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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 24, 2009

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

I am transmitting to you today a federal economic stimulus supplemental appropriation bill for Fiscal Year 2009. This appropriation bill will provide \$461.1 million in authorization for aviation, transit, highway, and bridge projects under the American Recovery and Reinvestment Act (ARRA) of 2009. The ARRA was signed into law on February 17, 2009.

The Department of Transportation & Public Facilities (DOTPF) has worked closely with the Federal Highway Administration (FHWA), Federal Transit Administration, and Federal Aviation Administration (FAA) to understand the requirements of the ARRA and be able to meet the accelerated timelines for receipt and expenditure of the funds. For example, 50% of the funding under the FHWA program must be obligated within 120 days and the remaining must be fully obligated within one year.

In order to be eligible for funding, road and bridge projects must meet all the requirements that are tied to federal funding and the new requirements in the ARRA. In addition, the ARRA imposes requirements that certain categories of projects, such as sidewalks, bike paths, and waysides which qualify as "transportation enhancement" projects must be funded at set minimum amounts. For Alaska, this meant Congress required \$5.2 million be spent on transportation enhancement.

There are specific requirements for stimulus funding for roads and bridges, such as 67% to be used on any highway or road; 19% for state and local projects in communities with populations less than 5,000; 11% for projects in communities with populations greater than 200,000; and 3% for transportation enhancement projects including sidewalks, bike paths, and waysides. The projects must also be in a current

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State Transportation Improvement Plan (STIP) and DOTPF has proposed amendments to the STIP which is currently out for public comment. The projects submitted for your consideration meet the criteria and timelines in the federal law.

Aviation projects proposed for funding had to meet stringent FAA eligibility requirements and are not in any priority order. With legislative authorization, the DOTPF will work with the FAA to receive the approval to move forward on projects that are currently ready and a priority. Additional authorization is requested in order to ensure that Alaska will be able to utilize funding available for airport projects that meet the goals of the FAA and the state.

The supplemental bill requests \$45.6 million for FAA approved projects, \$9.1 million for transit projects, and \$302.4 million for FHWA projects, including \$11.6 million of new regular federal funds. A portion of the authorization is requested as contingency to ensure Alaska would benefit from redistribution of funds from other states if they are unable to meet the timing requirements. Additionally, \$115.7 million in fund source changes are requested to fund prior authorization for these projects with economic stimulus funds. This will simplify tracking of projects funded through federal economic stimulus dollars.

The ARRA requires rigorous tracking and reporting for expenditure of stimulus dollars. We are establishing a new federal fund source code for economic stimulus funds. DOTPF is working closely with their funding partners to capture the funds and put Alaskans to work. This is a jobs bill. We will create jobs and address needed Alaskan transportation infrastructure improvements with these funds.

This appropriation is the first in a series of requests that will be necessary for Alaska to participate in the federal economic stimulus package. I appreciate your consideration of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin", with a long, sweeping underline that extends to the left and then loops back under the name.

Sarah Palin
Governor