

State of Alaska FY2010 Governor's Operating Budget

Department of Transportation/Public Facilities

Department of Transportation/Public Facilities

Mission

Provide for the safe movement of people and goods and the delivery of State services.

Core Services

- Develop, maintain and operate: Highways, Alaska Marine Highway System, Airports, Public Facilities, Ports and Harbors and the State Equipment Fleet.
- Support complementary transportation systems, networks, and partnerships.

End Result	Strategies to Achieve End Result
<p>A: Reduce injuries, fatalities and property damage.</p> <p><u>Target #1:</u> Reduce highway fatality rate by 2%. <u>Status #1:</u> In 2007 the State experienced 1.61 highway fatalities per 100 million vehicle miles traveled, an increase of 8.05% from 2006 and compared to the national average of 1.47.</p>	<p>A1: Build and improve state-owned roads and highways to appropriate department standards.</p> <p><u>Target #1:</u> Increase to 90% the percentage of the 2,145 mile National Highway System (NHS) routes meeting current department standards. <u>Status #1:</u> 71.7% or 1,538 miles of the State's NHS routes meet national standards which is an increase of 1% over the prior year.</p> <p><u>Target #2:</u> Decrease by 5% the square footage of state-owned bridge deck area that is deficient by Federal Highway Administration (FHWA) standards to be considered structurally deficient. <u>Status #2:</u> The square footage of state-owned bridges that are structurally deficient decreased by 17.3% in 2008 compared to 2007.</p> <p>A2: Improve efficiency.</p> <p><u>Target #1:</u> Advertise 75% of new highway and aviation construction project funding by April 30th. <u>Status #1:</u> 60.8% of new highway and aviation construction projects were advertised by April 30th, 2008, which is an increase from the prior year but still short of the goal of 75%.</p> <p><u>Target #2:</u> Maintain the percentage of administrative and engineering costs below 30% of total project costs. <u>Status #2:</u> The percent of administrative and engineering costs compared to total project costs decreased to 20.3% in FFY2008, well within the department's target of 30%.</p>
End Result	Strategies to Achieve End Result
<p>B: Carry out safe operations.</p>	<p>B1: Improve employees' awareness of workplace</p>

<p><u>Target #1:</u> 5% reduction in annual injury rate of department employees. <u>Status #1:</u> The work-related injury rate of department employees decreased from 7.7 in 2006 to 4.7 in 2007, a reduction of 39%.</p>	<p>safety requirements. <u>Target #1:</u> 5% increase in employees successfully completing required safety training. <u>Status #1:</u> The percent of employees successfully completing required safety training went from 87.5% to 63.4% between 2007 and 2008, reflecting the addition of other department units for reporting this measure.</p>
<p style="text-align: center;">End Result</p>	<p style="text-align: center;">Strategies to Achieve End Result</p>
<p>C: Improved mobility of people and goods. <u>Target #1:</u> Improvement in customer satisfaction with department services. <u>Status #1:</u> An almost precisely equal level of customer satisfaction in transportation services between 2005 and 2008 at 80%.</p>	<p>C1: Build and improve state-owned airports to appropriate department standards. <u>Target #1:</u> Reduce by 10% the number of airports that are closed due to seasonally soft surface or sub-surface material. <u>Status #1:</u> The number of airports that were closed due to seasonally soft surface or sub-surface material decreased by 13% from FY2007 to FY2008, exceeding the target of 10%. <u>Target #2:</u> Establish projects and provide funding to construct permanent lighting and runway improvements in two (2) remote communities. <u>Status #2:</u> The department has completed work on one runway lighting project and has received funding for 3 other airport projects to provide runway improvements and lighting systems which meets our goal of two communities.</p>
<p style="text-align: center;">End Result</p>	<p style="text-align: center;">Strategies to Achieve End Result</p>
<p>D: Increase state revenues. <u>Target #1:</u> Increase revenue collected at rural airports by 5% over prior year. <u>Status #1:</u> The rural airport revenues collected in FY2008 decreased by 1.84% from the prior year as a result of a slowing economy.</p>	<p>D1: Enhance economic activities through the construction of key transportation linkages. <u>Target #1:</u> Add 3 new resource development roads under design or construction each year. <u>Status #1:</u> Three new resource development roads were added to those under design or construction in 2008. The new roads included Ketchikan to Shelter Cove, Kake to Petersburg and Willer-Kash Roads.</p>
<p style="text-align: center;">End Result</p>	<p style="text-align: center;">Strategies to Achieve End Result</p>
<p>E: Provide the assets and facilities to enable delivery of state services. <u>Target #1:</u> Achieve 80% satisfaction of government sector customers with department services. <u>Status #1:</u> Government sector customer satisfaction has remained high at 94% for state equipment fleet and decreased from 88% to 83% for facilities.</p>	<p>E1: Maintain state transportation assets and facilities to department standards. <u>Target #1:</u> No increases in deferred maintenance needs. <u>Status #1:</u> Infrastructure deferred maintenance needs increased \$174 million between 2006 and 2008 to a total of \$535.8 million.</p>

Major Activities to Advance Strategies

- Design roads to appropriate standards
- Emphasize traffic control from planning through construction
- Increase preventative maintenance
- Implement additional RWIS camera sites
- Maintain 511 System information and promote its use
- Implement Land Mobile Radio System
- Use more design/build contracts where it will reduce overall project costs
- Work with federal and state agencies on streamlining permitting and regulatory processes
- Develop additional lease lots at rural airports
- Improve work zone safety by improving commuting public's awareness of hazards
- Improve highway safety by designating high accident roadways as safety corridors
- Monitor safety compliance
- Partner with the Department of Labor, Occupational Safety to audit department programs and identify areas for improvement
- Design, procure and employ replacement vessels
- Implement a ticket scanning system for the Alaska Marine Highway System (AMHS)
- Employ fuel management systems on the AMHS vessels
- Optimize AMHS schedules

