

State of Alaska
FY2007 Governor's Operating Budget

Department of Transportation/Public Facilities
Administration and Support
Results Delivery Unit Budget Summary

Administration and Support Results Delivery Unit

Contribution to Department's Mission

Provide executive leadership, coordination with other governmental agencies and assurance of program management within legal guidelines.

Core Services

The Department of Transportation and Public Facilities (DOT&PF) is statutorily responsible for the planning, design, construction, maintenance, and operations of transportation facilities and buildings. We strive to achieve a balance between steady planned growth in the intermodal transportation system, which supports economic development and improved quality of life, and the effective management of maintenance and operations for the state's existing investment in transportation and public facilities infrastructure. This RDU contains the highest level of leadership necessary to ensure the department meets its statutory responsibilities.

The Contracting, Procurement and Appeals Section develops, implements, and maintains policies, procedures, and standards that assure all transportation modes and regions receive responsive and consistent guidance, direction and training in administering all procurements and contracts.

Internal Review is an independent section that reports directly to the Commissioner. Internal Review is an extension of the management function that identifies problems and recommends actions that can correct those problems. It provides a measurement of how well the Department is meeting its statutory requirements and achieving its objectives.

The Office of Equal Employment and Civil Rights is responsible for 3 affirmative action programs Disadvantaged Business Enterprises (DBE), External Equal Employment Opportunity (ExEEO), and On-The-Job training (OJT) which provide opportunities that otherwise would not normally exist within the construction arena. These programs apply to contractors and subcontractors working on US Department of Transportation (USDOT)-assisted projects. It also oversees 2 non-discrimination programs (Title VI of the Civil Rights Act of 1964 & Americans with Disabilities Act of 1990 [ADA]) which ensure equal treatment by the Department with respect to its dealings with the public in all phases of operation.

The Transportation Management and Security Section coordinates operations, including fleet management, highway and aviation maintenance, safety, security, and provides oversight of those areas for department management. The section also coordinates major maintenance projects and determines priority of statewide maintenance projects.

End Results	Strategies to Achieve Results
<p>A: Elimination and prevention of discrimination based on race, religion, gender, age, marital status, ability or national origin in federally assisted programs.</p> <p><u>Target #1:</u> Reduce by 5% the number of contractor non-compliance items.</p> <p><u>Measure #1:</u> The number of occurrences of contractor non-compliance items.</p>	<p>A1: To promote equal opportunity compliance in employment and contracting with disadvantaged business enterprises in Federal-aid highway contracts.</p> <p><u>Target #1:</u> Increase the number of highway construction contractors reviewed for compliance with federal equal opportunity regulations by 15 %.</p> <p><u>Measure #1:</u> Percentage change of construction contractors reviewed for compliance with federal equal opportunity regulations over previous federal fiscal year.</p> <p><u>Target #2:</u> Increase the number of on-the- job (OJT) trainees on highway projects by 5 %.</p> <p><u>Measure #2:</u> Percentage change in OJT trainees</p>

	participating in highway projects from previous fiscal year.
End Results	Strategies to Achieve Results
<p>B: Maximize federal design and construction funding and compliance with federal requirements.</p> <p><u>Target #1:</u> 5% reduction in difference between rates proposed by firms and audited overhead rates for consulting engineering firms and utility companies.</p> <p><u>Measure #1:</u> Comparison of proposed rates by firms to audited overhead rates for consultants and utility companies.</p>	<p>B1: Prepare and issue timely audit reports.</p> <p><u>Target #1:</u> Reduce by 5% the number of days between start of field work and issuance of all overhead rate audits.</p> <p><u>Measure #1:</u> Percent change in the number of days between start of audit field work and audit report issuance.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> Review of highway construction contractors (external equal employment, disadvantaged business participation, on the job training) Communication about EEO requirements to contractors & prospective contractors Training and working document assistance to highway contractors, DBE firms Engineering consultant pre-award overhead rate audits Utility company rate audits 	<ul style="list-style-type: none"> Concessionaire audits Additional training and material support for OJT trainees on highway projects Centralization of the State Equipment Fleet to reduce costs Implementation of a training and certification program for equipment operators

FY2007 Resources Allocated to Achieve Results	
<p>FY2007 Results Delivery Unit Budget: \$4,942,900</p>	<p>Personnel:</p>
	<p>Full time 41</p>
	<p>Part time 1</p>
	<p>Total 42</p>

Performance Measure Detail

A: Result - Elimination and prevention of discrimination based on race, religion, gender, age, marital status, ability or national origin in federally assisted programs.

