

01/26/16
PRESENTATION:
DEPARTMENT OF
TRANSPORTATION
& PUBLIC
FACILITIES
(DOT&PF)

<TARGET><BILL></BILL><SUBJECT>01-26-16 PRESENTATION
DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
(DOTandPF)</SUBJECT><COMM>HTRA29</COMM></TARGET>



Alaska Department of Transportation & Public Facilities

Navigating, Preparing, Delivering, Improving
Commissioner Marc Luiken

26 Jan 2016

Keep Alaska Moving through service and infrastructure



Purpose

**Present to HTRA a briefing
that addresses:**

**“what changes were made
between FY15 to FY16 and
what changes are planned for
FY17”**



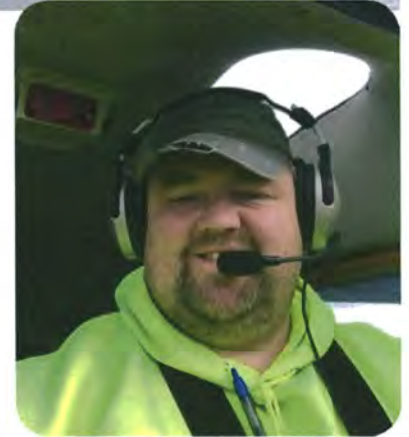
Overview

- Our dedicated people
- How we are **Navigating**: \$34.6M reduction in operating budget – FY 15- FY16
- How we are **Preparing**: To do our part and absorb more reductions – FY17
- How we are **Delivering**: A year of successes
- How we are **Improving**:
 - Executive TEAM Guiding Principles and Decision-making
 - One DOT&PF: Results Based Alignment (RBA) and Everyday Lean

Our DOT&PF People: Alaskans Serving Alaskans

Jed Struempler, Anchorage Station Foreman

Who he is: Born and raised in Anchorage; played high school football for Service; started in construction and heavy equipment on the lap of his father - helping his dad when Boniface Parkway was expanding from a two-lane to a four-lane road; DOT&PF as an equipment operator when he was 20 years old; -today, he is a Foreman at the Anchorage station. He's married to a high school principal and has two children.



What Jed does: Day starts at 6 a.m checking with the night shift on the conditions of the roads, and then he and his team get to work. Being a foreman means that you're leading a crew in the field, rolling up your sleeves to get the work done. He knows firsthand what's working and what's not.

Much of the winter is focused on snow and ice removal, the job encompasses more than that. There's more work than his crew can complete in any given day. Guardrail & fences get hit & damaged, high winds require removing fallen trees from roadways, sidewalks & trails, patching and paving are often in the middle of a summer night to aid in traffic control. There is a long needs list to remove vegetation that could interfere with a driver's ability to see the road ahead or damage the pavement or guardrail.

