

State of Alaska FY2002 Governor's Operating Budget

Department of Transportation/Public Facilities

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Department Mission

To improve the quality of life for Alaskans by cost effectively providing, operating and maintaining safe, environmentally sound and reliable transportation systems and public facilities.

Department Goals and Strategies

- 1 Improve the way Alaska builds and maintains its transportation system, with a significant commitment to public participation in development of the State Transportation Improvement Program (STIP) and capital budget.
 - Bring Alaska's portion of the National Highway System up to first class standards.
 - Competitively select community transportation projects on a statewide needs basis through an objective system which stresses community participation in development and maintenance.
 - Evaluate new transportation segments that might support significant economic development.
 - Incorporate trails, recreational facilities, scenic enhancements and visitor services in our transportation program.

- 2 Protect Alaska's investment in infrastructure by maintaining and operating over 13,000 lane miles of state roads, almost 700 buildings, 261 rural airports and 76 ports and harbors.
 - Invest federal construction funds in projects that reduce maintenance costs.
 - Use regional maintenance equipment pools, directed to the highest need, to reduce the number of maintenance vehicles.
 - Implement a management structure which will identify and transfer cost saving maintenance techniques to other regions.
 - Encourage local governments to assume ownership of local facilities.
 - Work toward implementing a stable funding base for operation, maintenance and improvements of facilities.

- 3 Operate the Alaska Marine Highway System to meet the surface transportation needs of Southeast, Southwest and Southcentral Alaska communities.
 - Refurbish and maintain vessels to allow for continued operation.
 - Reduce financial losses for vessel services that are not required for safety reasons.
 - Work with communities to promote system use.
 - Develop and implement regional plans which increase efficiency while improving services to the public.

- 4 Maintain, operate and promote Anchorage and Fairbanks International Airports, which are vital to the state's economy.
 - Maintain and construct infrastructure to give Alaska a competitive market advantage, especially for international and domestic cargo traffic and tourism.
 - Maintain and construct infrastructure to meet both required safety standards and capacity demands.
 - Promote passenger service between Alaska and international destinations.
 - Provide facilities that support efficient operations and continued economic growth.

Key Department Issues for FY2001 – 2002

Departmentwide:

Two years ago the Transportation Equity Act for the 21st Century (TEA-21) was enacted which lays out transportation entitlement funding for 6 years. Alaska's level of basic entitlements will grow from the previous Act's \$200 million to over \$300 million during those years. In addition, various discretionary funds were created in which Alaska can request participation including ferry, border crossing, public lands and bridge and corridor funding. These additional federal funds must be matched with more state funds. The Airport Improvement Program under the Federal Aviation Administration (FAA) was reauthorized last spring. The new AIP includes a growth of state entitlement funding from

\$90 to \$145 million. Other changes being implemented by the FAA include a requirement that 90% of all projects over 4 years of age must be completed or future funding will be withheld, and a requirement that 10% of all eligible reimbursements will be withheld until a project is financially completed.

Maintenance and Operations:

The State Equipment Fleet (SEF) operates 44 shops and has more than 150 employees that provide general and preventative maintenance and all parts supply. There are approximately 7,600 vehicles accounted for in the fleet information system, with 4,800 vehicles comprised of light duty, heavy duty and attachments under SEF management. The Department has under contract a private fleet management consulting firm that is doing a broad review and a detailed performance and productivity evaluation of the delivery of fleet services. By the first of January 2001, an in-depth status report on the management and maintenance of the State's fleet and prioritized list of changes that need to be made will be available from the contractor.

Measurement Standards and Commercial Vehicle Enforcement:

The department has received Federal Highway Administration funding to develop intelligent transportation systems for commercial vehicle operations (ITS/CVO). The ITS/CVO program is focused on the use of technology to streamline state regulatory, enforcement and motor carrier practices increasing levels of safety and productivity for both states and carriers. A business plan has been developed and has been approved by the Federal Motor Carrier Safety Administration. Funding has been identified for bringing commercial vehicle safety information to commercial vehicle inspectors at the roadside, developing a system to enable motor carriers to submit applications for oversize and overweight permits electronically, and installing weigh in motion systems at the Glenn Outbound and Potter Weigh/Inspection Stations.

