infrastructure investments.

State Implementation Plan (SIP) – a detailed description of the programs a state will use to carry out its responsibilities under the Clean Air Act. Alaska's SIP is prepared by the ADEC. State implementation plans are collections of the regulations used by a state to reduce air pollution. The Clean Air Act requires that EPA approve each state implementation plan. Members of the public are given opportunities to participate in review and approval of state implementation plans. Transportation elements called for in the SIP are eligible for CMAQ funds and must be implemented in the year defined in the SIP.

STIP – State Transportation Improvement Program – A staged, multi-year, statewide, intermodal program of surface transportation projects which is governed by surface transportation regulations and funded primarily with surface transportation program funds. The STIP is prepared by ADOT&PF and is approved by FTA and FHWA.

Structural Deficiency – Bridges that have deteriorated decks (the driving surface), superstructures (the supports right below the deck), and/or sub-structures (the foundation and supporting posts and piers) can be classified as structurally deficient. The classification does not necessarily mean that a bridge is unsafe, but it does mean that the bridge requires maintenance and repair, and/or eventual rehabilitation or replacement to address deficiencies.

SWLRTP – Statewide Long-Range Transportation Plan – A federally-mandated plan that provides the basis for the development of STIP projects. In Alaska, the SWLRTP consists of the Statewide Long Range Transportation Policy Plan (SWLRTPP), area transportation plans, and modal or system plans. The SWLRTPP develops transportation policy, goals, and objectives for the state as a whole. Area transportation plans are prepared for specific geographic areas of the state, and recommend projects for inclusion in the STIP. Modal or system plans such as the State Bicycle and Pedestrian Plan, Alaska Aviation System Plan, and Strategic Highway Safety Plan provide programmatic direction specific to a particular transportation mode or system.

TCSP – Transportation and Community and System Preservation Program – A discretionary grant program that provides funds to states, MPOs, local and tribal governments for projects that address the relationships among transportation, community, and system preservation plans and practices and identify private sector-based initiatives to improve those relationships.

TEA-21 – Transportation Equity Act for the 21st Century – The surface transportation authorization act that was in force between 1998 and August 2005. It followed ISTEA and preceded SAFETEA-LU.

TIFIA – Transportation Infrastructure Finance and Innovation Act. – Federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets for similar instruments. TIFIA can help advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues.

TIP – Transportation Improvement Program – A subset of the STIP developed by AMATS or FMATS for transportation programs and projects within the MPO boundary. TIPs are approved by the MPO and the Governor and then incorporated into the STIP by reference.

Time Trap – By federal highway regulations, a project must proceed to the earlier of construction or right of way acquisition within 10 years. If those requirements are not met, the state may have to repay any expenditures that have been reimbursed.

TRAAK – Trails and Recreational Access for Alaska – A funding category of the STIP that addresses trails, scenic highways, recreational access points and interpretive facilities.

2012-2015 STIP Surface Transportation Funding Sources

Funding available to the state comes from several funding agencies, most notably the Federal Highway Administration and Federal Transit Administration. The state receives several categories of funding from each of these agencies. Each category (often referred to as fund codes) have distinctive rules for project eligibility, match ratios, and other programming factors. The following descriptions address the most significant of these categories, called apportionments.

In the project tables we've identified tentative apportionment designations for each proposed project. These apportionment assignments are estimates and are subject to change. The following paragraphs describe the apportionment categories, eligible project types, apportionment code and the ratio of federal funds. The proportion not paid by federal funds is the state, local or third party match.

Fund Code Descriptions

1934 (Transportation Improvement Earmarks) – Funds for transportation improvement projects specified in Section 1934 of SAFETEA-LU. Funds are available only for the projects specified in the legislation. The federal funds ratio is 90.97%.

3288 (H.R. 3288 Earmarks) – In the Consolidated Appropriations Act, 2010, PL 111-117, Division A, Title I, Department of Transportation, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%.

3PF (Third Party Funds) – Funding contributed by parties other than the State usually to provide required matching funds.

AC (Advance Construction) – An innovative financing tool permitted under FHWA rules that, with approval of the FHWA, allows the state to begin a project using state funds prior to the availability of federal funds. This tool allows the state flexibility to use its resources to more efficiently schedule project start-ups.

ACC (Advance Construction Conversion) – Accounting tool to track the repayment of state funds used to begin a project prior to the availability of federal funds.

AC-T (Targeted Advance Construction) – An innovative financing tool permitted under FHWA rules that, with approval of the FHWA, allows the state to begin a project using state funds prior to the availability of federal funds. These funds typically are budgeted for ongoing or recurring projects.