FY2010 Resources Allocated to Achieve Results

FY2010 Department Budget: \$513,953,300

Personnel:

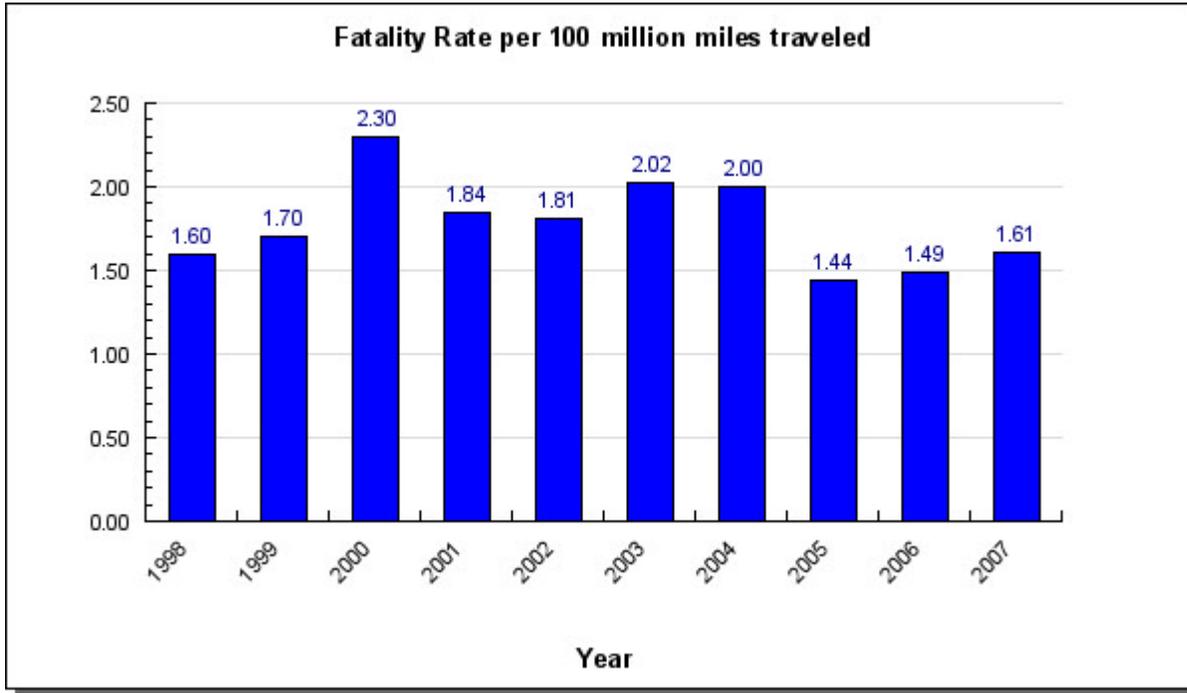
Full time	3,202
Part time	444
Total	3,646

Performance

A: Result - Reduce injuries, fatalities and property damage.

Target #1: Reduce highway fatality rate by 2%.

Status #1: In 2007 the State experienced 1.61 highway fatalities per 100 million vehicle miles traveled, an increase of 8.05% from 2006 and compared to the national average of 1.47.



Fatality Rate per 100 million miles traveled

Year	YTD Total
2007	1.61 +8.05%
2006	1.49 +3.47%
2005	1.44 -28%
2004	2.0 -0.99%
2003	2.02 +11.6%
2002	1.81 -1.63%
2001	1.84 -20%
2000	2.30 +35.29%
1999	1.70 +6.25%
1998	1.60

Analysis of results and challenges: The U.S. national fatality rate increased annually between 1993 and 2004, from 1.45 fatalities per 100 million vehicle miles traveled (VMT) in 1993, to 1.50 fatalities/100 million VMT in 2004, before dropping to 1.47 fatalities per 100 million VMT in 2005.

Alaska typically experiences more accidents in the winter, with long periods of darkness and poor driving conditions. However, there are more severe accidents, including fatalities, in the summertime, where long periods of daylight occur and there is increased long distance driving. Historically, the most frequently cited behavioral contributors to fatal and serious injury crashes in Alaska are impaired driving, unsafe speed, and failure to heed traffic control devices. Crash types resulting in the greatest number of fatalities include run-off-road, head-on, and intersection crashes.

In 2006 there were 74 fatalities and 11,728 crashes and in 2007 there were 83 fatalities (total crashes not yet available). In order to reduce these numbers, the agency approaches the issue through statewide outreach programs, highway safety improvement projects, and federally funded highway safety grant projects.

The Department is able to propose and support legislative changes through the Governor's Office and provide grant funds for special trooper enforcement activities. Otherwise motor vehicle laws which contribute to reducing the number of serious injury or fatal motor vehicle crashes, and the number of troopers employed to enforce these laws are beyond the control of the program.

A1: Strategy - Build and improve state-owned roads and highways to appropriate department standards.

Target #1: Increase to 90% the percentage of the 2,145 mile National Highway System (NHS) routes meeting current department standards.

Status #1: 71.7% or 1,538 miles of the State's NHS routes meet national standards which is an increase of 1% over the prior year.