Alaska Marine Highway System:

Inadequate general fund revenues to support the AMHS have caused rapid depletion of the Marine Highway Fund. The recent fire and lay-up of the Columbia exacerbated this situation. The Department is taking a more aggressive approach towards revenue generation to support the system. An independent marketing and fee study was completed that identified 80,000 potential customers available to the AMHS. Recommendations in the study will be analyzed and implemented where possible. Web based ticket procurement will be further refined during this fiscal year. The preliminary steps towards implementation of the Southeast Transportation Plan are underway which will eventually result in greater efficiency and reduced costs.

International Airport System:

The "Gateway Alaska" project at the Ted Stevens Anchorage International Airport is underway. It is a revitalization program to bring inadequate and aged facilities up to today's requirements and prepare for the future. The airport terminal expansion project is critical to providing the capacity to meet these demands. Of significant statewide importance, the Gateway Alaska initiative includes the airport terminal project and infrastructure improvements on roads leading to the airport. The system will focus on its cargo marketing effort to maintain and enhance international cargo business.

Major Department Accomplishments in 2000

- Successfully tested, converted and upgraded computer systems and avoided significant difficulties related to Y2K.
- Attained an overall cargo growth at the Ted Stevens Anchorage International Airport of 12.7%.
- Opened a new upper ramp and inbound lanes on June 17 as part of the Gateway Alaska redevelopment project at the Ted Stevens Anchorage International Airport.
- Contracted \$42.9 million in International Airport Revenue Fund, general fund, and reimbursable projects.
- Completed construction of the Whittier Access Tunnel and opened it to traffic in June 2000.
- Increased safety awareness in construction work zones by implementing double fines in construction zones and using speed monitoring displays.
- Completed reconstruction of the Parks Highway from the Glenn Highway to Church Street, including an interchange at Trunk Road, which is the first phase of the \$87 million program to widen and improve the Parks Highway from the Glenn Highway through the City of Wasilla.
- Completed reconstruction of the Glenn Highway from MP 55-61 Moose Creek to Sutton and the Sterling Highway from MP37-45 Seward "Y" to Kenai Lake.
- Completed \$16.5 million in runway, taxiway, lighting, environmental and safety improvements at the Fairbanks International Airport, Deadhorse Airport and Birch Creek Airport.

- The Design and Engineering Services Division delivered a comprehensive program of bid ready designs and contract documents for projects across the state. The Division's performance placed the Department in a position to receive an additional \$1.5 million in funding from the Federal Highway Administration.
- Applied chip seal, hot mix, or high float asphalt to 163.7 lane miles of non-NHS road.
- Continued daily ferry service connecting the cities of Juneau, Haines, and Skagway with revenues nearly matching the cost of operation.
- Continued cross-Gulf ferry service, both in summer and in January, with a high level of public acceptance and strong revenues, despite unpredictable weather.
- Established a computer network aboard all AMHS vessels and successfully connected with each vessel via email and a wireless bridge setup at each terminal.
- Implemented an internet reservations process for ferry reservations.
- Received the Federal Motor Carrier Office approval of the Department's Intelligent Transportation System for Commercial Vehicle Operations (ITS/CVO) business plan. This plan establishes the blueprint for Alaska's participation in the USDOT ITS/CVO initiatives.
- Progressed on implementing the Southeast Transportation Plan

Key Performance Measures for FY2002

Measure: The total construction cost of the annual highway and aviation programs should be within 5% of the contract bid amount.

(Not yet addressed by Legislature.)

Current Status:

Out of a representative random sample of 55 projects completed in FY00, the total percentage change from contract bid to completion was approximately 7%.

Benchmark:

No benchmark is known. A review of other states will be conducted to determine if similar information is collected and used for management purposes. The department experienced the same 7% variance when reviewing a random sample of projects completed in FY98-99.

Background and Strategies:

Currently, the department is working on over 519 active construction projects that span several construction seasons. Significant to the cost of urban projects are traffic maintenance costs necessary for a project to have a minimal impact on the travelling public during construction, and safety, pedestrian, and environmental considerations. Scope changes during construction are rare, and are undertaken only where there is a substantial advantage to the public, the potential of a significant lost opportunity, a safety consideration and/or a major environmental issue.

