

01/23/14

OVERVIEW:

DEPARTMENT OF
TRANSPORTA-
TION & PUBLIC
FACILITIES

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DEPARTMENT OF TRANSPORTATION and PUBLIC
FACILITIES</SUBJECT><COMM>STRA28</COMM></TARGET>

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Department of Transportation and Public Facilities
Joint Transportation Committee Meeting
January 23, 2014

2013 Noteworthy Milestones

1. In 2006 the Department of Transportation and Public Facilities (the Department) issued a Request for Proposal to construct a new day boat ferry that would allow more "hub and spoke" routes similar to the fast ferry vehicles. Over the next six years the vessel became known as the Alaska Class Ferry and the scope changed from a day boat to a conventional mainline vessel without passenger staterooms. Faced with an estimate that had grown from \$30 million in 2006 to over \$150 million in 2012, the Department revisited how the cost could be brought back to the legislative appropriated amount of \$120 million, why the scope changed, and whether the change was appropriate. The Department determined the best course of action was to return the vessel back to a day boat operation and construct two vessels for the amount appropriated. The change reduced capital costs, operating costs, provided more capacity, more flexibility, and more opportunity to travel. It was recently found that over the 50 year life of the vessels the change will save the state \$250 million.
2. The Department instituted a policy to incorporate hard rock aggregate into new pavements in high traffic areas to reduce the rate of rutting. This policy will result in significant cost savings and safer roadway surfaces as pavement life is increased throughout many areas of the state. A hard rock site near Cantwell was utilized to pave Dimond Boulevard and DeBarr Road in Anchorage last summer.
3. The Anchorage Airport master plan is being updated. The revised plan includes a phased approach that will maximize all operations at the airport and incorporate Fairbanks International Airport into the cargo operations mix before considering the construction of a new runway. This is an acceptable plan to the community and the users, as well as a sensible, fiscally responsible, path forward for the airport.
4. The Commissioner requested the Attorney General (AG) settle the Fast Ferry Litigation. The state and the engine manufacturer had come to loggerheads in the negotiations and a long protracted court case was scheduled to begin in the spring of 2013. The

settlement, under the direction of the AG, resulted in four new engines installed in each vessel plus a heavily discounted “swing” engine that could be used as a spare during periods of maintenance. Engines are currently being installed on the FVF Fairweather and next winter they will be installed on the FVF Chenega. The new engines have a proven past unlike the hybrid engines that were initially installed.

5. The Department modified its speed limit policy to allow for more reasonable driving speeds, especially on our remote corridors such as the Glenn, Richardson, and Alaska Highways. The Department’s policy on speed limits evolved from one that fulfilled the intent of speed limit designs to one that incorporated other roadway features to justify speed limits over 55 miles per hour. Department staff unwound the additional requirements which actually lessened safety. Residents from smaller communities that use the highways on a regular basis have expressed their thanks with the more common sense approach.
6. The Department eliminated almost all of the discount fare programs and retooled the way travel agents are paid for commissions for travel on the Alaska Marine Highway System. Over the past decade discount fares were put into place with the anticipation of increasing ridership. Ridership (and corresponding revenue) did not materialize as predicted but the discounts were left in place. The Department also brought a common sense approach to travel agency commissions much like the airlines have incorporated with expanded use of the internet. The Department has eliminated all in-state and military commissions and asked that travel agencies focus on bringing in new out-of-state or overseas business to the system.
7. For the first time the Department published a status book of all state owned airports in Alaska. The Alaska Airport Needs Directory provides runway information, navigation aids in place, revenues, enplanements, and other information for those in the aviation industry. It is the Department’s intent to work with the Aviation Advisory Board and carriers to better describe the capital needs and possible changes to operations to enhance the use. The report is available at:
http://dot.alaska.gov/documents/aviation/Airport_Needs_Directory.pdf
8. Each year the Department has to “obligate” about \$500 million of federal highway funds prior to October 1. Obligating a project for construction means that approvals are given for the design, the right of way is secured, utilities have been moved or contracted to be moved, the environmental documentation is approved and, all permits are in hand. 2013 was a record year for the Department, obligating \$714 million.

9. The Department's goal over the next few years is to get a full year ahead in federal obligations. This will reduce a significant amount of stress put on our staff and our consultants each year as we face the "use it or lose it" proposition at the end of each federal fiscal year. In 2013 the Department had to obligate \$100 million more than expected because of de-obligations that materialize when a project is closed. In addition to that unanticipated need, the Department also made about \$140 million of projects ready for federal fiscal year 2014 obligations. By the end of the current federal fiscal year we are hoping to have about \$240 million of "shelf ready" projects ready to go in federal fiscal year 2015.
10. In addition to highway funding the Department also secured about \$200 million in aviation grants, advertised a number of 2008 bond projects, and a variety of general funded projects for facilities, highways, airports and ferries. The Department processed about a billion dollars of capital work last year which is a new high.
11. Working with our sister agency, Public Safety, crashes in our designated safety corridors were significantly reduced. The rates were reduced so much that the Department doubts the Seward Highway, Sterling Highway, Parks Highway, and Knik Goose Bay Road would qualify for such a designation today.
12. We improved our external communications via social media – creating multiple forums for two-way communication between the Department and the general public. The Department Facebook "likes" increased by 2,672 (600%) in 2013. The Department has also expanded its audience reach via its GovDelivery attracting nearly 1,000 new subscribers in 2013. The Department continues to maintain a strong relationship and presence with traditional media statewide. Central Region continues to provide quarterly reports and Statewide Aviation publishes the quarterly newsletter "Plane Talk." The Department also increased its proactive efforts in notifying the public of maintenance, construction, and other significant events that may impact travel across the state. The Department recently garnered positive national news for its innovative and industry-leading methods used for winter maintenance.
13. The Department entered into a ten year operating agreement with the carriers who use our international airport system. This is almost unheard of nationwide and its implementation brings fiscal stability and transparency between the Department and carriers. We have entered a new level of communication with these carriers and

continue to work hard to accommodate their needs, ensure economic viability, and see the system grow in a healthy manner.

14. The Department has incorporated a number of efficiencies with our equipment fleet. Tow plows, ice grinders, protection of our anti-icing chemicals, and other changes have increased our level of maintenance at nominal costs.

15. The Department developed a strategic Integrated Pest Management Plan that incorporates the use of herbicides as a vegetation management tool. The use of herbicides in a strategic, targeted manner will provide economic benefits in future years by establishing longer maintenance cycles. By establishing longer maintenance cycles, herbicide-treated areas require less-frequent intervention and lower costs than mechanical methods. Herbicides also effectively control tree roots, which eliminates incompatible vegetation and allows low-growing plants to form a barrier against invading brush, weeds, and tall-growing trees. The use of herbicides will allow us to change the vegetation within the Department's Right of Way from tall woody vegetation to natural or native low-growing desirable plant communities. Ultimately our integrated vegetation management program will help the Department with our overall effectiveness regarding budget, social, environmental, and safety goals.

16. The expanded use of anti-icing chemicals improved traveler safety and has reduced the amount of sand purchased. The purchase and use of less sand has reduced the cost of street sweeping and storm drain cleaning. In addition, the construction of simple, covered salt storage has allowed us to purchase bulk salt as opposed to bagged salt at a cost savings of over \$150 per ton.



Alaska Department of Transportation & Public Facilities

Overview for 2014 Alaska Legislature

Commissioner Patrick Kemp, P.E.