Percent of road lane miles that meet standards

Year	YTD Total
2007	71.7%*
2006	71.2%*
2005	74%
2004	73%
2003	72%
2002	70%

*Methodology: *Based on a higher total number (2,145) of NHS routes than was reported in 2005 and earlier (2,039 miles).*

Analysis of results and challenges: As of 2007 there are 1,538 miles (71.7%) of the NHS that meet national standards and 607 miles (28.3%) [including much of the Dalton Highway] which do not meet these standards. Significant progress has been made on the Sterling, Seward, Glenn and other major highways prior to 2005, more recently; the pace of improvement has been constrained by the dual effects of reduced funding and higher costs of construction. Further, while this standard addresses modernizing what is mostly a 2-lane highway system, there are several sections that need to be upgraded to a divided 4-lane section, due to growing traffic volumes. General progress of fewer than 10-15 miles per year, due to funding constraints, means the goal of achieving the 90% standard would take 25 to 40 years.

Simultaneous with this goal, the department is striving to upgrade certain sections of the NHS for gas line logistics and ensure the state's most critical bridges are in sufficient condition to carry the heavy loads associated with the gas line. Given the limitation of available funds, this target no longer appears meaningful.

Target #2: Decrease by 5% the square footage of state-owned bridge deck area that is deficient by Federal Highway Administration (FHWA) standards to be considered structurally deficient.

Status #2: The square footage of state-owned bridges that are structurally deficient decreased by 17.3% in 2008 compared to 2007.

Square footage of structurally deficient bridge deck area

Year	YTD Total	% Change
2008	415,315	-17.3%
2007	502,265	-1.9%
2006	511,748	-10.3%
2005	570,279	-1.8%
2004	580,666	-31.2%
2003	843,832	

Analysis of results and challenges: Alaska's bridge population continues to age and currently 50% of the publicly owned bridges are 31 years or older and 10% are older than 50 years. This indicates that about half of the publicly owned bridges are past the mid-point of their 50-75 year design life.

The percentage of square feet of deficient deck area is used to distribute federal funds to state transportation departments and is believed to be a reasonable metric to evaluate how well the Department is addressing structurally deficient, as defined by the Federal Highway Administration (FHWA), bridge needs.

Biennial bridge inspections are necessary to assure the safety of the traveling public. Staff develop repair recommendations, work with Maintenance and Operations staff to prioritize bridge repairs, design those repairs, perform load ratings on bridges, attempt to optimize hauling of overloads across bridges; post and close deficient bridges; and recommend financial programming of bridge replacements and repairs. Recent bridge projects have focused on rehabilitating or replacing structurally deficient bridges.

It is important to note that the deficient bridge list is dynamic. Structurally deficient bridges are typically removed from the list following rehabilitation or replacement and added to the list due to continued deterioration or damage. Structural deficiency does not necessarily imply that a bridge is unsafe. It does, however, mean that a structure is unable to carry the vehicle loads or tolerate the speeds that would normally be expected for that particular bridge in a designated road system.

A2: Strategy - Improve efficiency.

Target #1: Advertise 75% of new highway and aviation construction project funding by April 30th.

Status #1: 60.8% of new highway and aviation construction projects were advertised by April 30th, 2008, which is an increase from the prior year but still short of the goal of 75%.

Percent of construction contract funding advertised by April 30th

Fiscal Year	Central Region	Northern Region	Southeast Region	Department Total
FFY 2008	59.7%	45.9%	95.1%	60.8%
FFY 2007	54%	14%	66%	40%
FFY 2006	47%	56%	27%	42%
FFY 2005	31%	42%	51%	38%

Analysis of results and challenges: The purpose of this target is to get projects to construction early enough in the calendar year so as not to lose a full construction season. Ideally advertising should take place in January or February so a contract can be awarded in May.

Issues that have prevented the regions from providing timely contract advertising include difficulties with receiving federal grants and funding, attempting to implement very large, complex projects, a shortage of staff, difficulty with permitting agencies, new regulations and rules from state and federal agencies and unanticipated historic archaeological and hazardous materials issues.

Percentages are calculated by summing the engineer's estimates for all federal and general fund construction projects advertised by the target dates, then dividing that total by the total engineer's estimate amount of construction projects advertised in that federal fiscal year.

Target #2: Maintain the percentage of administrative and engineering costs below 30% of total project costs.
Status #2: The percent of administrative and engineering costs compared to total project costs decreased to 20.3% in FFY2008, well within the department's target of 30%.

Percent of administrative and engineering costs to total project costs

Fiscal Year	Central Region	Northern Region	Southeast Region	Department Total
FFY 2008	24.2%	19.2%	9.9%	20.3%
FFY 2007	22%	24%	26%	24%
FFY 2006	21%	23%	13%	18%
FFY 2005	20%	22%	23%	21%
FFY 2004	21%	26%	23%	22%

Analysis of results and challenges: The aim of this measure is to get more capital dollars into construction or into other related fieldwork by maintaining overhead costs at an acceptable level. This will benefit the private sector and the traveling public. Percentages are calculated by summing up all administrative and engineering costs - i.e., all costs that are not direct construction payments, right-of-way acquisition/relocation payments, or utility relocation payments - and dividing those administrative and engineering costs by the total of all project costs.

B: Result - Carry out safe operations.

Target #1: 5% reduction in annual injury rate of department employees.
Status #1: The work-related injury rate of department employees decreased from 7.7 in 2006 to 4.7 in 2007, a reduction of 39%.