Contracts allow specific relief for changed conditions that could not be foreseen, forces of nature, and/or unusually severe weather. Due to these factors, specific projects will occasionally have cost overruns. To decrease contract overruns, some combination of the following is necessary: improve estimating quantities in bid documents, make fewer field changes that increase quantities or cost, or decline performing extra work requested by others (e.g., local governments, other agencies).

It is also important to note that because large-dollar projects generally take longer to build and usually have more significant environmental and community impacts than the majority of federal-aid highway projects, they have greater potential to experience substantial cost increases and lengthy construction delays. The Public Facilities Branch typically provides design and construction administration services for other state client agencies. During the course of construction these client agencies may direct additional work be performed, making the stated performance measure out of the control of Department personnel.

Measure: Complete preliminary and final design on projects within 10% of the budget in the Department's current year planning documents.

(Not yet addressed by Legislature.)

Current Status:

After a year of review, the Division of Design and Engineering Services realizes that the response to this performance measure is more complicated than originally anticipated. Criteria for the data that is to be used and procedures for its compilation must be established in Department procedures. The Division will develop and implement the processes needed to properly report on this measure within the Department's current resources.

Benchmark:

We are not aware of any state comparable benchmarks that are available.

Background and Strategies:

The Division of Statewide Design and Engineering Services participates in the development of the Department's planning documents to ensure that the resulting scope, schedule and budget are consistent with good engineering practices and are practical to implement. The Department will develop and implement management reporting systems for projects so that we improve the coordination of resources, priorities, cost, scope and standards by providing better information on projects as they are developed. Better development of an initial project scope will lead to better budget performance once a project is in design.

The Division continues to refine the estimates used in the planning phase of project development through use of scope, schedule and budget estimating procedures. These estimates are initially prepared by the Department's planning staff, but must be approved by the Design and Engineering Services Division. This input early in the project development process will lead to better estimates.

Measure: The percentage of highway and airport lane miles per full-time-equivalent employee compared to the average of member states of the Western Association of State Highway and Transportation Officials.

(Developed jointly with Legislature in FY2001.)

Current Status:

Northern Region Maintenance and Operations, Highways and Aviation maintains highway and airport lane miles with 42.1 lane miles per full time equivalent position. Southeast Region averages 35.3 highway and airport lane miles per full time equivalent. And, Central Region M&O maintains highway and airport lane miles with an average of 37.0 lane-miles per FTE position.

Benchmark:

Thirteen states average 21.7 lane miles per full time equivalent position based upon the 1993 Washington State report titled Maintenance, Management, and Administration Evaluation Report. Through a recent informal review of WASHTO states, the average lane miles per FTE for those states that responded are as follows:

Arizona	27.61
California	8.80
Colorado	18.66
Hawaii	7.23
Idaho	29.00
Nevada	38.18
Oklahoma	28.90
Texas	28.50

WASHTO Average 23.28

Background and Strategies:

At the current levels of lane miles per full-time-equivalent, the Department is not able to provide an adequate level of service. There is a long list of "deferred maintenance" work - jobs that have not been completed due to lack of personnel and other resources. Staff are required to concentrate on critical needs, such as snow removal, rock slides, flooding, and erosion of roadbeds, and are able to devote less attention to preventive maintenance, such as

crack sealing, ditching, and brush cutting. Work on priority maintenance items is scheduled when time and resources permit, and federal funds are used to improve the transportation infrastructure to minimize future maintenance needs.

The Department plans to implement an Alaskan maintenance management system that will establish specific maintenance criteria (roadway surface, drainage, snow & ice control, traffic services, etc.) with defined service levels and associated cost to identify to the public and legislature meaningful performance measures. Use of the maintenance management system will identify specific maintenance areas (e.g., guardrail repair, brush cutting, etc.) lacking in necessary resources. To reduce the average lane miles per employee, lane miles could be transferred to communities, develop new funding sources, or encourage FHWA to make eligible more maintenance items under the federal aid highway program. The Department will continue to investigate and implement means to increase efficiency and to better manage maintenance efforts through technology and better use of resources.