ACC-T (Targeted Advance Construction Conversion) – An accounting tool used to track the repayment of state funds used for Targeted Advance Construction projects.

BOND (Bonds) – Funding generated by the sale of bonds by the state.

BR (Bridge) – These funds are available for deficient highway bridges eligible for replacement or rehabilitation and must be over waterways, other topographical barriers, other highways or railroads. They must also be significantly important and unsafe because of structural deficiencies, physical deterioration, or functional obsolescence. The federal funds ratio varies, typically 93.4% if spent on Interstate routes or 90.97% otherwise.

BRER (Bridge Emergency Repairs/ State funded – bond) – Bridge projects funded with State Geo Bond Bridge Repairs funds.

CMAQ (Congestion Mitigation/Air Quality) – These funds are for projects that can be proven to reduce

traffic congestion and/or improve air quality in federally designated non-attainment areas. Projects such as park and ride lots, transit bus replacement, vehicle inspection and maintenance program improvements, signal coordination, ride sharing, and paving for dust control qualify for these funds. The federal funds ratio varies and is either 90.97% or 100% depending upon the specific category of work.

CORB (Coordinated Border Infrastructure Program) – A formula program revised in SAFETEA-LU to improve the safe movement of motor vehicles at or across the land border between the U.S. and Canada and the land border between the U.S. and Mexico. The revised program replaces the TEA-21 Coordinated Border Infrastructure discretionary program which ends after 2005. The federal funds ratio varies from 90.97% to 100% depending on the type of project and its location.

CST (Cruise Ship Tax) – Proceeds from the state tax on cruise ship passengers available to use on projects that support cruise operations.

DBE (Disadvantaged Business Enterprise) – A program to ensure equal opportunity in transportation contracting markets, addresses the effects of discrimination in transportation contracting, and promotes increased participation in federally funded contracts by small, socially and economically disadvantaged businesses, including minority and women owned enterprises. The statute provides that at least 10% of the amounts made available for any Federal-aid highways, mass transit, and transportation research and technology program be expended with certified DBEs.

DEN (Denali Commission) – A program established by SAFETEA-LU to fund planning, design, engineering, and construction of road and other surface transportation infrastructure in rural Alaska. SAFETEA-LU authorized \$15 million per year directly to the Denali Commission to carry out the program in consultation with the Denali Access System Program Advisory Committee, appointed by the Governor.

E115 (Section 115 Earmarks) – In the Federal FY 2004 Consolidated Appropriations Act, section 115 of Division F, dealing with Transportation Appropriations, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%.

E117 (Section 117 Earmarks) – In the Federal FY 2005 Consolidated Appropriations Act, PL 108-447, section 117 of Division H, dealing with Transportation Appropriations, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%.

E330 (Section 330 Earmarks) – In the Federal FY 2003 Consolidated Appropriations Resolution, PL 108-7, section 330 of Division I, dealing with Transportation Appropriations, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%.

EMFX (Earmark Flexible) – Section 186 of the FFY 2006 federal appropriations bill changed the availability of several deductive and non-deductive earmarks for the Knik Arm and Gravina Island bridge projects, allowing the state to use them for any eligible purpose. The match ratio is determined by the type of project funded from this source.

FBD (Ferry Boat Discretionary Funds) – Each year, the Federal Highway Administration receives applications from states for the nationwide allocation of Ferry Boat Discretionary funds. Projects must be for the construction or improvements to ferryboats or ferry terminal facilities on National Highway System routes. Funds are available only in the year approved. While a portion is set aside for Alaska (see FBDA below) Alaska may also apply for the nationwide funds. The federal funds ratio is 80%.

FBDA (Ferry Boat Discretionary Funds – Alaska set aside) – A portion of the Ferry Boat Discretionary funds, for the construction or improvements to ferryboats or ferry terminal facilities on National Highway System routes, is set aside for projects in Alaska. Funds are available only in the year approved. The federal funds ratio is 80%.

FH (Forest Highways) – planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities within forestlands. These funds may be seen in conjunction with projects in the Tongass or Chugach National Forests.

HIPR (High Priority 1602) – In TEA-21 section 1602, Congress earmarked funds for over 1,800 projects in many states. Alaska received over \$68 million for sixteen projects. These funds are not available for other projects. The federal share is 80%.

HPRL (High Priority 1702) – In SAFETEA-LU section 1702, Congress earmarked funds for over 5,000 projects nationwide. Generally, these funds are not available for other projects; although the funding for some projects may be loaned to other projects within the list. The federal share is 90.97%.

HPRM - functionally the same as HPRL for general purposes, the different codes indicates to funding personnel where to look for legislative language.