Our DOT&PF People: Alaskans Serving Alaskans

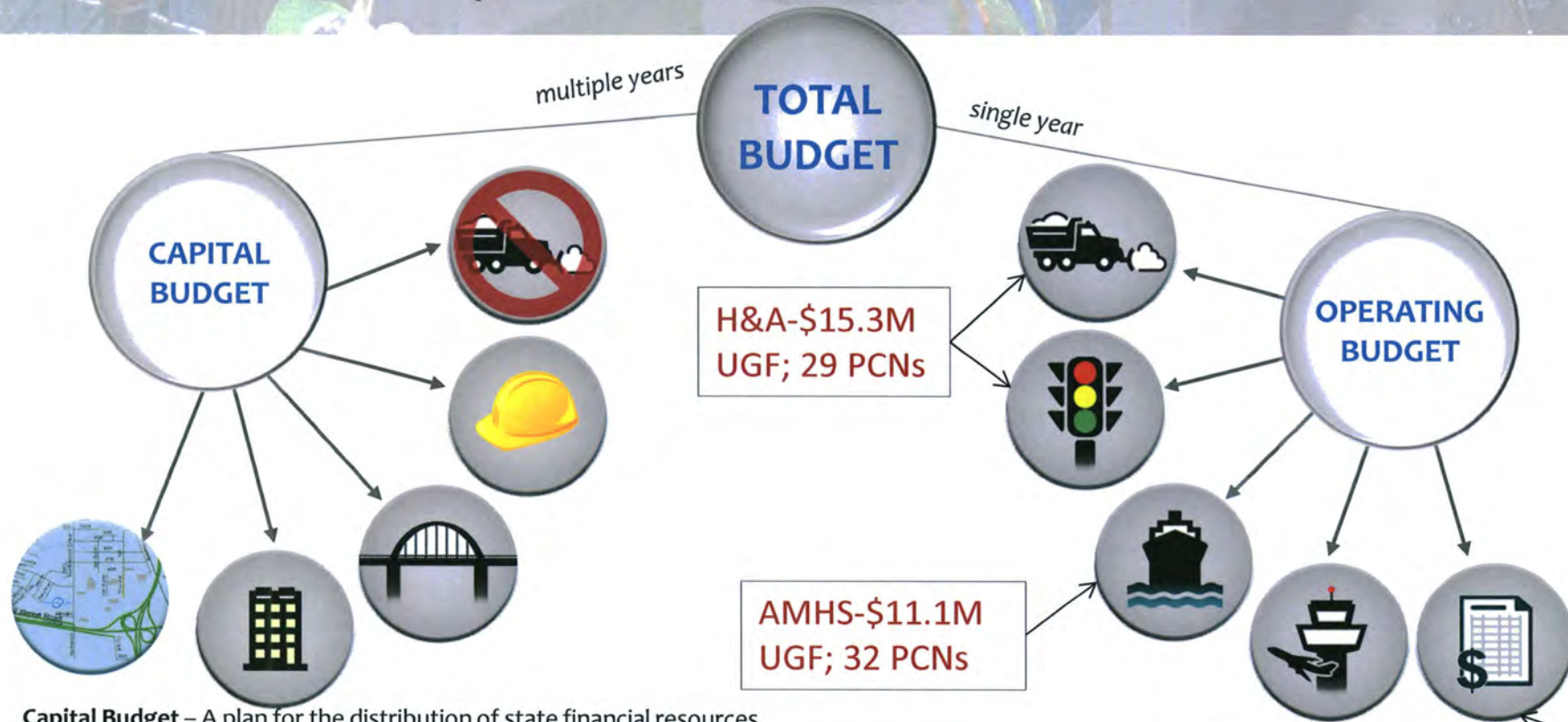
- **Vanessa Musich**

- **Engineering Assistant III/Project Engineer**
- **Vanessa was raised in Homer. After receiving a Bachelor of Science in Mechanical Engineering from the University of Notre Dame, she relocated back to Alaska with her husband and her dog.**
- **In Nome, she enjoys cooking, hiking, fishing, berry-picking and yoga.**
- **Four years with DOT&PF in May**



- **In the Construction section of Northern Region, Vanessa helps administer projects for Western Alaska. Projects she has worked on include airports and a new bridge. This summer, she will be the project engineer for the Shishmaref Airport Resurfacing.**
- **Rural Alaska depends on safe and functional infrastructure, especially airports, for access and transportation of goods. Through her work, Vanessa helps make sure Western Alaska has that infrastructure.**
- **Vanessa exemplifies the core values of DOT&PF in her ability to assist or lead depending on the department's need. She is hardworking, smart, encouraging and thoughtful, and she works well with everyone. Her success is in part due to her open, respectful communication, which makes her a valuable member of the entire DOT&PF family.**

How DOT&PF Navigated the FY2016 \$34.6M Reduction



Capital Budget – A plan for the distribution of state financial resources for items which have an anticipated life that exceeds one year and which usually costs at least \$25,000.*

Capital Improvement Project (CIP) – A project listed in the capital budget.*

Strict rules and regulations prohibit spending capital \$s on routine maintenance and general operating budget activities.

