

Roads and Highways Advisory Board Meeting

August 8th, 2018 – 1:00 PM – 4:00PM

Via Video Teleconference

Fairbanks: 2301 Peger Road, Director's Conference Room

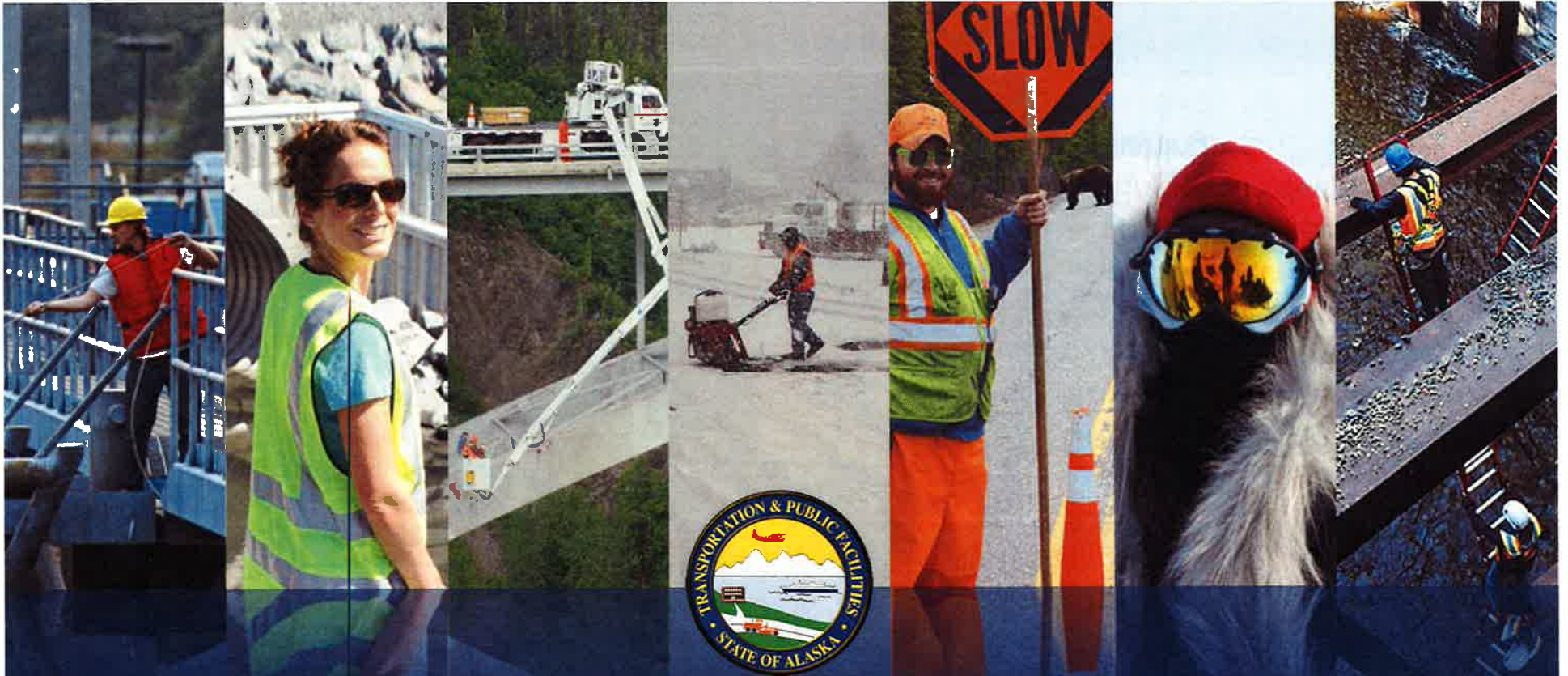
Anchorage: 4111 Aviation Avenue, 2nd Floor Conference Room #245

1-855-244-8681 Call-in toll-free number

Access code: 801 512 323

<p><u>Board Members:</u> John Baker, Scott Eickholt, Donna Gardino, Daniel Hall, Anton Johansen, Harry McDonald, Howard Thies</p>

1. Call to Order
2. Board Roll Call to Establish Quorum
 - a. Welcome and Introduction of other participants
3. Phone Roll Call and Introduction of Those Present
4. Approval of Agenda
5. Approval of Minutes
6. Public Comments (3 minutes per speaker)
7. Chair's Remarks
8. Ambler Road
9. Fairbanks Roads Winter Icing
10. Shelf Projects
11. Regional Boundaries
12. Presentation of SEF
13. Stand for Salmon Act – How will this affect DOT&PF?
 - a. Ben White, DOT&PF – Email response
14. Raising the Motor Fuel Tax
15. Board Comments
16. Next Meeting – teleconference TBD
17. Adjourn



Alaska Department of Transportation & Public Facilities

State Equipment Fleet SEF-101

Brad Bylsma

Roads & Highways Advisory Board 8/8/17

Keep Alaska Moving through service and infrastructure

Who We Are

Cindy Lee, Fairbanks
Equipment Operations Analyst

- SEF employee since 2007
- Fairbanks resident since 1973
- Enjoys “living the abundant life”
- Current reigning SEF Employee of the Year



Damon Cartwright, Kodiak
SEF Mechanic since 2005

- Kodiak resident since 1984
- Travels to surrounding remote villages to maintain fleet equipment
- Enjoys family, hunting and fishing!