Measure: The percentage of federal highway funds obligated in the previous federal fiscal year.

(Developed jointly with Legislature in FY2001.)

Current Status:

100% of highway funds from federal fiscal year 2000 were obligated. The Division's performance placed the Department in a position to receive an additional \$1.5 million in funding from the Federal Highway Administration. The additional funds were available because other states were not as well prepared and were unable to obligate their full allocation of federal-aid.

Benchmark:

None.

Background and Strategies:

The Division strives to obligate all federal funds that are available to the state for highway projects. The staff continue to work diligently on that front, reporting regularly on their projects to the Division management, and through a computerized management reporting system.

Measure: Commercial vehicle safety inspections per full-time equivalent employee of the division.

(Developed jointly with Legislature in FY2001.)

Current Status:

During FY2000, actual performance was 145.54 inspections per full-time-equivalent employee of the division compared to 109.81 per full-time-equivalent employee in FY99. The Division completed 4,512 inspections during FY2000. From 7/1/00 through 10/15/00, the division has completed 1,511 inspections.

Benchmark:

To date, there is no established national standard for this performance measure, although, the Department's goal is to reach 5,000 inspections per year.

Background and Strategies:

The division anticipates further efficiencies through streamlining the inspection process by implementing electronic inspection reporting at the field level. Two laptops were deployed in September to test this new electronic reporting system. During FY00 31 employees were trained in the North American Standards driver/vehicle safety inspection training and 27 employees attended training for Cargo Tank and Hazardous Materials. This training was conducted over an eight to ten week period covering Alaska statewide and included local police departments and State Troopers.

Measure: The Marine Highway revenue per rider mile divided by the operation costs per rider mile.

(Developed jointly with Legislature in FY2001.)

Current Status:

The ratio of revenue per rider mile to cost per rider mile for FY 00 was .51. This was obtained by dividing the revenue per rider mile of \$.62 by the cost per rider mile that was \$1.22. The revenue figure represents total system generated revenue including passengers, vehicles, cabins, and other revenues.

Benchmark:

The Washington State Ferry System reports a ratio of .60. The British Columbia Ferry Corporation reports a ratio of .81. Their cost per rider mile is about the same as the Alaska Marine Highway System's, but their revenue per mile is much higher because they adjust their tariffs to reflect increased expenditures.

Background and Strategies:

The Alaska Marine Highway System ratio is comparable to the other ferry systems, other than the lower revenue per rider mile when compared to the British Columbia system. Even though the AMHS's revenue per rider mile has increased slightly over the past few years, it has not increased significantly because tariffs have not been adjusted substantially since 1992. This performance measure is influenced by several variables, i.e., seasonal demand, service routes, number of voyages per week between ports and the fluctuation in fuel prices. In FY00, fuel prices increased 50% driving the cost per rider mile up 17%. We are planning to raise fares in FY01, which will increase this ratio by generating additional revenue.

Measure: The total Marine Highway ridership, including passengers and vehicles, compared to the five-year ridership average.

(Developed jointly with Legislature in FY2001.)

Current Status:

The total Marine Highway ridership, including passengers and vehicles, compared to the five-year ridership average.

Benchmark:

There is no good benchmark for this performance measure other than the 5-year average. Both the BC Ferries and Washington State Ferries carry substantially more passengers and vehicles, but both are short haul and commuter type systems.

Background and Strategies:

The Alaska Marine Highway System brought a ninth vessel on line and introduced cross Gulf service in FY1999. This measure is a comparison of ridership with a nine vs. eight-vessel fleet. With the establishment of active marketing by the new AMHS marketing manager hired in FY2001, increased ridership of 3% per year is the Alaska Marine Highway System's goal.

Measure: Reduce the number of International Airports airfield deficiencies in the next fiscal year to zero major discrepancies and less than 25 minor discrepancies.

(Revised from Legislature's FY2001 version.)

Current Status:

Historically, Ted Stevens Anchorage International Airport (AIA) receives approximately 50 annual discrepancies and Fairbanks International Airport (FIA) receives less than three, including numerous minor deviations from FAA standards.