January 23, 2014



Executive Organization

- Management team
- Intellectual capital
 - Unique opportunity to improve our services
- Break down silos in the department
 - Cohesive management team
- Improve communications
 - Internal and external



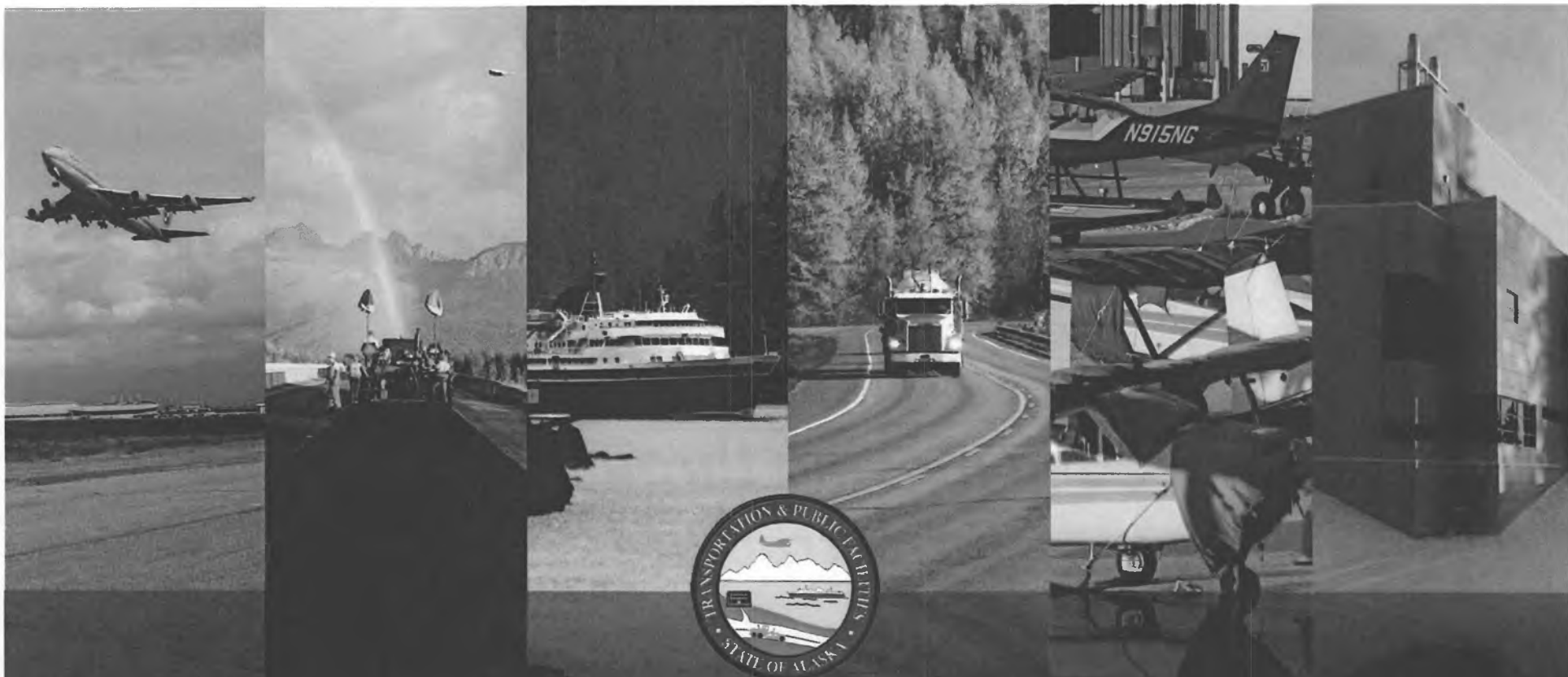
What did We Accomplish in 2013?

- Routine services and operations
 - Maintenance and Operations
 - Construction program administration
 - Commercial Vehicle Enforcement
- Noteworthy accomplishments



Where are We Headed?

- Our lingering MAP-21 challenge
- Focus on mission and essential public services
- Utilize the team and experience to find more efficiencies
- Continue to enhance legislative and public communications
- Institute changes that are sustainable



Alaska Department of Transportation & Public Facilities

Aviation Overview for Alaska Legislature

Deputy Commissioner John Binder

January 23, 2014



Mission Statements

DOT&PF:

“Keep Alaska moving through service and infrastructure.”

Alaska International Airport System (AIAS):

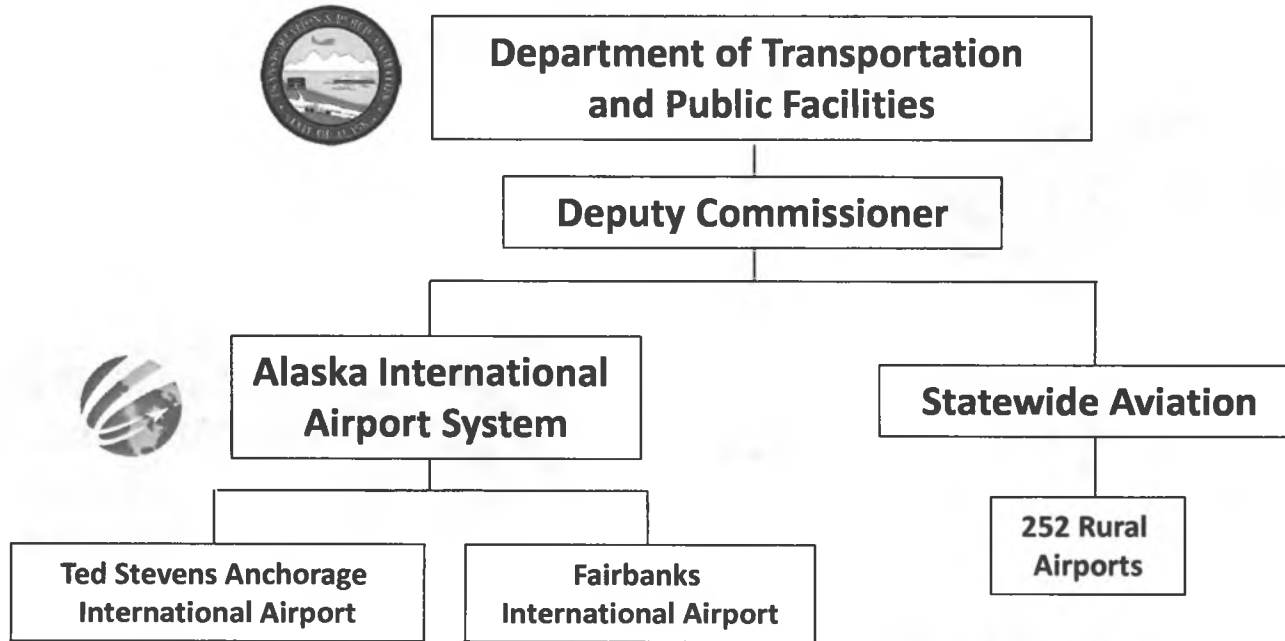
“To keep Alaska flying and thriving.”

