

State of Alaska FY2010 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

- This RDU contains the leadership that ensures the department meets its statutory responsibilities of the planning, design, construction, maintenance, and operations of transportation facilities and buildings. We strive to achieve a balance between planned growth in the intermodal transportation system and the effective management of maintenance and operations of the state's existing infrastructure.
- 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 construction and non-construction procurements and contracts.
- Internal Review is an independent section that reports directly to the Commissioner. This section 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 oversees 3 affirmative action programs (DBE, ExEEO, and OJT) which apply to contractors and subcontractors working on USDOT-assisted projects. It also oversees 2 non-discrimination programs (Title VI of the Civil Rights Act of 1964 and Americans with Disabilities Act of 1990) which ensure equal treatment by the department during all phases of its 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 Result	Strategies to Achieve End Result
<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> Ensure that the number of contractor's non-compliance items is no more than 1 per quarter. <u>Status #1:</u> In 2008 there was one occurrence of non-compliance with equal employment provisions by project contractors or a decrease of 67% from the prior year.</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% within 5 years. <u>Status #1:</u> The number of construction contractors reviewed for compliance with federal equal opportunity regulations increased in FY2008 by 12.5% over the prior year. This brought the number of reviews up to 9.</p> <p><u>Target #2:</u> Increase the number of on-the- job (OJT) trainees per highway project by 5% per fiscal year. <u>Status #2:</u> In 2008 the number of on-the-job trainees on highway projects decreased by 31% from the prior year.</p>
End Result	Strategies to Achieve End Result
B: Maximize federal design and construction funding	B1: Prepare and issue timely audit reports.

<p>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>Status #1:</u> The difference between proposed and audited overhead rates for consulting engineering firms and utility companies increased by .2% between 2007 and 2008, which is below the target of 5%.</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>Status #1:</u> Reduced the number of days between the start of fieldwork and actual audit report issuance by 51% between 2003 and 2008.</p>
<p>End Result</p>	<p>Strategies to Achieve End Result</p>
<p>C: Carry out safe operations.</p> <p><u>Target #1:</u> Reduce employee lost time due to work-related injuries below the national average.</p> <p><u>Status #1:</u> The 2007 data has been requested from the Department of Administration database. This is a new measure.</p>	<p>C1: Improve workplace safety.</p> <p><u>Target #1:</u> Receive zero Occupational Safety and Health Administration (OSHA) citations related to state and federal safety codes.</p> <p><u>Status #1:</u> Three OSHA safety violations were issued for department facilities in 2007.</p>

<p>Major Activities to Advance Strategies</p>	
<ul style="list-style-type: none"> • Review of highway construction contractors (external equal employment, disadvantaged business participation, on the job training) • Communicate Equal Employment Opportunity (EEO) requirements to contractors and prospective contractors • Provide training and working document assistance to highway contractors, Disadvantaged Business Enterprise (DBE) firms • Engineering consultant pre-award overhead rate audits • Perform utility company rate audits 	<ul style="list-style-type: none"> • Perform concessionaire audits • Provide additional training and material support for on-the-job training (OJT) of trainees on highway projects • Implementation of a training and certification program for equipment operators • Conduct monthly safety meetings and coordinate safety training sessions

<p>FY2010 Resources Allocated to Achieve Results</p>							
<p>FY2010 Results Delivery Unit Budget: \$5,366,100</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">39</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">1</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black;">40</td> </tr> </table>	Full time	39	Part time	1	Total	40
Full time	39						
Part time	1						
Total	40						

Performance

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: Ensure that the number of contractor's non-compliance items is no more than 1 per quarter.

Status #1: In 2008 there was one occurrence of non-compliance with equal employment provisions by project contractors or a decrease of 67% from the prior year.

Number of occurrences of contractor non-compliance items

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2008	0	0	1	0	1
FY 2007	1	0	2	0	3
FY 2006	0	0	2	0	2
FY 2005	0	1	0	2	3
FY 2004	0	3	1	0	4

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. Reviews are becoming consistent and contractor compliance routine. We continue to seek out new contractors for review, but the number of new contractors bidding on department work is slowly dwindling to the point there is generally only one or two prime bidders on our Southeast construction contracts. It appears that the slowing pace of contracted construction, higher operating costs and limited number of asphalt batch plants in Southeast has contributed to the reducing number of contractors.

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% within 5 years.

Status #1: The number of construction contractors reviewed for compliance with federal equal opportunity regulations increased in FY2008 by 12.5% over the prior year. This brought the number of reviews up to 9.