Number of Work-related Injuries/Injury Rate per 100 Employees

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total	Injury Rate	% Change
2007	32	39	30	60	161	4.7	-39%
2006	65	36	49	53	203	7.7	83%
2005	55	30	26	33	144	4.2	4.5%
2004	42	37	38	30	147	4.4	

*Methodology: Calendar year.
 12/11/08 - 2008 Data is not available at this time*

Analysis of results and challenges: The Department of Transportation and Public Facilities employs an average of 3,200 employees during the year. The challenges for this Department are the inhospitable weather and terrain that employees work in and some employees working alone in areas. Other challenges include the diversity of jobs: maintenance and operations, construction, aviation, and marine operations where each has their own set of work practices. Each area is measured nationally under separate North American Index Coding System (NAICS) criteria. Because of the difference, it is important that all aspects of safety and health are managed and monitored to reduce risk and thus lower our Incidence Rate.

To achieve the desired results all employees need to be trained and progress monitored to ensure this goal is met. Department safety professionals: ensure that training, facility inspection, and advice and consultation are provided to all employees to help mitigate/abate hazards, thus reducing injuries and illnesses.

B1: Strategy - Improve employees' awareness of workplace safety requirements.

Target #1: 5% increase in employees successfully completing required safety training.
Status #1: The percent of employees successfully completing required safety training went from 87.5% to 63.4% between 2007 and 2008, reflecting the addition of other department units for reporting this measure.

Percent of DOT&PF employees completing required safety training

Fiscal Year	YTD Total	% change
FY 2008	63.4%	-27.5%
FY 2007	87.5%	17.7%
FY 2006	74.3%	+12.6%
FY 2005	66%	+89.7%
FY 2004	34.8%	-3.3%
FY 2003	36%	

Analysis of results and challenges: The initial emphasis on providing required safety training, as identified in the safety manual resulted in a reduction in work related injuries and Workers' Compensation claims.

The Safety Task Force is reviewing the definition of "required" training and is gathering data to track training meetings held and employees who attended. The data shown in the table above for 2003 through 2005 is based on a compilation of Highways and Aviation, Facilities and State Equipment Fleet employees who have attended safety meetings. Data for 2006 and 2007 incorporates more department employees from other divisions including Construction, Design, and Measurement Standards and Commercial Vehicle Enforcement. 2008 now includes the Ted Stevens Anchorage International Airport and Alaska Marine Highway System.

C: Result - Improved mobility of people and goods.

Target #1: Improvement in customer satisfaction with department services.

Status #1: An almost precisely equal level of customer satisfaction in transportation services between 2005 and 2008 at 80%.

Customer Satisfaction (very satisfied and somewhat satisfied)

Year	YTD Total
2008	79.9%
2005	80.3%

Analysis of results and challenges: In January 2008, the department contracted with a private firm to conduct a survey to find out how the department does providing transportation services in Alaska, including roads, airports and ferry service. 1,200 people across the state participated in this survey. Even though the department has done very well, resources are being directed to mitigate those problem areas identified in the survey (e.g., congestion relief, road smoothness, durable materials and rut repair). Areas of highest strength included directional signs, warning signs, road design, brush cutting and guardrails. This measure will continue to gauge the department's success in addressing the survey issues. The department services satisfaction survey is conducted every other year.

The following areas within the department provide ongoing customer satisfaction information related to providing road, airport and ferry transportation services: Highways and Aviation, Ted Stevens Anchorage International Airport, Fairbanks International Airport, and the Alaska Marine Highway System.

C1: Strategy - Build and improve state-owned airports to appropriate department standards.

Target #1: Reduce by 10% the number of airports that are closed due to seasonally soft surface or sub-surface material.

Status #1: The number of airports that were closed due to seasonally soft surface or sub-surface material decreased by 13% from FY2007 to FY2008, exceeding the target of 10%.

Percent change in number of airports that are closed seasonally.

Fiscal Year	YTD Total	% Change
FY 2008	13	13% Reduction
FY 2007	15	12% Reduction
FY 2006	17	19% Reduction
FY 2005	21	9% Reduction
FY 2004	23	

Analysis of results and challenges: At the beginning of FY08 there were 15 airports on the seasonal closure list with a target of improving 10% per year. The target was met with the completion of major improvement projects at Manokotak and Tuntutuliak airports.

Target #2: Establish projects and provide funding to construct permanent lighting and runway improvements in two (2) remote communities.

Status #2: The department has completed work on one runway lighting project and has received funding for 3 other airport projects to provide runway improvements and lighting systems which meets our goal of two communities.

Fiscal Year	*Funding Obtained	**Runway Lighting
FY 2008	2 -33.33%	1 0%
FY 2007	3	1

Methodology: *Funding Obtained for # of Airport Improvement Projects
**Runway Lighting Projects Completed

Analysis of results and challenges: Not all communities in Alaska have night time access. The department's goal has been to make rural communities accessible for medivac and other emergency aircraft. A concerted effort has been taken to provide permanent lighting, portable runway edge lights or portable helicopter landing zone lighting in rural communities. There are still 27 communities where permanent improvements are feasible and those airports are the focus of this measure. A goal has been set to acquire enough grant funds to construct permanent improvements at two remote communities each year. Additionally, it is expected that at least one airport each year will have runway lighting put into service. The difference between funding and project completion targets is due to the complexity of projects in remote villages. It is not unusual for a project to take two to four years to complete.

The Department has achieved the funding goal for 2008, obtaining over \$16.7 million in Federal Aviation Administration (FAA) grant funds for runway improvements and lighting at Kongiganak Airport and Goodnews Bay Airport. In addition, a runway lighting system was completed at Nunapitchuk Airport.