Statewide Aviation (SWA):

“To sustain and improve the quality of life throughout Alaska”



Organization





AIAS Structure

Created over 50 years ago by Ch88 SLA
1961 - (AS 37.15.410-550)



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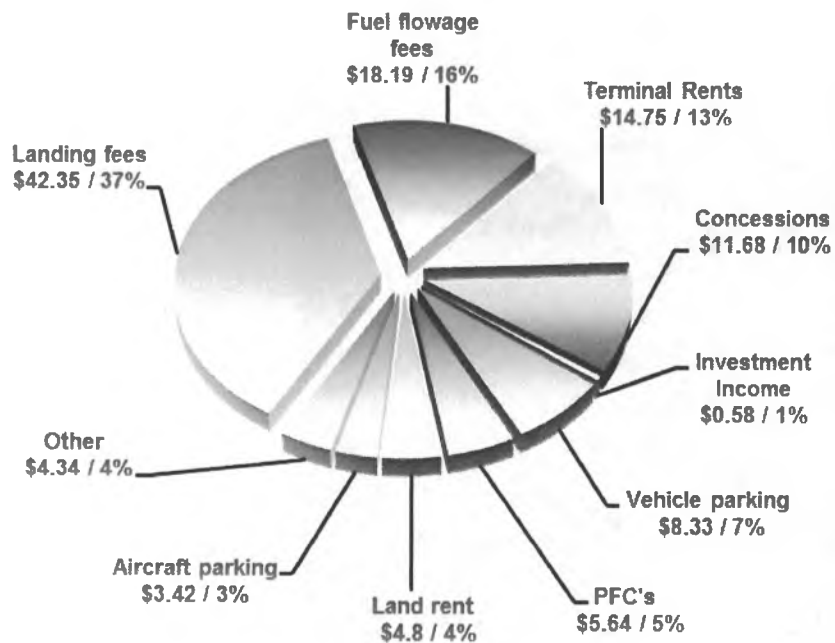
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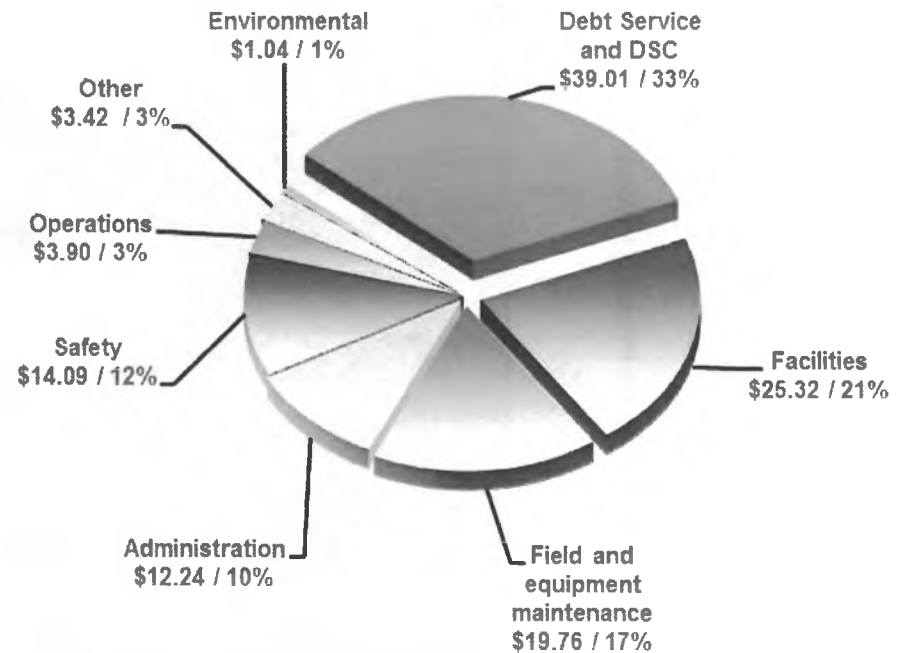
Annual Revenues and Operations, Maintenance and Debt Costs - Funded from Customer Charges -

AIAS FY2013 Revenue Sources (Millions)



\$114M in Operating/Other Revenues

AIAS 2013 Annual Costs and DSC (Millions)