Construction Contractor Compliance Reviews Completed

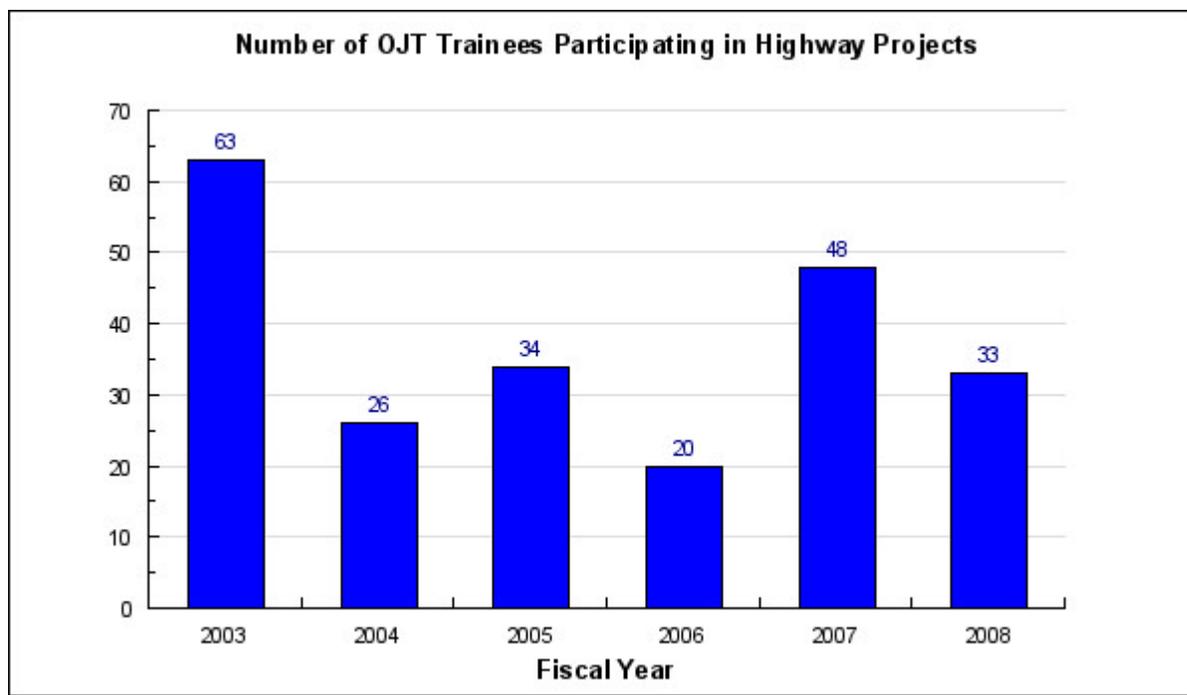
Fiscal Year	YTD Total	Variance
FY 2008	9	12.5%
FY 2007	8	-33.3%
FY 2006	12	20%
FY 2005	10	-9.09%
FY 2004	11	-26.67%
FY 2003	15	15.38%
FY 2002	13	-7.14%
FY 2001	14	0

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. For the 2006 construction season we were fully staffed for contractor compliance reviews. In 2007 staffing was down by 50% and the number of reviews was reduced. Another contributing factor in recent years has been the erroneous information received on project status – confirmation is received that a contract is active during the winter months and a review is scheduled, only to find out the project is complete and no opportunity for a review exists. For example in the 2008 construction season an initial list of 14 projects/contractors

to review turned out to be only seven active projects despite the prior confirmation that the projects were open. We do not anticipate any staffing issues in FFY2009 and we began work this Fall to get a valid project/contractor review list together. We are currently looking at 18 different projects for contractor compliance reviews.

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

Status #2: In 2008 the number of on-the-job trainees on highway projects decreased by 31% from the prior year.



Number of OJT Trainees Participating in Highway Projects

Fiscal Year	YTD Total	% change
FY 2008	33	-31%
FY 2007	48	140%
FY 2006	20	-41%
FY 2005	34	31%
FY 2004	26	-59%
FY 2003	63	

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 2007 we achieved 48 trainees for the year. During the fiscal year 2008 we achieved 33 trainees. We began this measure with the idea that between the goals set by our regional staff and the exodus from the construction workforce due to retirements, there would be an increase in trainees. While we saw a significant increase in 2007, the decrease in

2008 appears to be related to the decreased federal aid available for highway projects. For fiscal year 2007 we reviewed the methodology used by regional staff to set OJT goals to ensure it follows federal guidance and is consistent statewide. Based on this review we decided to regain control of the process by having the Civil Rights Office develop a new methodology and set the OJT goals. We have also decided to track achievement based on the OJT trainees per federal aid project, and abandon the simple total tracking we are currently using. This allows us to see if the increase is occurring on highway projects, and not based on the fluctuation of federal aid highway funds.