Benchmark:

There is no established standard or quantitative measure for FAA certification inspections. Both airports attempt to provide the safest, most efficient service to airlines and the traveling public.

Background and Strategies:

The International Airports are inspected at least annually by the FAA to ensure safe and standard airfield operations and compliance with its FAR 139 certification requirements. These inspections cover a broad range of areas including Airport Rescue and Firefighting (ARFF), safety, lighting, markings, runway incursions (interference with aircraft during takeoff and landing) and a number of other operating standards.

The Airports' goal is to improve compliance with the FAA's FAR 139 program. This can be achieved by the proper identification of deficiencies by maintenance, operations, and safety personnel. This information, in turn, must be detailed into a maintenance management program with all maintenance and training actions completed prior to annual inspections by the FAA.

These inspections note deficiencies for a broad range of inspection criteria and differ each year depending on FAA focus. Other areas that should be monitored are the existence of repeat discrepancies and attaining 100% correction of deficient areas that do not require a CIP project.

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Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> The total construction cost of the annual highway and aviation programs should be within 5% of the contract bid amount. 		X			
<ul style="list-style-type: none"> Complete preliminary and final design on projects within 10% of the budget in the Department's planning documents. 		X			
<ul style="list-style-type: none"> Highway lane miles per Highways and Aviation, Maintenance and Operations employee not to exceed 22. 					X
<ul style="list-style-type: none"> Increase commercial driver and vehicle safety inspections to 3,600 per year. 					X
<ul style="list-style-type: none"> Maintain number of commercial vehicle size, weight, safety and permit violations at no more than 325 per year. 					X
<ul style="list-style-type: none"> Increase number of Alaska Marine Highway System vessel on-time departures to 85%. 					X
<ul style="list-style-type: none"> Increase ratio of AMHS revenue to cost per rider mile by 3%. 					X
<ul style="list-style-type: none"> The International Airports shall maintain a minimum pavement condition index (PCI) of 70 for runways and 60 for taxiways and aprons. 					X
<ul style="list-style-type: none"> Reduce the number of International Airports airfield deficiencies in the next fiscal year by 10%. 					X

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures	None.											
Non-Formula Expenditures												
Administration and Support	931.7	66.2	328.7	1,326.6	955.2	0.0	403.0	1,358.2	948.6	0.0	538.4	1,487.0
Equal Employment/Civil Rights	285.7	0.0	173.9	459.6	306.5	0.0	257.3	563.8	307.2	0.0	295.6	602.8
Internal Review	118.6	0.0	458.7	577.3	133.7	0.0	592.0	725.7	58.7	0.0	680.6	739.3
Administrative Services	4,053.8	0.0	4,829.0	8,882.8	4,045.0	50.4	5,526.8	9,622.2	4,137.7	0.0	5,553.5	9,691.2
Regional Support Services	1,857.3	0.0	2,037.1	3,894.4	1,814.3	0.0	2,141.1	3,955.4	1,914.7	0.0	2,129.5	4,044.2
Statewide Aviation	408.8	0.0	233.3	642.1	453.9	0.0	222.4	676.3	451.6	0.0	226.0	677.6
Planning	330.6	0.0	4,656.1	4,986.7	342.2	0.0	5,397.4	5,739.6	342.7	0.0	5,464.9	5,807.6
Design & Eng Services	1,843.9	0.0	28,728.5	30,572.4	1,896.1	0.0	30,623.8	32,519.9	1,920.4	0.0	33,175.3	35,095.7
Construction/CIP Support	728.2	0.0	25,518.6	26,246.8	742.4	0.0	26,725.8	27,468.2	742.9	0.0	29,027.7	29,770.6
Statewide Facility M&O	14,848.9	1.2	2,498.2	17,348.3	12,368.5	2.0	5,317.1	17,687.6	11,429.3	2.0	2,931.9	14,363.2
State Equipment Fleet	0.0	0.0	17,832.2	17,832.2	0.0	0.0	19,649.1	19,649.1	0.0	0.0	19,568.7	19,568.7
Measure Stnds & Comm Veh. Enf.	3,404.3	0.0	397.9	3,802.2	2,034.6	0.0	2,164.1	4,198.7	2,016.4	0.0	2,629.5	4,645.9
Highways and Aviation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	73,804.6	1,634.6	1,799.7	77,238.9
Statewide Highways	0.0	0.0	0.0	0.0	257.6	0.0	0.0	257.6	0.0	0.0	0.0	0.0
Snowplowing	26,823.3	239.5	2,107.7	29,170.5	26,416.1	1,175.9	1,496.5	29,088.5	0.0	0.0	0.0	0.0
Central Region Hwys & Aviation	0.0	0.0	0.0	0.0	500.0	0.0	971.4	1,471.4	0.0	0.0	0.0	0.0
Statewide Highways and	0.0	0.0	0.0	0.0	500.0	0.0	971.4	1,471.4	0.0	0.0	0.0	0.0