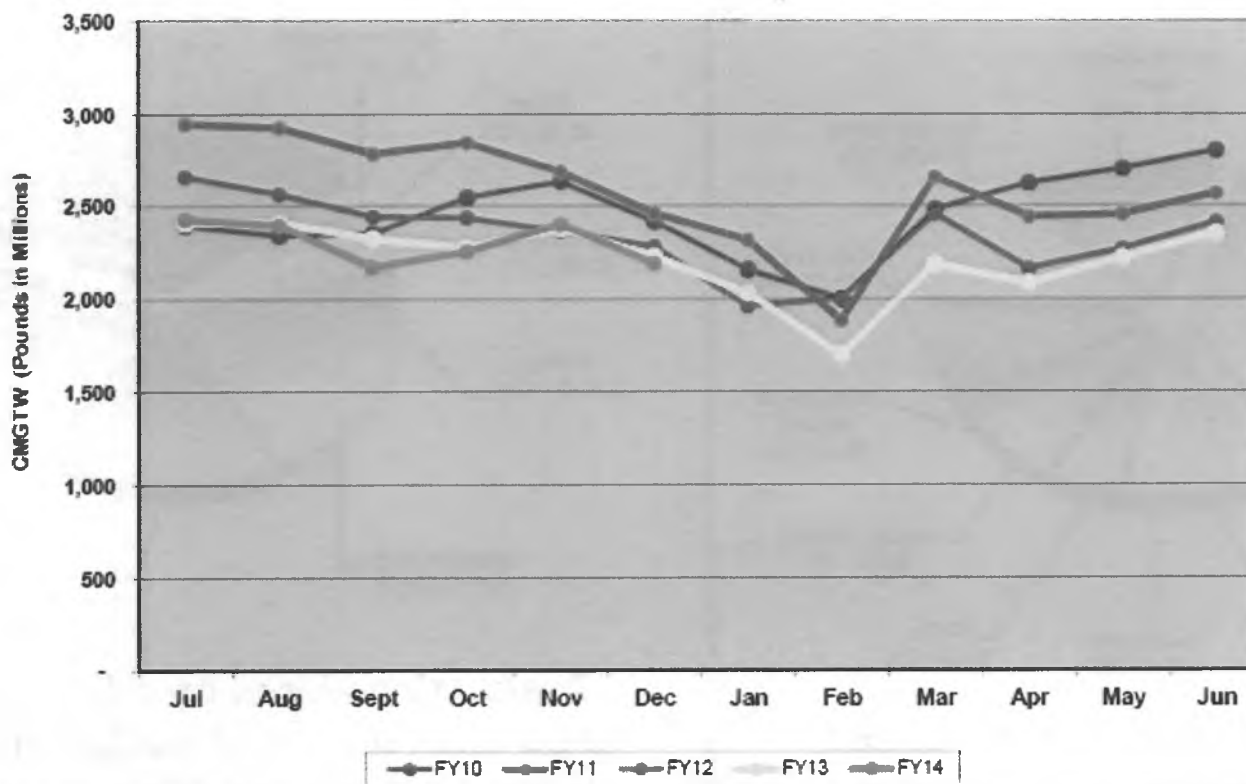


Costs are covered by adjustments to rates and fees – self sustaining system



Airfield Revenue Activity (CMGTW): -5% FY13 /-1% FY14 ytd

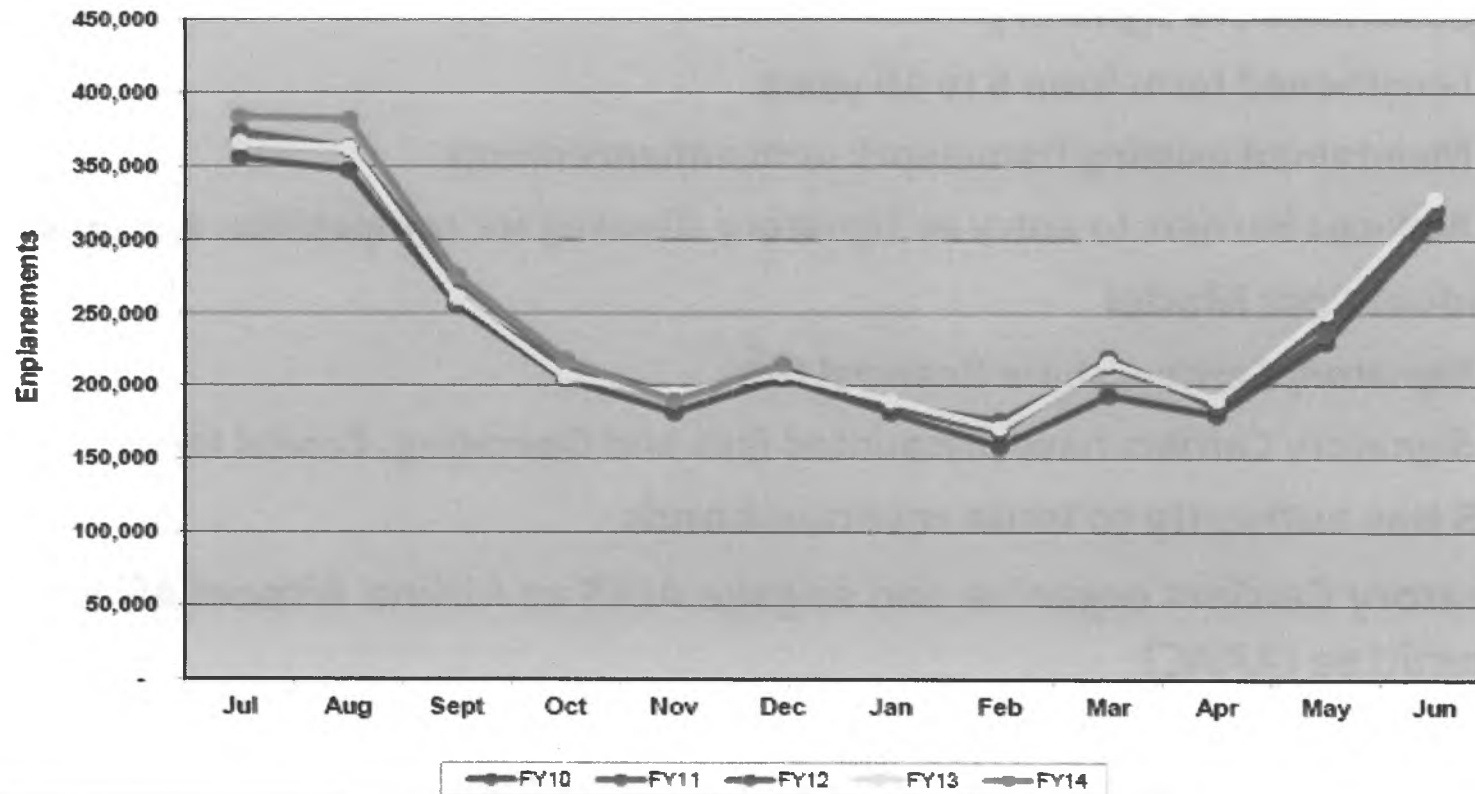
AIAS
FY10- FY14 YTD
Monthly Reported Combined Cargo - Pax CMGTW
As of December 31, 2013





Passenger Activity

AIAS
 FY10 - FY14 YTD
 Monthly Enplanements
 As of December 31, 2013





Operating Agreement with Air Carriers

- **New Operating Agreement established July 1, 2013**
 - 30 Airlines are Signatory
 - Lengthened term from 5 to 10 years
 - Maintained existing framework with enhancements
 - Reduces barriers to entry as Signatory allowing for competition and growth
- **Residual Cost Model**
 - Signatory Carriers share financial risk
 - Signatory Carriers have discounted fees and Operating, Capital input
- **AIAS has authority to issue revenue bonds**
- **Signatory Carriers organize and engage AIAS as Airline Airport Affairs Committee (AAAC)**



Strategic Planning & Marketing

- **System planning/responses to previous management reviews**
 - Strategic Agenda (2014)
 - Business Plan (2014)
 - 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
 - Recurring engagements with Asian carriers



Master Plans

- **AIAS Strategic Plan (DOWL/HNTB Team)**
 - Completed Sept 2013; scenarios, capacity and forecasts
 - Report located at <http://dot.alaska.gov/aias/news>
- **FAI Master Plan (RS&H Team)**
 - On-going, planned completion summer 2014
 - Progress updates at <http://pdcprojects.info/FAIMasterPlan>
- **ANC Master Plan (RS&H Team)**
 - On-going, planned completion summer 2014
 - Progress updates at <http://www.ancmasterplan.com>



Statewide Aviation



Rural System Scope and Scale

- **252 DOT&PF owned/operated airports & seaplane bases**
- **172 gravel & 47 paved airports; 32 seaplane bases & 1 heliport**
- **19 Part 139 certificated airports**
- **Airports provide only practical access for 82% of Alaskan communities that are off the contiguous road system**



Major Rural System AIP Construction Projects Expected to be Funded in FFY'14 & '15

Runway Safety Areas

- Kodiak

Pavement Rehab

- Bethel
- Gulkana
- ✓ • Haines
- Nome
- ✓ • Petersburg
- Shishmaref
- ✓ • Wrangell
- ✓ • Yakutat

Rural Access

- Ambler
- Aniak
- Coldfoot
- Hooper Bay
- Koliganek
- Pilot Station

Buildings

- Barrow
- Bethel
- Deadhorse
- King Salmon
- ✓ • Ketchikan
- Unalaska

- **Alaska Airport Needs Directory published**

<http://dot.alaska.gov/airport-portal-newsres.shtml>



Alaska Aviation System Plan (AASP)

2008

AASP Phase I, Stage I Report

Public Website (www.AlaskaASP.com)

2009

The Economic Contribution of the Aviation Industry to Alaska's Economy (study)

Intra-Alaska Mail Service by Air (white paper)

Impacts of Rising Airport Commodity Prices (fact sheet)

Rural Airport Deferred Maintenance (fact sheet)

Cost of Federal Regulatory Requirements (fact sheet)

Extending Operational Hours at Bethel (fact sheet)

2010

An Economic Analysis of Runway Extensions (study)

Aviation Functions within State of Alaska DOT&PF (study)

DOT&PF Aviation Organization Structure Review

Web-based Aviation Facility Information Directory

2011

Alaska Aviation System Forecasts (report)

AASP Mission, Goals, Measures, & Classifications (report)

Economic and Community Contributions of 12 Selected Alaska Airports (study)

Airport Emergency Plan Updates for 18 Part 139 Certificated Airports

AASP Executive Summary 2011 (brochure)

2012

Aviation – Alaska's Lifeline (video & fact sheet)

Public Aviation Facility Information Directory Update

Airport Emergency Plan Quick-Reference Flipbooks

2013

Alaska's Lifeline – Counting the Costs (video & fact sheet)