We expect to achieve a 5% increase in the OJT program by rigorously implementing our new goal setting methodology for highway construction and account for the growth per federal aid project. We have engaged the regional compliance officers and training trusts to more accurately set goals and to gage the market availability for minority and women apprentices.

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.

Status #1: The difference between proposed and audited overhead rates for consulting engineering firms and utility companies increased by .2% between 2007 and 2008, which is below the target of 5%.

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 2008	7.3%	3.0%	7.8%	5.6%	6.0%	.2%
FY 2007	3.4%	1.0%	7.5%	5.2%	5.8%	-2.8%
FY 2006	7.0%	9.4%	4.8%	14.7%	8.6%	1.2%
FY 2005	8.4%	10.1%	-1.1%	6.7%	7.4%	1.8%
FY 2004	2.5%	9.3%	7.1%	5.6%	5.6%	

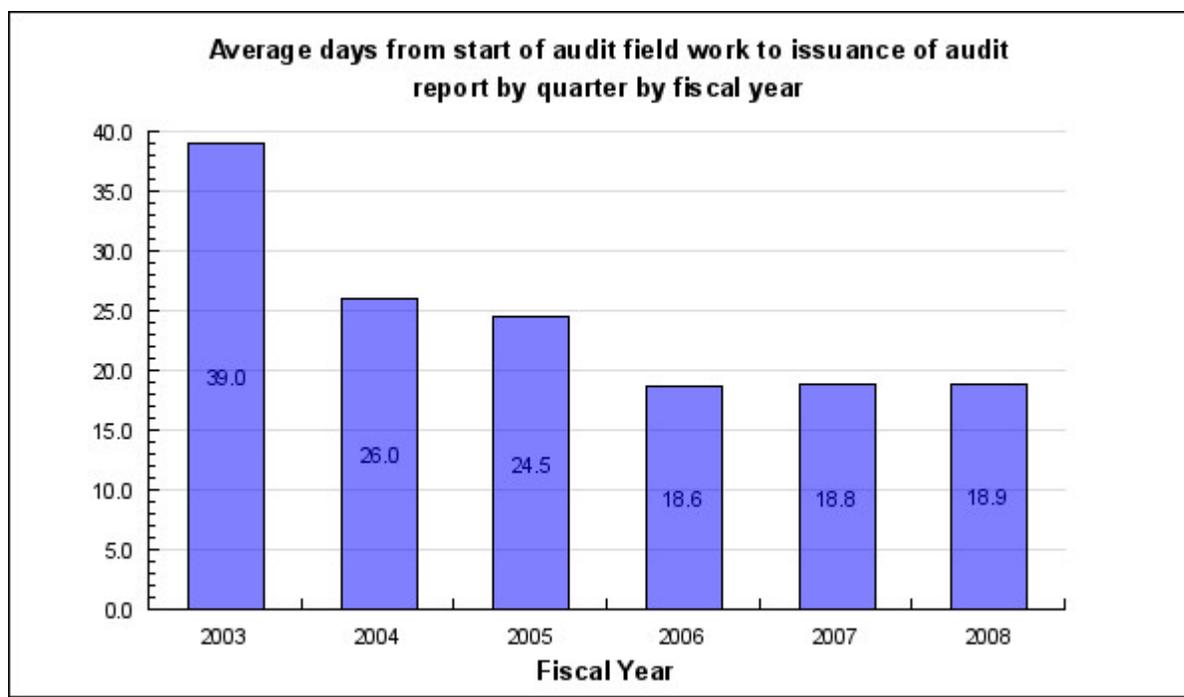
Methodology: YTD Total represents the annual average.

Analysis of results and challenges: Data is being collected and differences are being tracked 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. Also, they have eliminated ineligible costs prior to audit analysis which will assist in reducing the time required to perform audits and ensure 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.

Status #1: Reduced the number of days between the start of fieldwork and actual audit report issuance by 51% between 2003 and 2008.

**Average days from start of audit field work to issuance of audit report by quarter by fiscal year**

Fiscal Year	YTD Total	% Change
FY 2008	18.9	+0.53%
FY 2007	18.8	+1.08%
FY 2006	18.6	-24.08%
FY 2005	24.5	-5.77%
FY 2004	26	-33.33%
FY 2003	39	0

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 an audit report. The sooner 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. Charges for ongoing work are also spot checked to ensure billings are accurate and meet federal requirements. During FY2008 Internal Review received 77 requests for overhead rate audits and completed all of them. The average time to conduct an audit has stayed consistent with the prior year and is an indication that audit reports are issued timely.

C: Result - Carry out safe operations.

Target #1: Reduce employee lost time due to work-related injuries below the national average.

Status #1: The 2007 data has been requested from the Department of Administration database. This is a new measure.