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Aviation Whittier Access & Tunnel	0.0	0.0	0.0	0.0	0.0	0.0	450.0	450.0	0.0	0.0	0.0	0.0
International Airports	0.0	0.0	288.0	288.0	0.0	0.0	299.9	299.9	0.0	0.0	375.0	375.0
Northern Reg Hwys & Aviation	36,331.7	416.8	3,789.3	40,537.8	36,043.3	464.0	1,122.4	37,629.7	0.0	0.0	0.0	0.0
Southeast Reg Hwys & Aviation	8,806.8	0.0	626.0	9,432.8	8,781.5	0.0	302.7	9,084.2	0.0	0.0	0.0	0.0
Ted Stevens Airport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32,789.7	32,789.7
Fairbanks International Airp.	0.0	0.0	9,192.8	9,192.8	0.0	0.0	9,581.9	9,581.9	0.0	0.0	10,202.8	10,202.8
Anchorage International Airp.	0.0	0.0	30,657.0	30,657.0	0.0	0.0	32,217.5	32,217.5	0.0	0.0	0.0	0.0
Marine Vessel Operations	500.0	0.0	70,550.1	71,050.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Marine Highway System	0.0	0.0	3,306.0	3,306.0	0.0	0.0	78,843.9	78,843.9	0.0	0.0	79,395.0	79,395.0
Front Section	27,129.5	0.0	0.0	27,129.5	27,909.7	0.0	0.0	27,909.7	29,182.0	0.0	0.0	29,182.0
Totals	128,403.1	723.7	208,209.1	337,335.9	125,000.6	1,692.3	224,306.1	350,999.0	127,256.8	1,636.6	226,783.8	355,677.2

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	723.7	1,692.3	1,636.6
1003 General Fund Match	74.8	75.2	
1004 General Fund Receipts	123,754.4	120,849.1	123,554.8
1005 General Fund/Program Receipts	4,573.9	3,712.9	3,702.0
1007 Inter-Agency Receipts	14,146.6	6,375.1	4,460.8
1026 Highway Working Capital Fund	20,080.0	24,177.2	22,588.1
1027 International Airport Revenue Fund	40,884.6	43,125.2	44,313.8
1052 Oil/Hazardous Response Fund	700.0	700.0	350.0
1053 Investment Loss Trust Fund		363.4	
1061 Capital Improvement Project Receipts	56,989.1	65,697.3	71,579.1
1076 Marine Highway System Fund	74,787.7	80,090.8	80,461.0
1108 Statutory Designated Program Receipts	621.1	1,273.6	1,224.7
1147 Public Building Fund		1,115.4	
1156 Receipt Supported Services		1,751.5	1,806.3
Totals	337,335.9	350,999.0	355,677.2

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	2,847	2,867
Permanent Part Time	634	633
Non Permanent	9	9
Totals	3,490	3,509