Airport Needs Inspection Pilot Project (fieldwork & report)

Capital Improvement & Maintenance Program

Development for 18 Individual Airports (web-based)

Alaska Bypass Mail: Preparing for Change (study)

Essential Air Service in Alaska (study)

Yukon-Kuskokwim Region Air versus Roads Access: Construction & Maintenance Baseline Cost Comparison (study)

Flight Approach Procedures Coordination Work Group Summary



Aviation Challenges

- **Evolving federal agency relationships**
 - Increasing regulatory pressure (FAA, TSA, EPA)
 - Lessening awareness of, and appreciation for, Alaska realities not present in lower 48
 - FAA AIP funding uncertainty – ~\$30M decrease in 2013
- **The increasing cost of winter maintenance chemicals and the federal ban on a common chemical (UREA) used at the largest airports – replacement chemical is almost 2x as expensive**



**Alaska Department of
Transportation & Public Facilities**
Long Range Plan, Resource Roads and Arctic Ports
Jeff Ottesen, Director, Program Development

January 23, 2014



Statewide Long Range Transportation Plan

- FHWA requirement
 - Multi-modal
 - Wide public involvement process
 - Freight component required
- Will address emerging issues:
 - More attention to Asset Management
 - Federal funding situation
 - Demographic changes expected



Statewide Long Range Transportation Plan (cont.)

- Trends to 2035:
 - Growing population (+28%) but skewed to >65 (+300%)
 - Transit and highway demand expected to increase significantly
 - Most growth in urban areas; requires more capacity on urban routes
- Primarily a policy plan; but will portray a 10-year schedule of projects

SLRTP Steps and Timeline



March 5th (TSG)
 March 6th (FAC)

▲ TSG Meeting



Notable Resource Roads

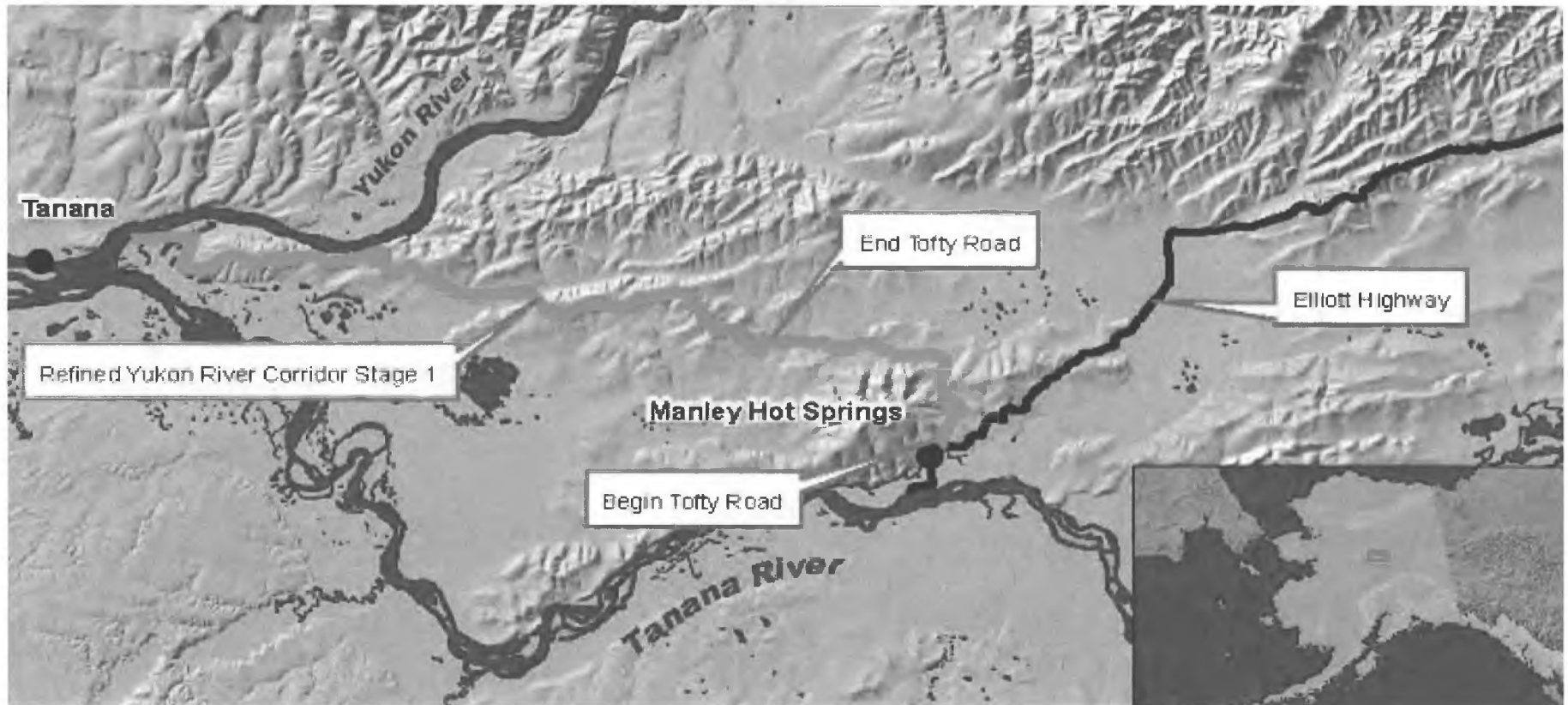
- Road to Tanana
- Ambler District Access
- Foothills West (Umiat) Access
- Shelter Cove Road (Ketchikan)
- West Susitna Access Reconnaissance



Tanana Road

- Funded to construct 12' wide “pioneer” road to confluence Yukon and Tanana rivers near Tanana.
- Permits in hand; need some further ROW
- Some clearing and bridge work already underway
- Going to construction in mid-2014 pending ROW agreements