*Alaska Legislative Budget Handbook, November 2014

H&A-\$15.3M
UGF; 29 PCNs

AMHS-\$11.1M
UGF; 32 PCNs

Support Services-\$8.2M
UGF reductions and fund
source changes; 34 PCNs

Operating Budget – A plan for the yearly distribution of state resources to cover the ongoing operations of state programs.*

Preparing for FY2017

Results Based Budgeting/Alignment (RBB/RBA): Ensuring we pursue our mission and only our mission—alignment; ensuring we are efficient and effective with the resources we’re given—measure

- Core Services:
 - Operate Alaska's transportation infrastructure
 - Maintain Alaska's transportation infrastructure
 - Expand Alaska's transportation infrastructure
 - Operate Alaska Marine transportation services
- Organizational focus shifting from activities and budget to outcomes and results



STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
 Northern Region
 Total **\$105,958.8**

Proposed FY2017
NORTHERN REGION
 CORE SERVICE ALIGNMENT



DIVISION

NREG

CREG

SREG

AMHS

ASD

ISSD

SWAV

SWDES

MSCVE

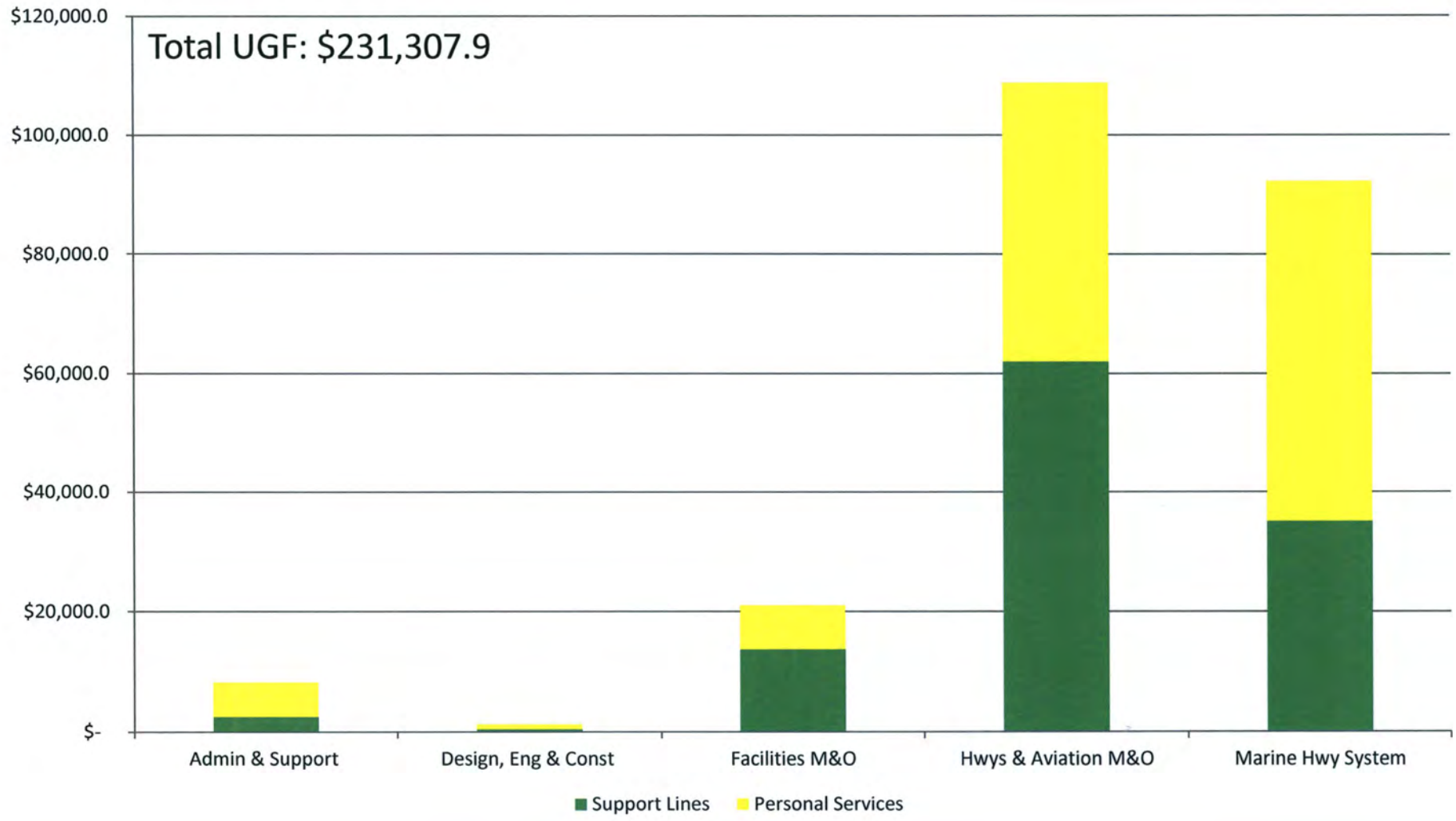
SEF

PROGDEV

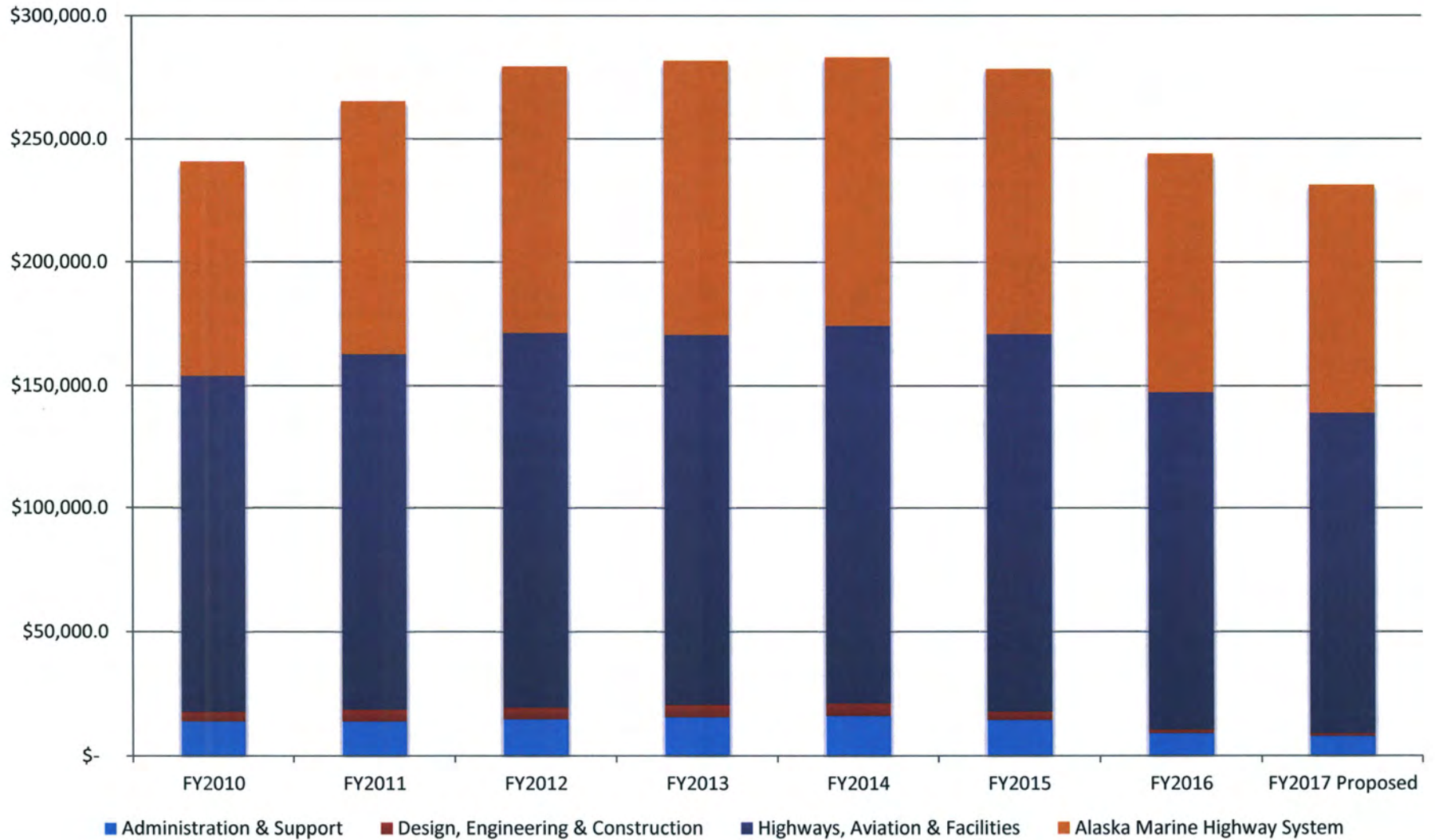
SWPF



Unrestricted General Fund (UGF) Broken out by Appropriation Further Broken out by Personal Services & Support Lines



DOT&PF Unrestricted General Fund by RDU FY2010-FY2017 Governor's Proposed



FY2017 Proposed Reductions

Highways & Aviation RDU-Maintenance and Operations

- - \$6,509.9 UGF and position reduction (21 PFT, 9 PPT)
- Service reduction will be felt on lower priority roads
- Reduce equipment fleet
- Reduce commodities purchases for summer and winter supplies
- Decrease in roadway maintenance, vegetation control, guardrail repairs
- Six maintenance stations will close (Seward, Chitina, Central, Birch Lake, O'Brien Creek, Northway)