Target #1: Reduce by 5% the number of contractor non-compliance items.
Measure #1: The number of occurrences of contractor non-compliance items.

Number of occurrences of contractor non-compliance items

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2004	0	3	1	0	4
FY 2005	0 0%	1 -66.67%	0 -100.00%	2 0%	3 -25.00%

Analysis of results and challenges: To receive federal highway funding assistance, the department must annually assure and provide proof to the Federal Highway Administration (FHWA) that it meets federal equal employment provisions on its highway projects. The department's assurance, and 49 CFR 21, requires the department to administer a highway construction program that is free of discrimination based on race, gender,

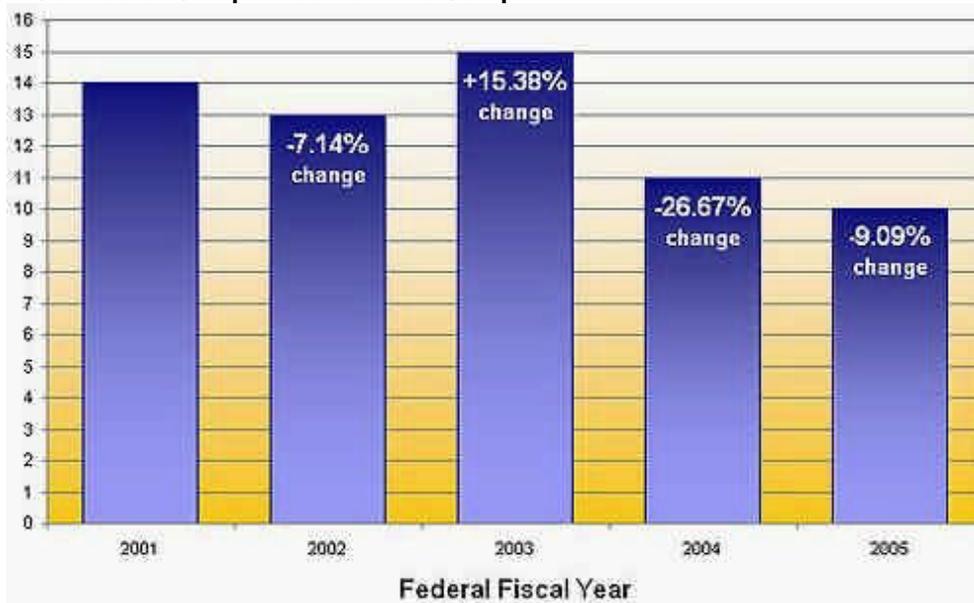
religion, age, disability, color, or national origin. 23 CFR 200 and 23 CFR 230.111 and .401 through .415 requires the department to regularly review contractors for equal employment, affirmative action and training in their employment practices. Failure to conduct these reviews will result in a finding of noncompliance by FHWA and the loss of federal assistance for highway projects for Alaska. This is a state fiscal year measurement.

A1: Strategy - To promote equal opportunity compliance in employment and contracting with disadvantaged business enterprises in Federal-aid highway contracts.

Target #1: Increase the number of highway construction contractors reviewed for compliance with federal equal opportunity regulations by 15 %.

Measure #1: Percentage change of construction contractors reviewed for compliance with federal equal opportunity regulations over previous federal fiscal year.

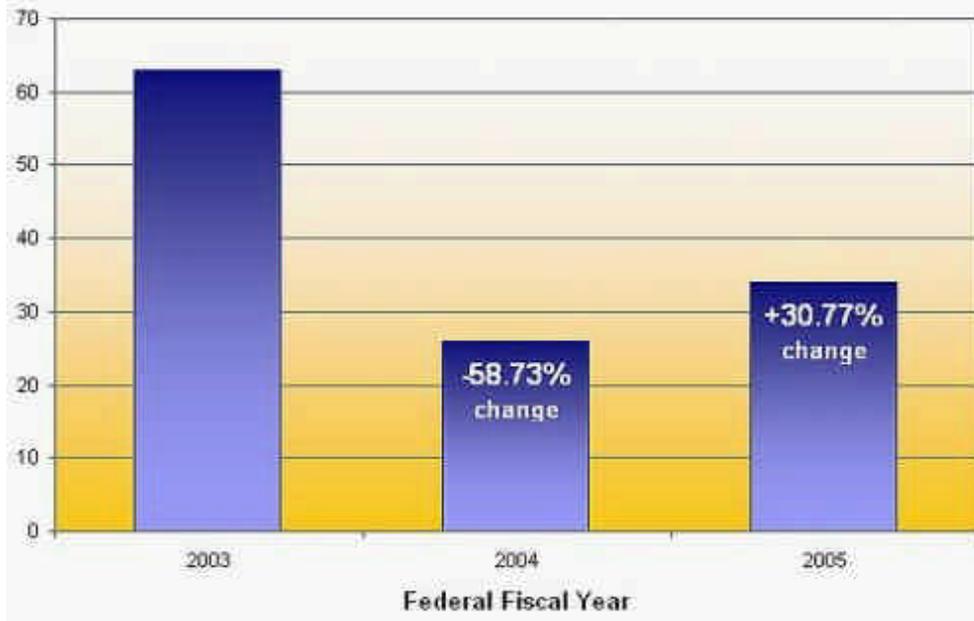
Construction Contractor Compliance Reviews Completed