Analysis of results and challenges: The challenges for this target are getting people back to work in the minimal

amount of time without aggravating the existing injury. To assist the employee, the Department may locate jobs the injured worker could perform to reduce lost time. This is a challenge due to policies and the perceptions of workers to the injured individual.

The results would be getting the injured employee back to work earlier and lowering the lost time, and also lowering worker compensation payouts by the State.

C1: Strategy - Improve workplace safety.

Target #1: Receive zero Occupational Safety and Health Administration (OSHA) citations related to state and federal safety codes.

Status #1: Three OSHA safety violations were issued for department facilities in 2007.

Safety Violations

Year	YTD Total
2007	3

Methodology: This measure is reported on a calendar year basis from number of OSHA citations per year.

Analysis of results and challenges: Because this department is geographically dispersed around the State, getting to each of the workplaces, camps, or stations requires managed and monitored logistics. Citations normally come in one of three ways; a fatality, an employee complaint, or a scheduled inspection by Alaska Occupational Safety and Health. Abating/mitigating the first two comes through training, education, and monitoring all employees, which should reduce our being listed for scheduled inspections.

The results of not having citations issued would be an indication that our training, inspections, advice and consultations are working.

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 maintaining a positive and productive work environment.
- Protecting Alaska's investment in its transportation infrastructure continues to be a key concern. Lack of adequate funding over much of the previous decade has limited the extent of preventative maintenance programs resulting in continuing deterioration of the existing highway and airport systems.
- The high cost of commodities including petroleum, petroleum-based products, 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. 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.
- Contracting and Appeals provides the neutral, independent review of all claims and protests that are appealed to the commissioner for the final agency decision. This step is required by statute and is the agency's final administrative action prior to judicial review by the courts. This section is responsible for implementation of any contracting and procurement changes driven by administrative or court decisions.
- The Disadvantaged Business Enterprise (DBE) program continues to ensure that DBE firms are given an equal opportunity for work on construction projects. Due to legal challenges in Washington state against their transportation department's DBE program implementation and the resulting US 9th Circuit Court decision (Western States Paving Decision) the department undertook a disparity study to determine the level and extent that discrimination exists in the design and construction of federal assisted highways, airports and transit facilities.

Significant Changes in Results to be Delivered in FY2010

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.

No other significant changes are expected.

Major RDU Accomplishments in 2008

Conducted airport pavement condition inspections on 1/3rd of all paved airports in the State.

Hired a contractor to conduct the third Quality Assurance inspection of our highway system.

AMHS implemented tariff discounts which resulted in a 1% passenger and 6% vehicle increase during the discount periods over the previous year.

Completed 62 consultant engineering overhead rate audits, 15 utility company rate audits, 13 cost allocation plan reviews, 13 special reviews, and 27 final audits.

Completed the departments Disadvantaged Business Enterprise (DBE) disparity study, which reviewed DBE availability, utilization, disparity and recommended annual goals for the department DBE program.

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

All dollars shown in thousands

	FY2008 Actuals				FY2009 Management Plan				FY2010 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												
Commissioner's Office	691.2	170.0	854.0	1,715.2	742.0	170.0	987.6	1,899.6	767.3	170.0	996.4	1,933.7
Contracting and Appeals	0.0	0.0	281.1	281.1	9.5	0.0	306.7	316.2	15.9	0.0	291.2	307.1
EE/Civil Rights	256.0	0.0	625.8	881.8	298.2	0.0	656.3	954.5	317.6	0.0	670.1	987.7
Internal Review	117.9	0.0	812.4	930.3	206.6	0.0	853.0	1,059.6	230.3	0.0	855.4	1,085.7
Transportation Mgmt & Security	343.5	0.0	407.5	751.0	765.3	0.0	244.0	1,009.3	762.0	0.0	289.9	1,051.9
Totals	1,408.6	170.0	2,980.8	4,559.4	2,021.6	170.0	3,047.6	5,239.2	2,093.1	170.0	3,103.0	5,366.1

Administration and Support
Summary of RDU Budget Changes by Component
From FY2009 Management Plan to FY2010 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	2,021.6	170.0	3,047.6	5,239.2
Adjustments which will continue current level of service:				
-Commissioner's Office	25.3	-170.0	8.8	-135.9
-Contracting and Appeals	6.4	0.0	-15.5	-9.1
-EE/Civil Rights	19.4	0.0	5.1	24.5
-Internal Review	23.7	0.0	2.4	26.1
-Transportation Mgmt & Security	-3.3	0.0	45.9	42.6
Proposed budget increases:				
-Commissioner's Office	0.0	170.0	0.0	170.0
-EE/Civil Rights	0.0	0.0	8.7	8.7
FY2010 Governor	2,093.1	170.0	3,103.0	5,366.1