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Management Reporting System Efficiency - Analysis and Development	250,000	0	0	250,000
Safety Inspection of State Owned High Risk Facilities	400,000	0	0	400,000
Material Stockpiles: Dalton - Elliott Highway	500,000	0	0	500,000
Valdez - Harborview Development Center	132,300	0	129,000	261,300
Weights and Measures Testing Unit Replacement	260,000	0	0	260,000
Alaska Marine Highway System: Overhaul, Rehabilitation, and Mandatory Training	4,800,000	0	0	4,800,000
Facilities Deferred Maintenance and Critical Repairs	1,500,000	0	0	1,500,000
Emergency and Non-Routine Repairs	1,000,000	0	0	1,000,000
Corps of Engineers - Harbors Program	1,248,000	0	0	1,248,000
Harbor Deferred Maintenance	1,000,000	0	0	1,000,000
Airport Deferred Maintenance	1,000,000	0	0	1,000,000
Highway Deferred Maintenance	1,500,000	0	0	1,500,000
State Equipment Fleet Replacement	0	0	11,800,000	11,800,000
Statewide Federal Programs	48,651,400	24,735,000	13,750,000	87,136,400
Airport Improvement Program	0	143,863,257	150,365,900	294,229,157
Surface Transportation Program	0	423,100,000	100,000	423,200,000
Department Total	62,241,700	591,698,257	176,144,900	830,084,857

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

Highway Maintenance and Operations:

The FY01 operating budget provided funding for the reopening of maintenance stations closed in FY00 and opening of seasonally closed roads in Northern Region. The funds for these actions came from the Highway Working Capital Fund. This fund is an internal service fund that state agencies pay into for the use of state vehicles and is used for the maintenance and replacement of that equipment. Continued use of the fund source for other purposes would undermine the ability to purchase vehicles as needed and result in higher costs to finance vehicle purchases. This budget request reflects a change in fund source to general funds which is the appropriate means of funding this basic state service.

Facilities:

The Legislature passed and the Governor signed into law Chapter 126, SLA 00, containing a method for the Department of Administration to receive payments from state agencies for costs of the occupant's use of building space. The FY01 budget transferred general funds to various state agencies for the maintenance of eight state-owned facilities. Since the passage of this legislation, it has been determined that DOA should supervise the maintenance staff. The staff also work on buildings other than those included in CH. 126. To keep the lines of supervision and responsibility clear, this budget transfers the costs of maintaining these Juneau facilities and the staff to DOA.

International Airports:

The Anchorage and Fairbanks International Airports have seen growth in cargo and international airplane activities and in requirements placed upon them by federal regulatory agencies. The FY02 budget includes increases essential to meeting the safety, maintenance, operation and environmental concerns with those additional responsibilities. Total increase requested is \$1,375,700 in International Airport Revenue Funds.

Measurement Standards and Commercial Vehicle Enforcement

The Federal Office of Motor Carrier Safety provides funds for motor carrier compliance reviews. The commercial vehicle safety program will be increased to provide those reviews plus driver and vehicle inspections and inspections for violations in transporting of hazardous materials. Federal funds will also be used to implement the commercial vehicle information system that provides safety information to inspectors in the field. A cooperative agreement is being developed with the U.S. Department of Commerce, National Marine Fisheries Service, to fund a position that will perform the inspection and testing of flow scales and observer scales utilized in the CDQ fisheries.

Alaska Marine Highway System

The Marine Highway Fund will be depleted during FY2002. The Department is taking various actions to deal with the problem. Unfortunately, revenue generation actions have a delayed time frame and the fund is in need of general fund support. The addition of \$819.8 million more than the FY2001 level is necessary to keep the fund balanced. Funds are also being requested to improve future revenues through increased marketing as recommended by an independent marketing study, for increased inspection of vessel passenger services, and financial management support to the system.

Departmentwide:

As a result of a task force review of the department's methods used to calculate and bill indirect costs, modifications were made to the department's overall indirect cost allocation plan (ICAP) to bring it in line with federal Office of Management and Budget (OMB) Circular A-87 guidelines. This action moves expenditures that are not considered direct costs of projects and makes them indirect. The budget adds \$2,003.4 in CIP funds to travel, contractual and commodities to reflect this change in ICAP process.

The Department found that with a growing construction program and a national shortage of engineers, there is intense competition for qualified engineers. In an effort to meet the needs of the design and construction programs, a salary study was completed and approval was received to increase the range of all engineering classifications. So far, the result of this action has been extremely positive in being able to recruit and retain engineers in positions that had remained vacant for months. The FY02 budget adds \$3.6 million of mostly capital improvement program funds to cover the cost of the increased salaries.