Tanana Road Route

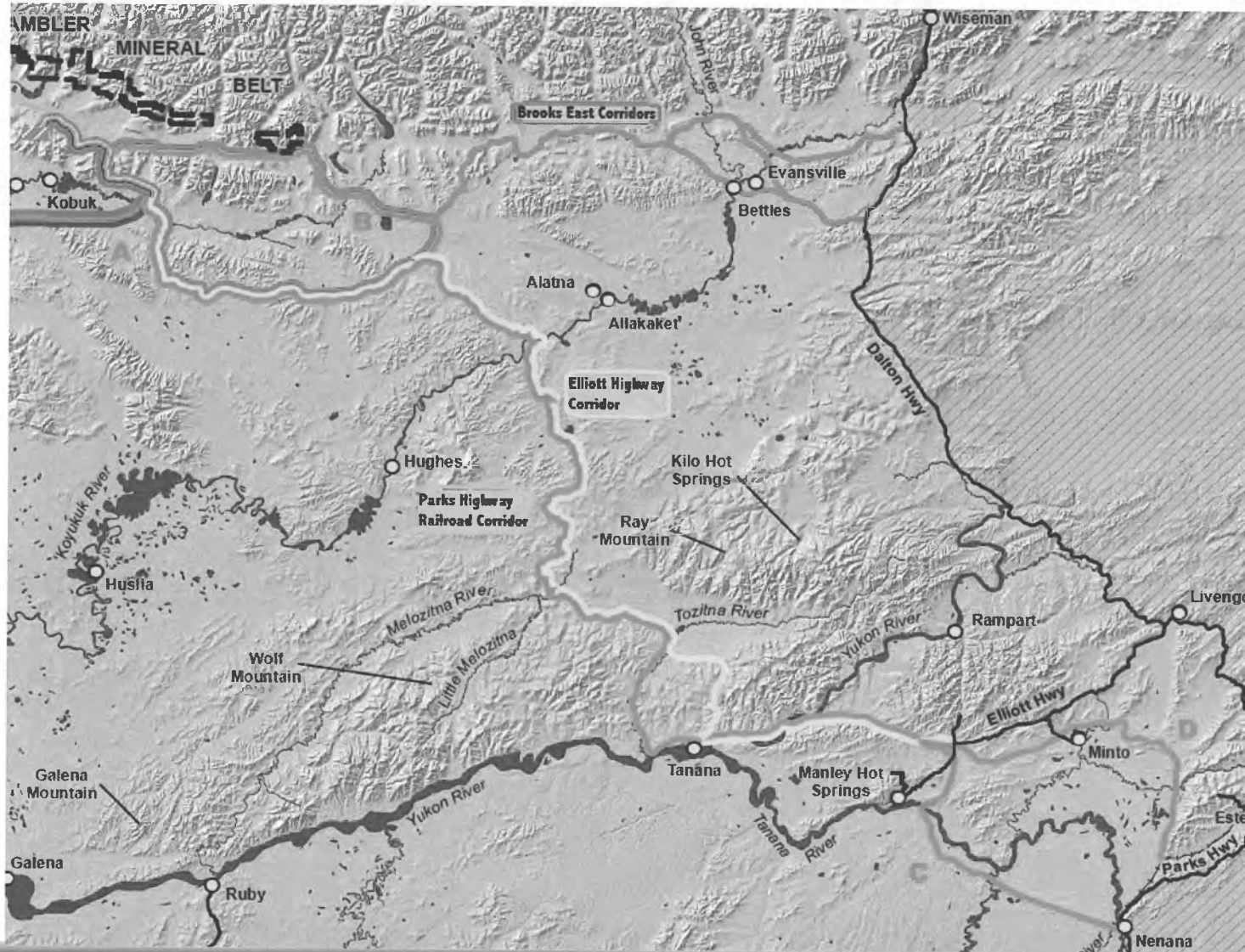




Ambler District Access

- The Ambler Mining District is a very large mineral rich area (Cu, Zn, Pb, Ag, and Au.)
- DOT&PF conducted fieldwork to define and evaluate alternatives conducted from 2009 to 2012. Several visits to villages in the vicinity.
- NovaCopper signs agreement with AIDEA in 2012 to jointly pursue road and mine development. Ambler Access Project switched to AIDEA in late 2012.
- AIDEA: more village meetings in 2013, detailed design will submit Corps Permit application in mid-2014.

Ambler District Alternatives

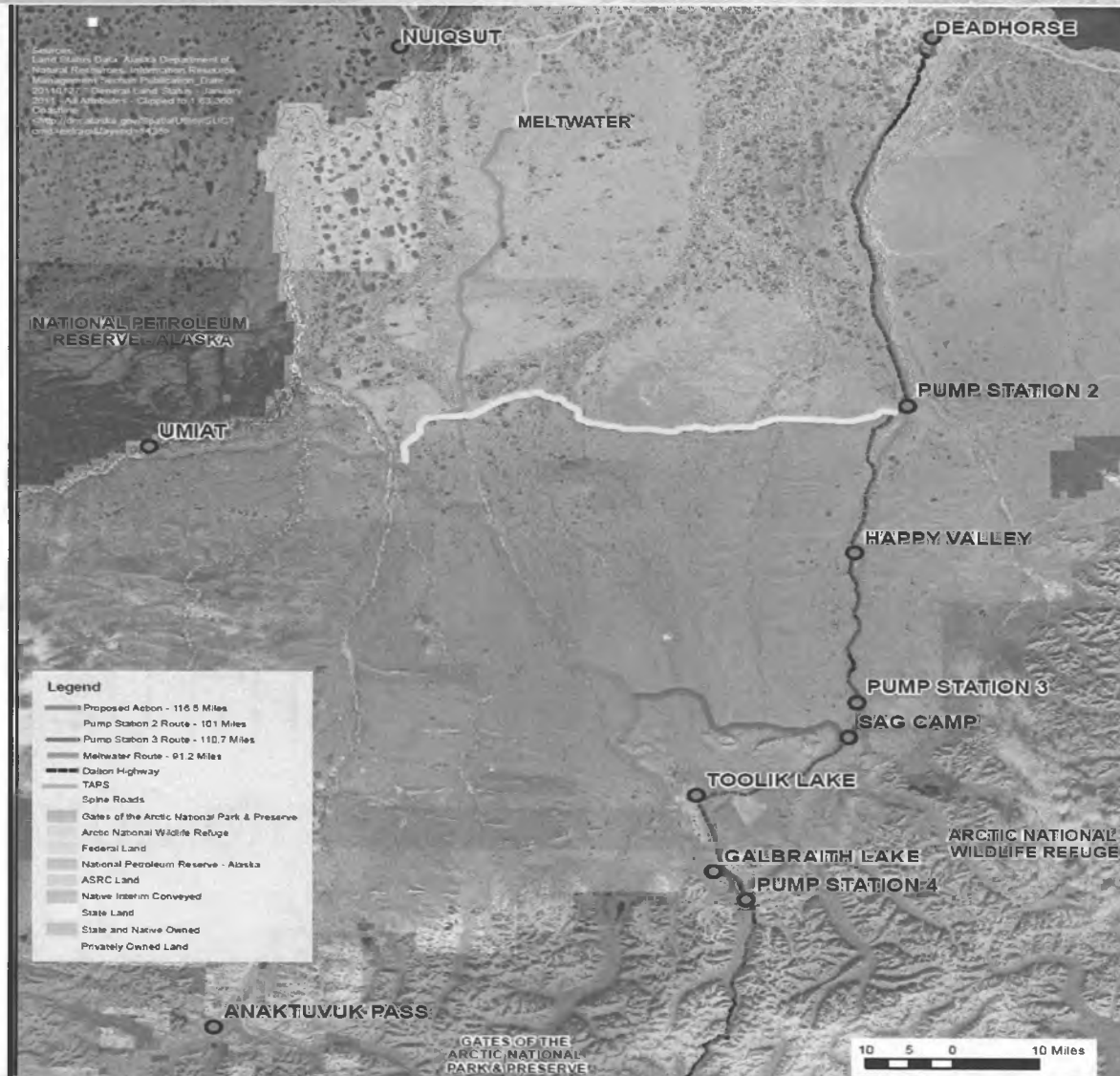




Foothills West Access

- Status: in holding pattern, waiting on 2014 season drilling results by Linc Energy
- If results sufficiently positive, Linc seeks to permit road and pipeline together
 - May seek AIDEA financing of one or both elements
- DOT&PF not likely to be participant in future