D: Result - Increase state revenues.

Target #1: Increase revenue collected at rural airports by 5% over prior year.

Status #1: The rural airport revenues collected in FY2008 decreased by 1.84% from the prior year as a result of a slowing economy.

Fiscal Year	Revenue	% Change
FY 2008	\$3,666.6	-1.84%
FY 2007	\$3,735.2	+12.96%
FY 2006	\$3,306.7	-1.46%
FY 2005	\$3,355.6	

Analysis of results and challenges: Economic development is a priority of the administration. Toward that goal, Statewide Aviation Leasing has been directed to provide excellent service by responding to land-use inquiries promptly, processing applications quickly, creating a web-based application process, and increasing revenues. A market survey has been performed that indicates many rural land lease rental rates are well below market. The

department plans to gradually increase rural airport land lease rental rates in order to help offset the rising maintenance and operating costs of the rural airports and meet Federal Aviation Administration (FAA) requirements. Based on public comments received (October 2008) as is required prior to revising regulations, the department will increase rates at the rural airports gradually in order to give aviation businesses economic recuperation time as well as the ability to budget for any further gradual increases.

The department received \$2 million in the FY06 capital budget that was used to develop revenue-producing lease lots at rural airports. These activities included clearing, excavation, gravel fill, renovation of State-owned buildings, constructing road access, installing utilities, constructing additional apron space for aircraft tie-downs, and the moving of roads or parking lots. Airports where this development has taken place include Birchwood, Bethel, Deadhorse, Klawock, Willow, Seward, Sitka, and Yakutat. As the legislature approves additional funding, more projects will be undertaken to improve lands on rural airports for private and commercial development, thus increasing revenue. Developed lots were leased immediately after completion, thereby increasing income to the department as well as economic development within that community.

D1: Strategy - Enhance economic activities through the construction of key transportation linkages.

Target #1: Add 3 new resource development roads under design or construction each year.

Status #1: Three new resource development roads were added to those under design or construction in 2008. The new roads included Ketchikan to Shelter Cove, Kake to Petersburg and Willer-Kash Roads.

Number of resource development road projects actively being designed or constructed

Year	YTD Total
2008	8
2007	7
2006	8
2005	3
2004	2

Analysis of results and challenges: Concentration on resource road development began in March 2003, after a Resource Transportation Analysis (RTA) conducted for the Northwest Alaska Transportation Plan indicated several promising possibilities for transportation and resource industry partnerships to benefit Alaska's economic development, revenue and employment. The Department has examined: energy and mineral projects in Northern Alaska to see if investment in transportation could accelerate resource development; access resource sites and transport of resources to world markets; and provide traditional overland road and rail routes as well as new transport modes and project-specific port/road models. Projects are developed in conjunction with the Alaska Minerals Commission, the Department of Natural Resources and other impacted agencies to determine which priority projects should be pursued and which have the best return on investment.

Four projects are in the reconnaissance, environmental review or design stage:

- Hoonah to Tenakee Inlet Road
- Bullen Point Road
- Ketchikan to Shelter Cove Road
- Kake to Petersburg Road

Three projects are under construction:

- Bostwick Logging Road on Gravina Island
- Petersville Road Repairs
- Ruby to Poorman Bridge/Road
- Willer-Kash Road

Recently completed projects include:

- Birch Creek Erosion Mitigation
- Willow Fishhook Road/Hatcher Pass
- Shirley Towne Bridge in the Matanuska-Susitna Valley
- Circle Mining District Access Improvements
- Williams Pile Bay Road

- Cascade Point Road
- Klawock Airport Road
- Elliott Highway Washington Creek Bridge
- Tofty Road
- Taylor Creek Bridge Repair
- Steese Highway Improvements

E: Result - Provide the assets and facilities to enable delivery of state services.

Target #1: Achieve 80% satisfaction of government sector customers with department services.

Status #1: Government sector customer satisfaction has remained high at 94% for state equipment fleet and decreased from 88% to 83% for facilities.

Government sector customer satisfaction

Fiscal Year	State Equipment Fleet	Facilities
FY 2008	94%	83%
FY 2007	94%	88%
FY 2006	94%	83%
FY 2005	96%	85%

Methodology: Measured on a state fiscal year basis.

Analysis of results and challenges: The department will periodically conduct surveys of the government sector to identify problem areas within the transportation and facilities systems. The department will then direct resources to mitigate those problem areas identified in the surveys. This measure will gauge the department's success in addressing the survey issues.

Surveys have been conducted of State Equipment Fleet and Facilities users that include government sector customers. Results of those surveys indicated a 94% and 83%, respectively, satisfaction rating for FY2008.

E1: Strategy - Maintain state transportation assets and facilities to department standards.

Target #1: No increases in deferred maintenance needs.

Status #1: Infrastructure deferred maintenance needs increased \$174 million between 2006 and 2008 to a total of \$535.8 million.

Dollar value of deferred maintenance needs

Year	YTD Total
2008	\$535.8 million
2006	\$361.8 million
2005	\$328.8 million

Analysis of results and challenges: The department is attempting to keep deferred maintenance needs from increasing. This is being accomplished by directing highway and airport funds to areas of most need through project evaluation and scoring systems, increasing efforts towards on-going preventative maintenance and transferring harbors to local governments. Unfortunately this has become difficult with the increasing age of the State's infrastructure and lack of resources dedicated to maintaining it.