The position count for the department shows an increase of 8 full-time positions. The following is a brief explanation for the increase:

1 - Alaska Marine Highway - Financial Manager for the system

3 - Measurement Standards/Commercial Vehicle Enforcement - CIP for implementation of the following federal programs: Intelligent Transportation Systems, motor carrier compliance review, and National Marine Fisheries "at sea" weighing program

1 - Measurement Standards/Commercial Vehicle Enforcement - an administrative clerk supported through fees of the MS/CVE programs

3 - International Airports - revenue supported increases for operations and maintenance

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	125,000.6	1,692.3	224,306.1	350,999.0
Adjustments which get you to start of year:				
-Administration and Support	0.0	0.0	79.0	79.0
-Equal Employment/ Civil Rights	0.0	0.0	30.0	30.0
-Internal Review	0.0	0.0	16.0	16.0
-Design & Eng Services	0.0	0.0	961.9	961.9
-Construction/CIP Support	0.0	0.0	687.2	687.2
-Highways and Aviation	0.0	0.0	37.6	37.6
-Ted Stevens Airport	0.0	0.0	46.5	46.5
-Fairbanks International Airp.	0.0	0.0	29.7	29.7
-Marine Highway System	0.0	0.0	115.5	115.5
Adjustments which will continue current level of service:				
-Administration and Support	-6.6	0.0	46.6	40.0
-Equal Employment/ Civil Rights	0.7	0.0	-2.8	-2.1
-Internal Review	-75.0	0.0	72.6	-2.4
-Administrative Services	92.7	-50.4	5.7	48.0
-Regional Support Services	100.4	0.0	-11.6	88.8
-Statewide Aviation	-2.3	0.0	0.1	-2.2
-Planning	0.5	0.0	-21.7	-21.2
-Design & Eng Services	-0.7	0.0	-206.8	-207.5
-Construction/CIP Support	0.5	0.0	-121.6	-121.1
-Statewide Facility M&O	-939.2	0.0	-872.6	-1,811.8
-State Equipment Fleet	0.0	0.0	-80.4	-80.4
-Measure Stnds & Comm Veh. Enf.	-18.2	0.0	23.7	5.5
-Highways and Aviation	2,388.7	-5.3	-1,214.0	1,169.4
-Statewide Highways Snowplowing	-257.6	0.0	0.0	-257.6
-Statewide Highways and Aviation	-500.0	0.0	-971.4	-1,471.4
-Whittier Access & Tunnel	0.0	0.0	-450.0	-450.0
-International Airports	0.0	0.0	-0.9	-0.9
-Ted Stevens Airport	0.0	0.0	-177.9	-177.9
-Fairbanks International Airp.	0.0	0.0	-40.1	-40.1
-Marine Highway System	0.0	0.0	-25.2	-25.2
Proposed budget decreases:				
-Statewide Facility M&O	0.0	0.0	-1,515.3	-1,515.3
Proposed budget increases:				
-Administration and Support	0.0	0.0	9.8	9.8
-Equal Employment/ Civil Rights	0.0	0.0	11.1	11.1
-Administrative Services	0.0	0.0	21.0	21.0
-Statewide Aviation	0.0	0.0	3.5	3.5
-Planning	0.0	0.0	89.2	89.2
-Design & Eng Services	25.0	0.0	1,796.4	1,821.4
-Construction/CIP Support	0.0	0.0	1,736.3	1,736.3
-Statewide Facility M&O	0.0	0.0	2.7	2.7
-Measure Stnds & Comm Veh. Enf.	0.0	0.0	441.7	441.7

	General Funds	Federal Funds	Other Funds	Total Funds
-Highways and Aviation	175.0	0.0	54.5	229.5
-International Airports	0.0	0.0	76.0	76.0
-Ted Stevens Airport	0.0	0.0	703.6	703.6
-Fairbanks International Airp.	0.0	0.0	631.3	631.3
-Marine Highway System	0.0	0.0	460.8	460.8
-Front Section	1,272.3	0.0	0.0	1,272.3
FY2002 Governor	127,256.8	1,636.6	226,783.8	355,677.2