ILLU (Illustrative) – Indicates projects that would be funded and advanced if funding becomes available either through receipt of additional funds or because another project cannot be advanced; the specific source or sources of funds will be determined when and if the project is selected to be funded.

IM (Interstate Maintenance) – Funds used for resurfacing, restoration, rehabilitation and reconstruction of the Interstate Highway System. The state selects and prioritizes all IM projects for funding. The federal funds ratio is 93.4%

IRR (Indian Reservation Roads) – transportation planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities serving federally-recognized Indian tribes.

NHPP (National Highway Performance Program) – In MAP-21 section 1106, Congress designated the NHPP to provide support for the condition and performance of the National Highway System (NHS), for the construction of new facilities on the NHS, and to ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in a State's asset management plan for the NHS. This funding code incorporates previous NHS, IM and some BR fund codes. The federal funds ratio is 90.97%.

NHS (National Highway System) – A system of highways considered most important to interstate travel, national defense, connection with other modes of transportation, and are essential to international commerce. The system includes the current interstate highways and much of the old primary system. Federal law designated Alaska's system of NHS routes in December 1995. Currently, over 2,100 miles of highway and all the vessels of the Alaska Marine Highway System, including designated terminals, are eligible for NHS funding. The federal funds ratio is 93.4% if used on a section of interstate, or 90.97% if it is not.

OSF (Other State Funds) – Funding from non-federal state funds that have been appropriated.

PLD (Public Lands Discretionary Funds) – This is a nationwide competitive program. Eligible projects are on roads that are in or adjacent to federal lands. Most of the projects will be found in the Alaska Highway System. The federal share is 100%.

PLNG (State Planning) – These funds are designated for the mandatory planning tasks the department undertakes, including preparation of the Statewide Transportation Plan (SwTP) and State Transportation Improvement Program (STIP), statistical measurements of the transportation system (traffic volumes, pavement condition, accident locations, causes and severity, and physical characteristics of roads and highways), mapping, and management systems. The federal funds ratio is 80%.

PPP (Public-Private Partnership Financing) – Funds intended to be provided by a private entity in a partnership with a public entity (state, federal or local government) to support construction of a project, the funds to be repaid typically by the collection of tolls.

PSF (Proposed State Funds) – Funding proposed from non-federal state funds that are not yet appropriated but are believed to be sufficiently likely that we have included them in a project's budget.

RES (Research) – These funds are designated for research tasks the department undertakes, including engineering and economic studies and applied research. The federal funds ratio is 80%.

RHE (Rail Hazard Elimination Program) – This purpose of this program is to reduce the number of fatalities and injuries at public highway-rail grade crossings through the elimination of hazards and/or the installation/upgrade of protective devices at crossings. This program funds the federal requirement that each state conducts and systematically maintain a survey of all highways to identify railroad crossings that may require separation, relocation, or protective devices, and establish and implement a schedule of projects for this purpose. The federal funds ratio is 90%.

RTP (Recreational Trails Program) – This funding category is intended to develop and maintain recreational trails and trail related facilities for both non-motorized and motorized recreational trail uses. This program is administered by the Department of Natural Resources. The federal funds ratio is 90.97%.

SA (Safety) – Safety projects include hazard elimination, railroad crossing, and railroad protective devices. In order to qualify, the project must be identified through the Highway Safety Improvement Program, which seeks to identify hazardous locations throughout the state based on accident histories. The federal funds ratio varies and is either 90% or 100% depending upon the specific category of work.

SA40 (Safety Sanction) – This special category of safety funds addresses highway hazard eliminations similar to *Safety (SA)* above, 100% federal. The funds are made available by a sanction or reduction to Alaska's Interstate Maintenance, National Highway System and Surface Transportation Program apportionments. Each year, 3% of these program funds are reallocated because Alaska does not have conforming laws addressing repeat DUI and open alcoholic containers on motorcycles.

SCBY (Scenic Byways) – This is a small category designated for planning, design and development of scenic byways programs on existing surface transportation routes. The funds Alaska receives under this program are based on successful competition with applicants nationwide. The federal funds ratio is 80%.

SFGL (State Funds – Gasline) – State funds for gas line projects

SM (State Match) – The State's share of project costs required to match federal program funds. Depending on the particular federal program requirements, the state's share of the costs, the state match required, will vary from as little as zero percent to as much as 50%. Most often the state's share will range from 9.03% to 20%.

SRTS (Safe Routes to School) – This new funding category created by SAFETEA-LU is intended to fund the planning, design, and construction of projects that will substantially improve the ability of students to walk and bicycle to school. Between 10% and 30% of the funds must be allocated for non-infrastructure-related activities to encourage walking and bicycling to school. The federal funds ratio is 100%.