Current deferred maintenance estimated needs are \$28 million for harbors, \$53 million for marine highway vessels, \$28 million for buildings, \$46 million for rural airports, and \$380.8 million for highways. The increase in highways deferred maintenance is due to accelerated deterioration of pavement surfaces. Rut repair is needed on major national highway system routes to alleviate the effects of vehicle traffic, climate change, and lack of on-going preventative maintenance.

Key Department Challenges

Getting people and goods from one place to another is at the core of a healthy economy. The Department of Transportation and Public Facilities (DOT&PF) is an integral part of that economy as we build and maintain Alaska's complex transportation network and public facilities. This administration's goals in support of meeting our mission include:

- Improve the safety of our transportation system
- Develop transportation infrastructure that support economic growth
- Improve the collective performance of all at DOT&PF
- Conduct business openly and honestly
- Promote career growth and safety of all staff

Congress will begin work on the next surface transportation bill or reauthorization which is due in 2010. This is normally a 2-year or longer process. There is much talk about a need to significantly reform the federal transportation program, with emerging ideas ranging from a focus on greenhouse gases and reduced driving, to a national evaluation process before any project is funded and performance based decision making. At the same time, the federal Highway Trust Fund has experienced a dramatic reduction of revenues due to high fuel prices and reduction of vehicle miles traveled by the general public. The American Association of State Highway and Transportation Officials have developed options to increase fund revenues, which are necessary to maintain the current level of program funds. The uncertainty of the program is difficult for state and local program managers.

A significant challenge faced by the Department is replacing its aging workforce as large numbers of employees are reaching, or are about to reach, retirement age. Private sector competition and national shortages of qualified and experienced engineers, right-of-way agents, surveyors, environmental analysts, and skilled heavy equipment operators are presenting us with major employee retention and replacement issues for the near future.

Transportation security continues to be a major issue as requirements have changed to comply with the Transportation Security Administration's (TSA) mandated emergency amendments to airport, road and bridge security programs and U.S. Coast Guard port and ship security regulations. Personnel perform mandated functions such as security management, inspection, law enforcement, access control, perimeter patrols and administrative reporting.

The fluctuating level of Federal Highway Administration (FHWA) and Federal Aviation Administration (FAA) funds combined with the potential increase in projects related to the gas line development, highlights that alternative methods of construction project delivery is necessary. The department is anticipating delivering more jobs by the design/build method and term contracts, as well as managing construction administration of contracts through consultants, local or borough governmental agencies, Bureau of Indian Affairs (BIA), Alaska Department of Natural Resources, and in time, through program management. This marks the gradual transition from active construction management by department employees, to the role of quality assurance of the management of projects by others.

Cost escalation and a volatile economy are significant factors in program delivery. Rapidly increasing prices and reductions in available federal dollars affects future project delivery. Right of way acquisition and utility relocation costs have increased dramatically over the past few years. We've seen large construction cost increases due in part to erosion and pollution control, fuel, raw materials, labor, and lack of bid competition. Project cost increases reduce the ability to deliver as many projects as originally planned.

Protecting Alaska's investment in its transportation infrastructure is a key concern. The State's investments in facilities, roads, harbors and airports are eroding each year due to insufficient maintenance. As the transportation infrastructure continues to age, we are faced with an ever-increasing list of deferred maintenance work. Other demands include increases in the cost of labor, materials, electricity and fuel; cost of maintaining new infrastructure such as airport taxiways and lighting systems and highway traffic signals; and finally, the increasing burden of new laws and regulations.

The Department is updating the Southeast Alaska Transportation Plan. New information developed during the ongoing implementation process will lead to additional public and community involvement and plan addendum. Also of importance is coordination with the Inter-island Ferry Authority and the Marine Transportation Advisory Board. The completion of the Alaska Marine Highway System (AMHS) Systems Analysis will also provide recommendations regarding makeup and future resource needs of the system.

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 was developed and 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 several weigh/inspection stations.

One of the Department's greatest challenges is maintaining the current level of service at the International Airports. It is critical to maintain existing revenues and to generate new revenue opportunities that are dependent upon aircraft activity. This is difficult in light of the severe economic downturn and continued bankruptcies and consolidations in the air carrier industry. Global air transport opportunities will continue to change as economic and political conditions change in China, Asia Major, Russia, and central Asia.

The federal aviation program has increased steadily since Federal Fiscal Year (FFY) 1999. The increase in grant funds has expanded airports around the state, making them safer for the traveling public and putting a larger burden on maintenance and operations. Project delivery including environmental permitting, right-of-way, design and engineering has received greater pressure from this increasing program. The state must maximize the amount of federal Airport Improvement Program funding available and ensure it is used to save lives, improve mobility and increase private investment.

Significant Changes in Results to be Delivered in FY2010

This budget attempts to address significant deferred maintenance and code compliance items, provide services at the same level as in prior years and, at the same time, maintain general fund administrative support at prior levels.

Major Department Accomplishments in 2008

- Delivered a comprehensive program of bid ready designs and contract documents for projects across the state.
- Connect Anchorage Initiative. Held project completion ceremony for the Glenn Highway and Bragaw Interchange project.
- Performed 480 routine bridge inspections and 49 special inspections.
- Completed 9,748 commercial vehicle inspections during FFY 08.
- Completion of the Fairbanks International Airport passenger terminal on time and under budget.
- Emphasized safety awareness through greater communication with the public through various forms of media (public exhibits, workshops, newspaper advertisements). The Department entered into agreements with local police departments for officer presence at construction sites during peak traffic hours, enforcing compliance with construction zone speed limits.
- Maintained the International Safety Management Code program certification required for AMHS vessels to visit Canadian ports. AMHS is the only U.S. flag, vehicle-passenger vessel fleet with overnight accommodations to have earned this certification. This certification has become the safety standard for the entire AMHS fleet.
- Transferred ownership of five docks and harbors to communities.
- Maintenance and Operations crews covered 1,563,794 linear feet of highways with surface crack seal treatment or re-leveling depressed roadway surfaces by "banding".
- Paved 33 lane miles (16.5 centerline miles) of gravel roads.
- Repaved 213 lane miles (106.5 centerline miles) of roads.
- Reconstructed 31 lane miles (15.5 centerline miles) of roads.