- Thompson Pass station open seasonally (winter)
- Identification of previous operating costs that are eligible for federal funding (striping)
- Reduction of law enforcement officer coverage at Part 139 airports
- Reductions to maintenance agreements on state assets

Administration & Support RDU

- Positions (2 PFT)
- -\$1,385.1 UGF Agency-wide unallocated reduction

Design & Construction RDU

- Positions (1 PPT, 5 NP)

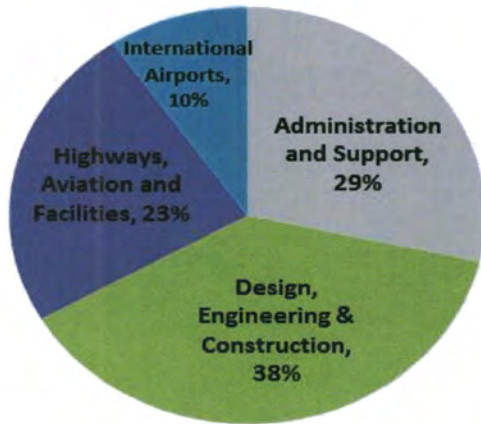
Alaska Marine Highway System RDU

- -\$5,392.0 UGF
- -6,461.0 AMHS Funds
- Position reduction (5 PPT, 9 NP)
- Operating plan reduction from 354 to ~~309~~ 320 week of service
- Three vessels are not scheduled to operate (Taku, Chenega, ~~Fairweather~~)
 - Multiple week gaps in service
 - ~~5 weeks~~ — Northern Panhandle
 - ~~6 weeks~~ — Prince William Sound
 - 7 weeks — Southwest Route