Analysis of results and challenges: To receive federal highway funding assistance, the department must annually assure and provide proof to the Federal Highway Administration (FHWA) that it meets federal equal employment provisions on its highway projects. The department's assurance, and 49 CFR 21, requires the department to administer a highway construction program that is free of discrimination based on race, gender, religion, age, disability, color, or national origin. 23 CFR 200 and 23 CFR 230.111 and .401 through .415 requires the department to regularly review contractors for equal employment, affirmative action and training in their employment practices. Failure to conduct these reviews will result in a finding of noncompliance by FHWA and the loss of federal assistance for highway projects for Alaska.

Target #2: Increase the number of on-the- job (OJT) trainees on highway projects by 5 %.

Measure #2: Percentage change in OJT trainees participating in highway projects from previous fiscal year.

Number of OJT Trainees Participating in Highway Projects

Analysis of results and challenges: To receive federal highway funding assistance, the department must annually assure and provide proof to the Federal Highway Administration (FHWA) that it meets federal equal employment provisions on its highway projects. The department's assurance, and 49 CFR 21, requires the department to administer a highway construction program that is free of discrimination based on race, gender, religion, age, disability, color, or national origin. 23 CFR 200 and 23 CFR 230.111 and .401 through .415 requires the department to regularly review contractors for equal employment, affirmative action and training in their employment practices. Failure to conduct these reviews will result in a finding of noncompliance by FHWA and the loss of federal assistance for highway projects for Alaska. The dwindling construction workforce in Alaska and Nationally, makes it imperative that some type of effort is made to provide incentives to contractors to develop a younger workforce. The OJT program is directed towards women and minorities that are under-represented in the workforce. The OJT program accomplishes both the affirmative action goals as well as the workforce development goals.

At the beginning of each calendar year training goals are set by all three regions for projects. For 2005, our goals were :

22 trainees for Northern Region
 6 trainees for Southeast Region
 15 trainees for Central Region
 43 trainees total

B: Result - Maximize federal design and construction funding and compliance with federal requirements.

Target #1: 5% reduction in difference between rates proposed by firms and audited overhead rates for consulting engineering firms and utility companies.

Measure #1: Comparison of proposed rates by firms to audited overhead rates for consultants and utility companies.

Percentage difference between proposed rates by firms and final audited overhead rates for consultants and utility companies by quarter by fiscal year.