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

1. Maintenance and Operations of State Transportation Systems (includes Highways and Aviation, Alaska Marine Highway System, the International Airports, and the Equipment Fleet)
2. Measurement Standards and Commercial Vehicle Enforcement
3. Transportation and Facilities Construction Program (includes Planning, Design, Construction and other federally required activities)

4. Administrative Support (includes Commissioner's Office, Administrative Services and Regional Support Offices)

Contact Information

Commissioner: Leo von Scheben
Phone: (907) 465-3900
Fax: (907) 586-8365
E-mail: leo.vonscheben@alaska.gov

**Administrative
Services Director:** Nancy J. Slagle
Phone: (907) 465-8974
Fax: (907) 465-3124
E-mail: Nancy.Slagle@alaska.gov

Department Budget Summary by RDU

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												
Administration and Support	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
Administrative Services	5,766.6	0.0	7,727.4	13,494.0	6,840.4	0.0	7,908.5	14,748.9	6,963.8	0.0	8,195.4	15,159.2
Regional Support Services	1,655.4	0.0	1,401.7	3,057.1	2,293.9	0.0	1,291.5	3,585.4	2,026.3	0.0	1,260.8	3,287.1
Aviation	0.0	0.0	2,791.6	2,791.6	0.0	0.0	3,409.3	3,409.3	0.0	0.0	3,607.2	3,607.2
Planning	237.7	0.0	6,994.6	7,232.3	583.6	0.0	7,743.5	8,327.1	664.7	0.0	8,212.6	8,877.3
Measure Stnds & Comm Veh. Enf.	1,843.5	0.0	4,145.3	5,988.8	1,913.2	0.0	4,275.0	6,188.2	1,979.3	0.0	4,713.5	6,692.8
Design and Construction	2,849.7	0.0	87,517.8	90,367.5	4,039.2	0.0	97,411.9	101,451.1	4,437.0	0.0	99,039.9	103,476.9
Knik Arm Bridge/Toll Authority	0.0	0.0	1,080.5	1,080.5	0.0	0.0	1,545.2	1,545.2	0.0	0.0	1,559.6	1,559.6
State Equipment Fleet	0.0	0.0	28,024.2	28,024.2	0.0	0.0	26,343.0	26,343.0	0.0	0.0	26,395.6	26,395.6
Statewide Facility M&O	15,559.9	69.0	5,441.1	21,070.0	17,390.0	128.7	4,047.6	21,566.3	15,879.8	128.7	3,972.6	19,981.1
Traffic Signal Management	1,530.8	0.0	0.0	1,530.8	1,633.8	0.0	0.0	1,633.8	1,633.8	0.0	0.0	1,633.8
Highways and Aviation	105,066.0	653.2	16,863.1	122,582.3	105,666.6	1,052.9	17,517.7	124,237.2	103,872.9	1,053.9	17,535.5	122,462.3
Ted Stevens Airport	0.0	629.7	50,844.9	51,474.6	0.0	2,459.1	55,382.6	57,841.7	0.0	2,484.4	53,596.4	56,080.8
Fairbanks International Airport	0.0	168.5	12,759.3	12,927.8	0.0	320.0	13,805.7	14,125.7	0.0	320.0	13,652.6	13,972.6
Marine Highway System	88,970.4	0.0	52,755.7	141,726.1	103,090.6	0.0	50,585.4	153,676.0	74,787.0	0.0	50,613.9	125,400.9
Totals	224,888.6	1,690.4	281,328.0	507,907.0	245,472.9	4,130.7	294,314.5	543,918.1	214,337.7	4,157.0	295,458.6	513,953.3

Funding Source Summary			
<i>All dollars in thousands</i>			
Funding Sources	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
1002 Federal Receipts	1,690.4	4,130.7	4,157.0
1004 General Fund Receipts	224,162.5	244,726.6	213,598.7
1005 General Fund/Program Receipts	26.1	46.3	39.0
1007 Inter-Agency Receipts	5,171.5	3,785.9	3,845.7
1026 Highways/Equipment Working Capital Fund	29,034.9	27,116.1	27,096.1
1027 International Airport Revenue Fund	66,870.0	72,619.9	70,599.5
1061 Capital Improvement Project Receipts	118,037.1	129,515.4	130,025.5
1076 Marine Highway System Fund	53,516.1	51,256.9	51,141.9
1108 Statutory Designated Program Receipts	803.2	1,285.1	1,285.9
1156 Receipt Supported Services	7,895.2	8,235.2	8,964.0
1200 Vehicle Rental Tax Receipts	700.0	700.0	700.0
1207 Regional Cruise Ship Impact Fund		500.0	
1211 Cruise Ship Gambling Tax			2,500.0
Totals	507,907.0	543,918.1	513,953.3

Position Summary		
Funding Sources	FY2009 Management Plan	FY2010 Governor
Permanent Full Time	3,197	3,202
Permanent Part Time	441	444
Non Permanent	199	199
Totals	3,837	3,845