PCN Deletions

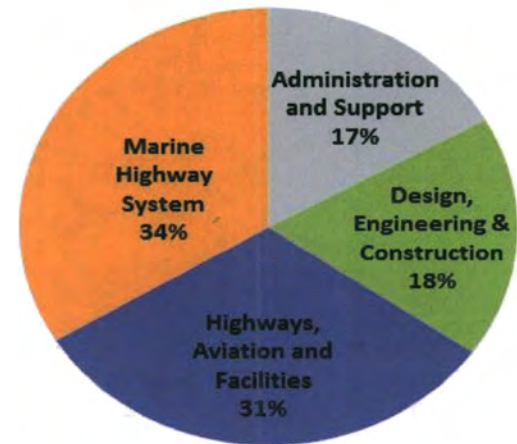
Total PCNs deleted = 21

FY2015



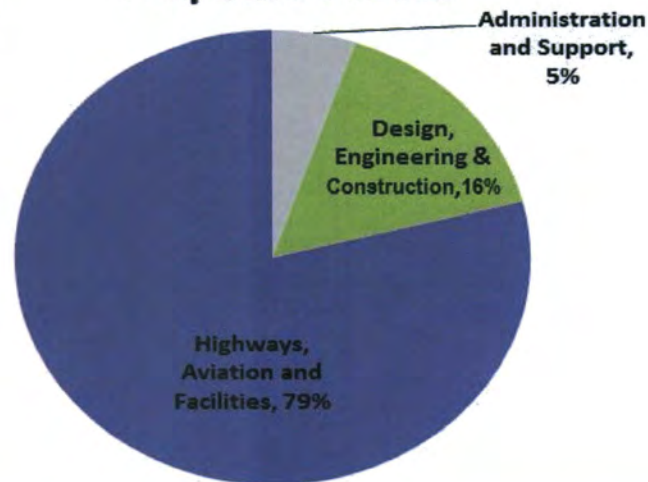
Total PCNs deleted = 95

FY2016



Total PCNs deleted = 38

Proposed FY2017



Delivering—A year of Successes

- **Dalton Highway Aufeis flooding**
 - Instituted emergency procurement processes
 - Established a Unified Command Structure, led by DOT&PF—included state and private sector. Successfully prioritized the needs of North Slope
 - Leveraged federal agencies to get most of the costs funded by feds
 - Completed road elevation project this past summer



Delivering—A year of Successes

Obligated \$780M in federal funding in Federal FY2015

- \$584 million obligated FHWA highway projects
 - \$486 million for the construction phases
- \$188 million obligated for FAA Airport projects
- \$8M awarded in Federal Transit grants for operating and capital expenses

Updated, socialized via public process, and gained approval for FY16-19 STIP

- STIP is programmed at the FAST Act funding levels
- Anticipate 40 new construction projects in 2016
 - AMATS receives \$24M
 - FMATS receives \$8M

AIAS and Aviation

- AIAS stakeholder engagement realized 9% cargo growth/4.5% pax growth
- ANC #2 in North America/#5 in the world for air cargo traffic



Delivering—A year of Successes

AMHS

- Set an all time record for revenue generated at \$53.9M in an effort to be more self sustaining, implemented tariff leveling.
- Reduced operating cost by \$5.2M to achieve a 33.5% cost recovery rate, up from 30.7% last year.
- Safely moved 310K passengers/106K vehicles (stable traffic volumes) despite running less ships and expending fewer GF dollars.



Contracts to Alaskans

- \$511.3M worth of contracts were awarded in 2015



Improving—TEAM Guiding Principles

We are an Executive TEAM who embraces these guiding principles:

- Remember and emphasize we are servants
- Every communication, decision, and action must be governed by Core Values

Integrity, Excellence, and Respect

- Remember our Mission: Transportation for Alaskans
- Must be solutions oriented
- Must respect the role and intent of others in the solutions conversation
- As best we can, we'll make decisions as a TEAM
- Must communicate proactively and clearly, especially when it's contentious
- No Whining

Improving—One DOT&PF

One DOT&PF is the Organizing Principle and Change Management Brand

- One DOT&PF leverages and validates what we've already done over the last five years with DOT&PF Strategic Plan and with Summits for Success
- One DOT&PF means we are not a house divided in challenging times—a call for Trust, Teamwork, and Results
- One DOT&PF creates communication and sharing of best practices up, down, and across a huge and geographically dispersed organization
- One DOT&PF embraces the idea that leaders—at all levels have huge influence
- One DOT&PF embraces the belief that those closest to front line delivery often have the best ideas



One DOT&PF—Everyday Lean

Everyday Lean taps creativity/expertise of DOTers closest to service delivery

- User friendly intranet site
- Leadership emphasis—rewarding people and units
- Already recognized by national level organization—grant funding
- **FAI International Garbage Incineration**
Improvement resulted in \$20K/year savings





Questions?