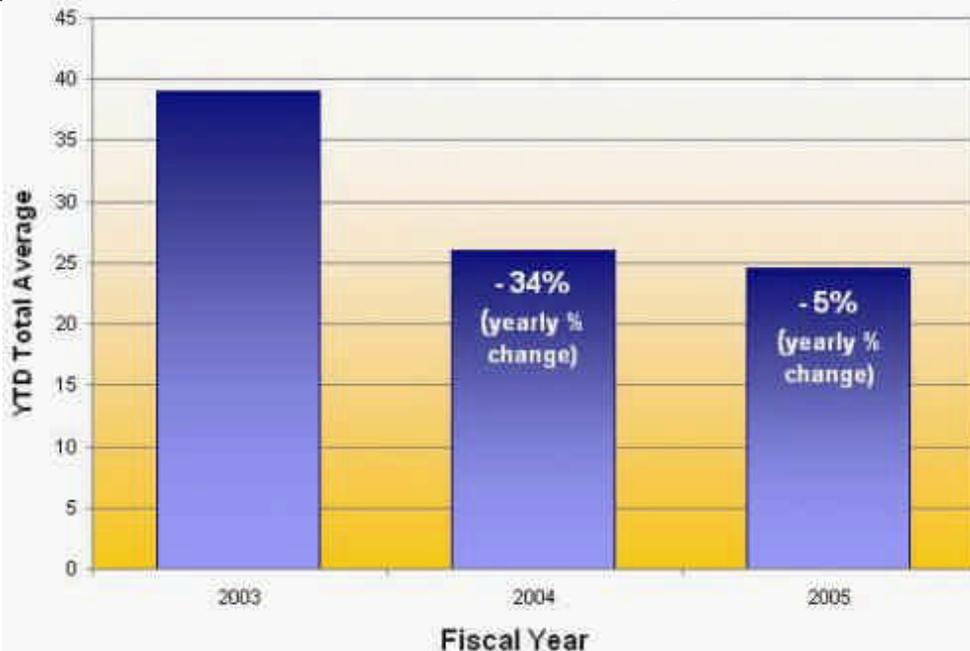
Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total	Percent Change
FY 2004	2.5%	9.3%	7.1%	5.6%	24.5%	
FY 2005	8.4%	10.1%	-1.1%	6.7%	24.1%	1.6%

Analysis of results and challenges: Data is beginning to be collected and will be available to track the difference between proposed and audited overhead rates for consultants and utility companies. As the proposed rates become closer to audited rates it is an indication the companies have a better understanding of federal eligibility requirements and have eliminated ineligible costs prior to audit analysis which will assist in reducing the time required to perform audits and insure maximization of federal receipts for design and construction.

B1: Strategy - Prepare and issue timely audit reports.

Target #1: Reduce by 5% the number of days between start of field work and issuance of all overhead rate audits.

Measure #1: Percent change in the number of days between start of audit field work and audit report issuance.

Average days from start of audit fieldwork to issuance of audit report

Analysis of results and challenges: Data is collected to identify the average number of days between the start of audit field work and issuance of audit report. This will allow tracking from year to year. The sooner the audits are completed, the sooner the contracts with audited overhead rates can be put in place or amended with current rate information. The audits are also important as they cover the acceptability of the firms' accounting system and attests that the costs included in their overhead rates comply with all federal requirements. We also spot check charges on ongoing work to ensure billings are accurate and meet federal requirements. During FY2005 Internal Review received 60 requests for overhead rate audits and completed all of them. Average time to conduct an audit has shown a reduction over the prior year and is an indication that we are becoming more timely in the issuance of audit reports which are used to assist management in setting up timely contracts for performance work by outside firms.

Key RDU Challenges

- Key issues in the department are the certainty and timing of adequate funding levels to meet the transportation needs of Alaskans, the department's capability to get projects obligated in a timely manner and the proper allocation of federal construction funds; compliance with federal environmental requirements; growth and redevelopment of the Anchorage and Fairbanks International Airports and changes in the composition and service levels of the Alaska Marine Highway System. Leadership is needed to meet the challenge to maintain a positive and productive work environment, facilitate meaningful human resources development and ensure high levels of responsiveness to the general public.
- Deferred maintenance needs at state facilities are not being reduced due to lack of capital funding and fewer available operating resources for vital preventative and routine maintenance tasks. In Interior areas of the state, warmer weather trends are causing thawing of permafrost. This is resulting in pavement failure and ground deformation on roadways and airports increasing the deferred maintenance backlog. Historically, new facilities have been constructed without commensurate increases in funding to properly operate and maintain. Existing resources have been squeezed to incorporate these new responsibilities.
- The high cost of commodities including petroleum, petroleum-based produces, steel and cement is contributing to the increasing cost of procuring and operating equipment.
- Security of all transportation assets is still a main focus following the events of September 11, 2001 and continuing international terrorism events. Continued communication and coordination with local, state and federal law enforcement is essential to respond to terrorist actions as well as natural disasters. Federal security regulations continue to evolve for the airports, marine highway terminals and vessels, and other surface infrastructure including tunnels and bridges. The Commissioner's Office must keep abreast of the new requirements for all the modal functions and be able to direct resources to the changing priorities.
- In addition to providing direct and immediate support to the regions and customer agencies on procurement/contract matters, we will continue to further assist staff by developing regulations for dispute resolutions and Design/Build procurements and continuing activities that ensure departmental compliance with requirements for local pre-bid or post-bid award conferences for public projects in rural Alaska, in accordance with Administrative Order 199. These actions will serve to ensure uniform and consistent procurement and contract administration.
- We will continue to actively listen and work with contractors and construction industry representatives on changes to claims adjudication statutes and regulations with objectives of creating alternatives to contractual dispute resolution. The eventual goal to be achieved by this activity is the reduction in frequency, duration, and cost of resolving contractual disputes.
- DOT&PF will continue to work with the Department of Labor to encourage local hire when viable and appropriate. New policy and procedures will need to be developed to better address local hire on USDOT-assisted construction in rural communities.
- The Civil Rights office must ensure that there is no disruption in service during the construction season. Changes in federal regulations will result in increased reporting, active maintenance of a bidder's list, operation of the Unified Certification Program in cooperation with other Alaska recipients of USDOT assistance, additional review of financial statements and the need for increased legal assistance.