FY2010 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Adak Airport Maintenance and Operations	0	1,621,900	0	1,621,900
Airport Deferred Maintenance	1,000,000	0	0	1,000,000
Alaska Aviation Safety Program	500,000	0	0	500,000
Alaska Marine Highway System - Vessel and Facility Deferred Maintenance	2,741,900	0	0	2,741,900
Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation	9,800,000	0	0	9,800,000
Americans with Disabilities Act Compliance Projects	700,000	0	0	700,000
Capital Improvement Program Equipment Replacement	0	0	1,500,000	1,500,000
Coordinated Transportation and Vehicles	800,000	0	300,000	1,100,000
Corp of Engineers - Harbor Program	1,150,000	0	0	1,150,000
Design of Seward Highway Replacement Bridges - Ptarmigan Creek, Falls Creek and Trail River	3,000,000	0	0	3,000,000
Emergency and Non-Routine Repairs	1,000,000	0	0	1,000,000
Facilities Deferred Maintenance and Critical Repairs	3,000,000	0	0	3,000,000
Fairbanks: Geist Road Rehabilitation	5,000,000	0	0	5,000,000
Fairbanks: Nelson Road Resurfacing	2,000,000	0	0	2,000,000
Fairbanks: Phillips Field Road Rehabilitation	3,000,000	0	0	3,000,000
Harbor Deferred Maintenance	800,000	0	0	800,000
Harbor Program Development	350,000	0	0	350,000
Highway Condition Inventory	180,000	0	0	180,000
Highway Deferred Maintenance	3,250,000	0	0	3,250,000
Highway Maintenance Vehicle Replacement and Safety Equipment	1,000,000	0	0	1,000,000
Infrastructure and Erosion Control Design and Environmental Permitting	500,000	0	0	500,000
Koyukuk Evacuation Road	800,000	0	0	800,000
Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement	223,000	0	0	223,000
Newtok: Materials for Relocation Site	2,000,000	0	0	2,000,000
Ports and Harbors Long Range Transportation Plan	500,000	0	0	500,000
Rapid Reaction to Highway Safety Features	300,000	0	0	300,000
Resource Development Roads	3,000,000	0	0	3,000,000
Safe Roadsides with Integrated Vegetation Management	500,000	0	0	500,000
Southeast: Ice Control Chemical Storage Tank Replacement - Petersburg and Klawock	100,000	0	0	100,000
Southeast: Sidewalk Snow Removal Equipment	175,000	0	0	175,000
State Equipment Fleet Replacement	0	0	15,000,000	15,000,000
Statewide Anti-icing Program	500,000	0	0	500,000
Statewide Emergency Bridge Repair	1,000,000	0	0	1,000,000
Statewide Rural Airport Safety Improvements	3,000,000	0	0	3,000,000
Surfacing Materials	1,000,000	0	0	1,000,000

FY2010 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Update Stormwater Pollution Prevention Plan and Spill Prevention Control and Countermeasure Plan	348,000	0	0	348,000
Statewide Federal Programs	50,935,000	66,200,000	12,000,000	129,135,000
Airport Improvement Program	0	303,722,550	45,708,941	349,431,491
Surface Transportation Program	0	373,132,000	400,000	373,532,000
Cruise Ship-Related Projects	0	0	16,680,500	16,680,500
Dalton Highway: Milepost 9 to 11	0	0	26,300,000	26,300,000
Department Total	104,152,900	744,676,450	117,889,441	966,718,791

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

Summary of Department Budget Changes by RDU

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	245,472.9	4,130.7	294,314.5	543,918.1
Adjustments which will continue current level of service:				
-Administration and Support	71.5	-170.0	46.7	-51.8
-Administrative Services	165.4	0.0	376.9	542.3
-Regional Support Services	-267.6	0.0	-30.7	-298.3
-Aviation	0.0	0.0	395.1	395.1
-Planning	50.0	0.0	230.8	280.8
-Measure Stnds & Comm Veh. Enf.	66.1	0.0	83.5	149.6
-Design and Construction	397.8	0.0	1,410.0	1,807.8
-Knik Arm Bridge/Toll Authority	0.0	0.0	14.4	14.4
-State Equipment Fleet	0.0	0.0	52.6	52.6
-Statewide Facility M&O	-1,838.1	0.0	0.0	-1,838.1
-Highways and Aviation	-2,538.9	1.0	-482.2	-3,020.1
-Ted Stevens Airport	0.0	25.3	77.0	102.3
-Fairbanks International Airport	0.0	0.0	168.6	168.6
-Marine Highway System	-30,601.2	0.0	-1,921.5	-32,522.7
Proposed budget decreases:				
-Administrative Services	-42.0	0.0	-90.0	-132.0
-Aviation	0.0	0.0	-495.2	-495.2
-Statewide Facility M&O	-7.3	0.0	-115.0	-122.3
-Ted Stevens Airport	0.0	0.0	-1,863.2	-1,863.2
-Fairbanks International Airport	0.0	0.0	-321.7	-321.7
Proposed budget increases:				
-Administration and Support	0.0	170.0	8.7	178.7
-Aviation	0.0	0.0	298.0	298.0
-Planning	31.1	0.0	238.3	269.4
-Measure Stnds & Comm Veh. Enf.	0.0	0.0	355.0	355.0
-Design and Construction	0.0	0.0	218.0	218.0
-Statewide Facility M&O	335.2	0.0	40.0	375.2
-Highways and Aviation	745.2	0.0	500.0	1,245.2
-Marine Highway System	2,297.6	0.0	1,950.0	4,247.6
FY2010 Governor	214,337.7	4,157.0	295,458.6	513,953.3