Foothills West Alternatives

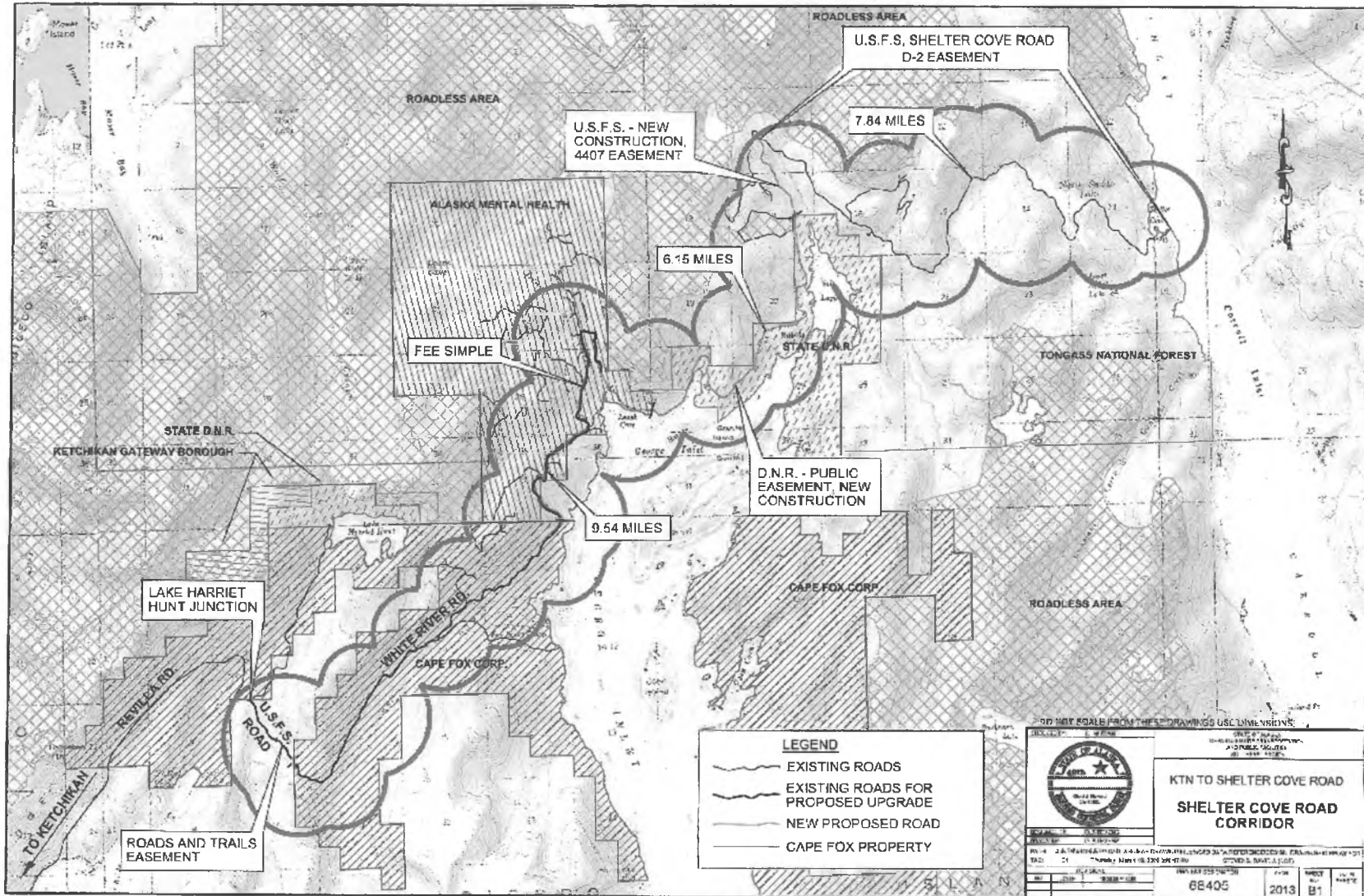




Shelter Cove Road

- Funded by '08 and '12 bond packages
- Objective: 14' wide, single-lane, gravel road
- 6 miles existing road being upgraded now
- ROW from various interests being negotiated (Native corporations, DNR, AMHT, USFS)
- Corps permit expected mid to late 2014
- Construction most likely in 2015

Shelter Cove Road Corridor

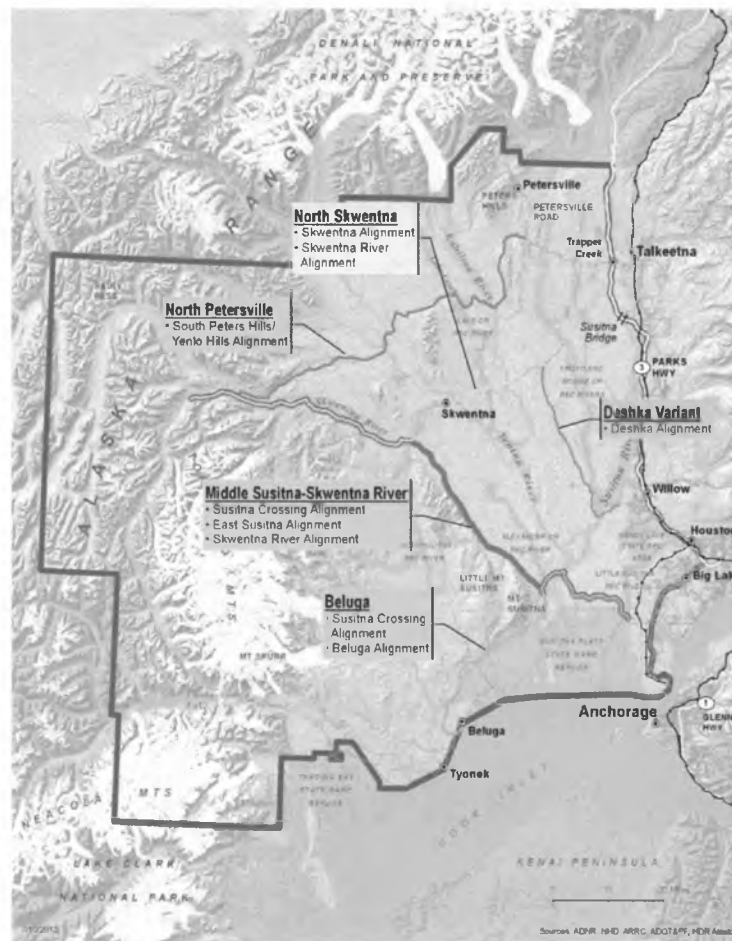




West Susitna Access Reconnaissance

- Draft report at public release stage
- Release for comments in next few days
- Suggests there is a wide number of different resources and uses that would benefit
- Large base of state land suggests public road best option
- No further work is planned or funded at this time