Significant Changes in Results to be Delivered in FY2007

Funding is needed to continue the newly established heavy equipment operator training program. A staff trainer will monitor the success of the training and direct the in-house trainers as new employees and remedial training is needed. A better trained workforce of equipment operators will result in reduced accidents and vehicle repair costs. Management of Highways and Aviation (H&A) and Facilities operations will be better informed through expanded use of the Maintenance Management System (MMS) and have greater ability to plan and track specific work activities.

Major RDU Accomplishments in 2005

- Created a joint Alaska-Canada steering committee to oversee the extension of the Alaska Railroad from Delta Junction through Canada to the continental rail system.
- Completed reorganization of the State Equipment Fleet into a statewide division responsible for procuring and maintaining all state vehicles. Fleet management was streamlined resulting in elimination of several mid-tier manager positions.
- Finalized and enabled the Design/Build regulations published as 2 AAC 12.931-12.949. Launched the department's formal Design/Build program and established pilot projects in three regions.

- Completed 59 consultant engineering overhead rate audits, 10 utility company rate audits, 17 cost allocation plan reviews, 2 concession audits, 6 claims on airport construction work, 9 special reviews, and 15 final audits to assure rates and other charges under contracts with the department are supportable and meet federal requirements.
- Started a workplace safety inspection program with Department of Labor and Workplace Development. Inspectors from both departments visited various stations and found minor safety discrepancies that were immediately corrected.

Contact Information
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**Administration and Support
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2005 Actuals				FY2006 Management Plan				FY2007 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
<u>Formula Expenditures</u>												
None.												
<u>Non-Formula Expenditures</u>												
Commissioner's Office	538.6	170.0	754.7	1,463.3	626.9	170.0	737.9	1,534.8	667.0	170.0	771.3	1,608.3
Contracts, Procurement, Appeals	197.2	0.0	300.7	497.9	207.0	0.0	363.6	570.6	219.4	0.0	384.8	604.2
EE/Civil Rights	223.3	0.0	528.8	752.1	235.1	0.0	592.8	827.9	251.1	0.0	626.1	877.2
Internal Review	46.9	0.0	655.2	702.1	48.2	0.0	799.4	847.6	49.5	0.0	846.9	896.4
Transportation Mgmt & Security	0.0	0.0	506.4	506.4	370.0	0.0	649.9	1,019.9	270.0	0.0	686.8	956.8
Totals	1,006.0	170.0	2,745.8	3,921.8	1,487.2	170.0	3,143.6	4,800.8	1,457.0	170.0	3,315.9	4,942.9

Administration and Support
Summary of RDU Budget Changes by Component
From FY2006 Management Plan to FY2007 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	1,487.2	170.0	3,143.6	4,800.8
Adjustments which will continue current level of service:				
-Commissioner's Office	34.1	-170.0	28.4	-107.5
-Contracts, Procurement, Appeals	10.6	0.0	18.0	28.6
-EE/Civil Rights	13.6	0.0	28.3	41.9
-Internal Review	1.1	0.0	40.3	41.4
-Transportation Mgmt & Security	-266.5	0.0	31.4	-235.1
Proposed budget increases:				
-Commissioner's Office	6.0	170.0	5.0	181.0
-Contracts, Procurement, Appeals	1.8	0.0	3.2	5.0
-EE/Civil Rights	2.4	0.0	5.0	7.4
-Internal Review	0.2	0.0	7.2	7.4
-Transportation Mgmt & Security	166.5	0.0	5.5	172.0
FY2007 Governor	1,457.0	170.0	3,315.9	4,942.9