STP (Surface Transportation Program) – Flexible funding that may be used by the state and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, bus terminals and facilities. Unlike other states, Alaska is allowed to use these funds on any public road in Alaska, regardless of classification. The federal funds ratio varies, typically 93.4% if spent on interstate routes or 90.97% otherwise.

TCSP (Transportation and Community and System Preservation) – A discretionary grant program that provides funds to states, MPOs, local and tribal governments for projects that address the relationships among transportation, community, and system preservation plans and practices and identify private sector-based initiatives to improve those relationships. The federal share is 90.97%.

TA (Transportation Alternatives) – The Moving Ahead for Progress in the 21st Century Act (MAP-21) replaced the Transportation Enhancement (TE) Activities with the Transportation Alternatives Program (TA), a new program, with funding derived from the NHPP, STP, HSIP, CMAQ and Metropolitan Planning programs, encompassing most activities funded under the Transportation Enhancements, Recreational Trails, and Safe Routes to School programs under SAFETEA-LU. The federal funds ratio is 90.97%.

URPL (Metropolitan Planning) – In Alaska, these funds can be used in any urban area within the state. Planning processes and special planning studies are eligible activities within this program. The federal funds ratio is 90.97%.

TRANSIT AND RAIL Fund Codes

5307RR - FTA (Alaska Railroad Passenger Operations) – A portion of Section 5307 funds, Capital and Operating Funds for Urbanized Areas specifically set aside for the Alaska Railroad for costs related to passenger operations.

5309 - FTA (Capital Program) – This program provides capital assistance for three primary activities:

- **(5309BU)** New and replacement buses and facilities
- **(5309FG)** Modernization of existing rail and ferry systems
- **(5309NS)** (New Starts) New fixed-guideway systems (including ferry systems)

Congress usually fully earmarks all available funding. In SAFETEA-LU Congress set aside a portion of the New Start funds for capital improvements on Alaska and Hawaii ferry systems (the two states split the set-aside). Congress also set aside a portion of the Capital Program New Starts funds for the Denali Commission for docks, waterfront development projects, and related transportation infrastructure. On occasion, a recipient agency will apply for section 5309 funds on behalf of transit agencies throughout the state and ask DOT&PF to administer these funds. When this happens, the funds are distributed through the annual Alaska Community Transportation Grant application process. The federal funds ratio is 80%.

5310 - FTA (Elderly and Persons with Disabilities Program) – This program funds transportation services to meet the special needs of the elderly and persons with disabilities. Funds are apportioned to the states based on the number of elderly and persons with disabilities in each state. Grants are available to nonprofit organizations (and sometimes governmental entities approved by the state) for the purchase of vehicles, related equipment, and the purchase of rides. SAFETEA-LU listed Alaska as one of a select group of states to participate in a pilot program that would allow a portion of these funds to be used to cover operating costs (at a 43.14% match) of projects that meet the special needs of elderly individuals and individuals with disabilities. The federal funds ratio for the remainder of these funds is 90.97%.

5311 (Non-urbanized Area Formula Program) – This program provides funding to enhance public transportation in rural and small urban areas. It also assists in the maintenance, development, improvement, and use of public transportation systems. A component of this program is the Rural Transit Assistance Program (RTAP), which provides training and technical assistance to transit operators. The federal funds ratio is 90.97% for capital projects and project administration, and up to 56.86% for operating assistance. RTAP projects are 100% federally funded.

5316 (Job Access and Reverse Commute) – This program funds new or expanded transportation projects for low-income individuals who may live in the city core and work in suburban locations, or work non-traditional work schedules. Formula allocations are based on the number of low-income persons in the state and are apportioned to urban areas over 200,000 residents, urban areas under 200,000, and to the state for non-urban areas. SAFETEA-LU revised this program to allocate funds to the states on a formula basis instead of the discretionary program it was under TEA-21. The federal funds ratio is 50% for operating assistance and 80% for capital.

5337GR (Section 5337 State of Good Repair) – A new formula-based State of Good Repair program is FTA's first stand-alone initiative written into law that is dedicated to repairing and upgrading the nation's rail transit systems along with high-intensity motor bus systems that use high-occupancy vehicle lanes, including bus rapid transit (BRT). These funds reflect a commitment to ensuring that public transit operates safely, efficiently, reliably, and sustainably so that communities can offer balanced transportation choices that help to improve mobility, reduce congestion, and encourage economic development.

5339 – (Bus and Bus Facilities) – Funding for capital expenses for eligible rural public transit systems.