West Susitna Access



Proposed Access Routes

West Susitna Access to Resource Development

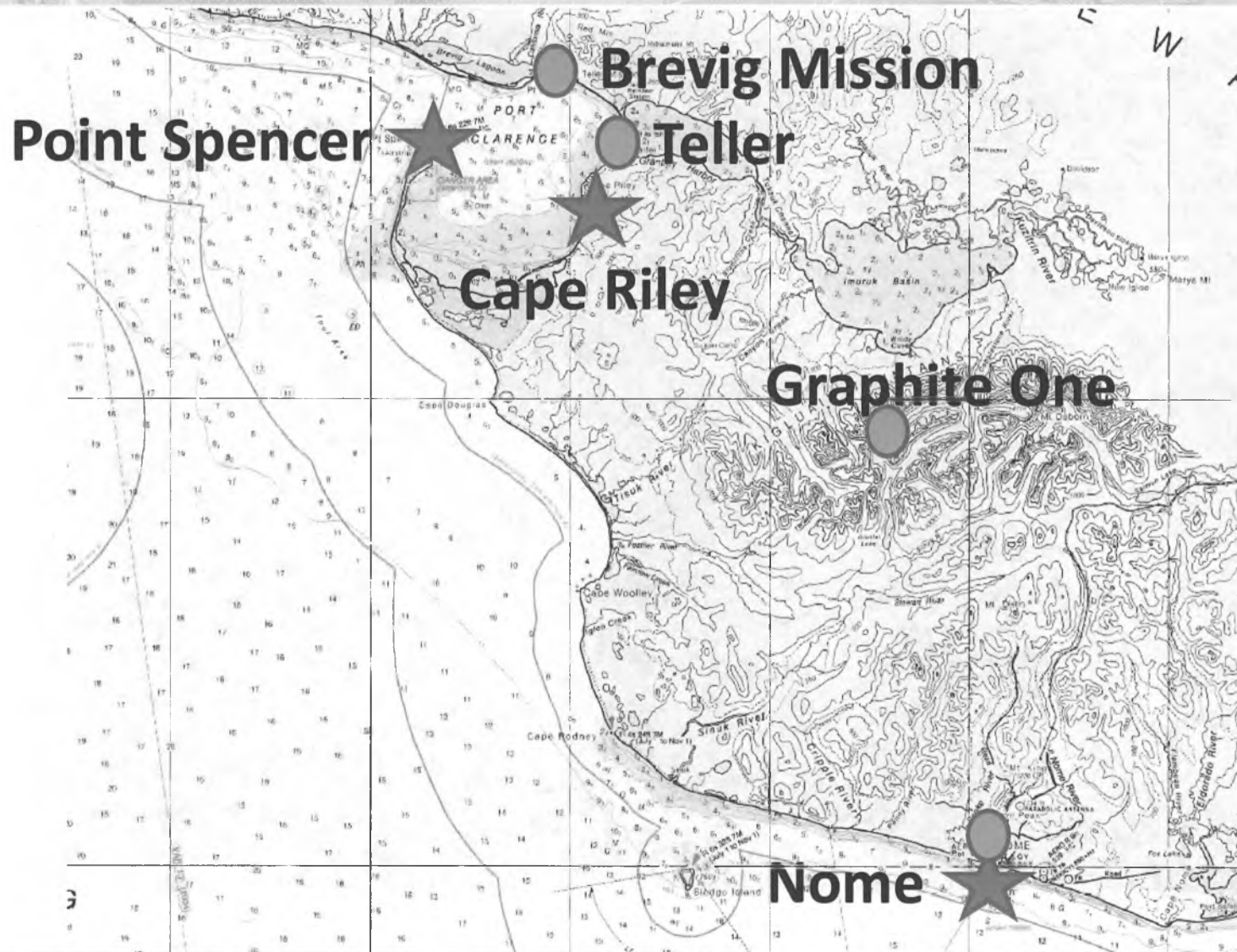




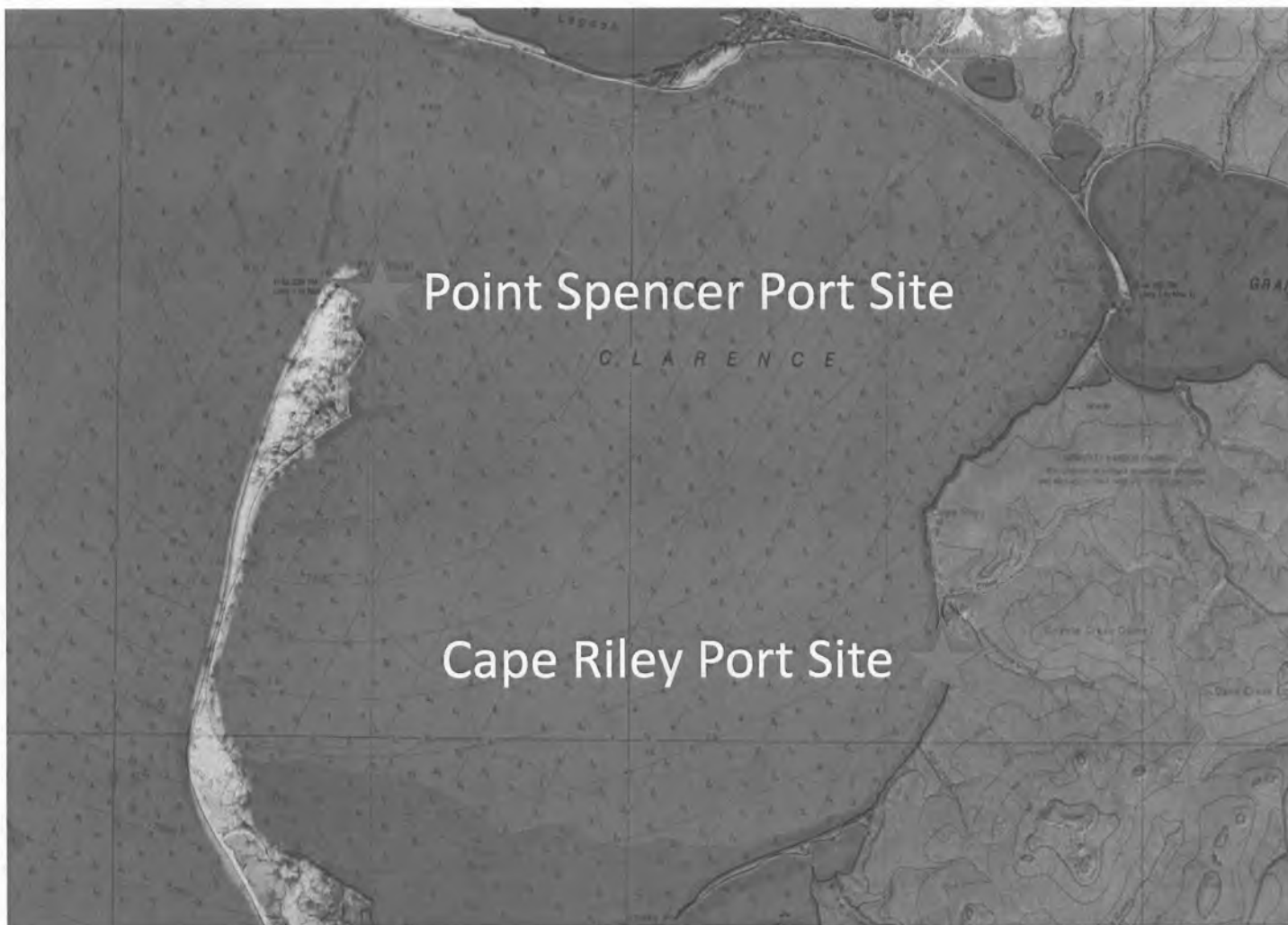
Arctic Deep-Draft Port Study

- Jointly conducted: Army Corps of Engineers and Alaska DOT&PF
 - Looked at all locations from Kuskokwim River to Canadian border
 - Narrowed to sites in vicinity of Nome and Port Clarence; this followed by detailed examination of numerous sites in that vicinity
 - Study now focused on 3 specific sites:
 - 2 at Port Clarence; Nome public port

Nome to Port Clarence Port Sites



Port Clarence Region





Arctic Port Study (cont.)

- 3 sites provide different uses, a hybrid solution
- Corps economic analysis indicates that 2 locations together have positive benefit to cost ratio of 1.59
- Corps work serves as preliminary environmental analysis; could be used to launch into detailed design and construction