Who We Are



- State Equipment Fleet has 129 Mechanics in 54 shops located from Kotzebue to Ketchikan
- 14 Part Specialists- supply parts, supplies and tools statewide
- 4 Procurement and Contracting staff- purchase and disposal of all equipment
- 7 Administrative and Systems support staff positions
- 5 District Managers and 1 Fleet Manager



What We Do

We are a Government Shared Service

Centralized full service fleet management for 13 Executive Branch Agencies

- Contracting and procurement
- DMV services (licenses and titles)
- Sale of all excess fleet equipment, parts and scrap metals
- Financial management of the Highway Equipment Working Capital Fund
- Maintenance, repair, modification and fabrication
- Parts and supplies management, purchasing and shipping
- Fuel management- fuel cards for all state vehicles
- Database, diagnostics and telematics management
- Rental pools and Crash pools
- Training
- Labor resource pool (ARFF, DNR Fire Support, M&O support)

SEF helps **Keep Alaska Moving** by providing a safe and efficient fleet of vehicles and equipment to all state agencies.

What We Do

- Cradle to Grave Fleet Management

	<u>HEWCF LD</u>	<u>HEWCF HD</u>	<u>AIP</u>	<u>AIA/FIA</u>	<u>UAA/Other</u>	<u>Total Fleet</u>
Total Assets	2,885	3,431	754	391	854	8,315
Full Life	1,974	1,858	564	-	-	4,396
WX	844	645	-	-	-	1,489
Other (Boat Trailers, Donations, Federal Surplus, etc.)	67	928	190	391	854	2,430

* Maintained By SEF *

- Average Age of Fleet

Light Duty Fleet	7 Years
HD Fleet	8 Years
Plow Truck Fleet	9 Years
Motor Grader Fleet	8 Years
Wheel Loader Fleet	10 Years
WX Fleet	16 Years



Average Age of Disposed Equipment



<u>FY</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number Sold	427	374	375	396	319	270
Avg age HD	23	23	22	22	22	23
Avg age LD	14	14	13	14	14	15

All surplus is listed on Govdeals.com

Keep Alaska Moving through service and infrastructure



Highway Equipment Working Capital Fund

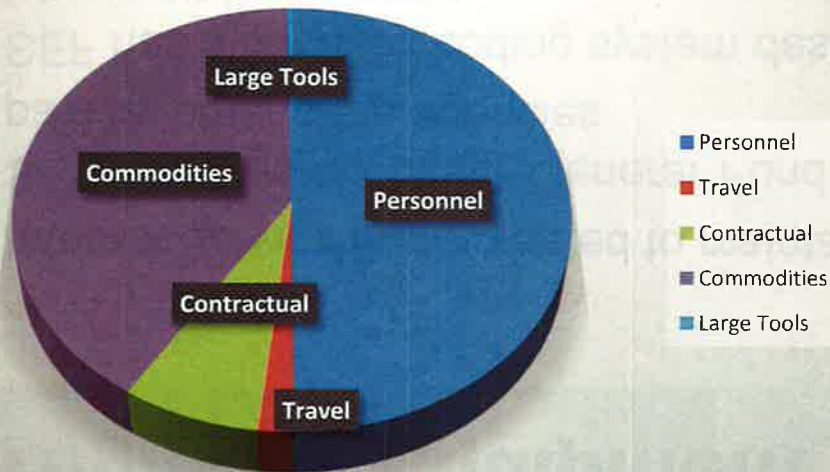
- Internal Service Fund created to maintain the fleet and replace fleet vehicles
- SEF receives no direct General Fund appropriation; its funding comes from fees paid by other state agencies
- SEF has a complex coding system designed to allocate fleet costs to the fleet users who incur those costs
- SEF rate system is designed to 'break even' or allocate all costs to customers
- SEF is a shared service, our customers include State Troopers, Corrections, Health & Social Services
 - All Executive Branch departments have SEF vehicles and equipment
 - SEF also provides asset management services for AHFC, University of Alaska, AK Railroad, AK Aerospace
 - 85% of SEF revenue generated by DOT&PF....80% from M&O

HEWCF Budget and Legislative Authority

SEF Receives two allocations of Legislative Authority each year:

- Operating: Used for costs of maintaining the fleet
- Capital: For purchasing replacement equipment
- Cannot spend beyond annual authority regardless of HEWCF balance
- Capital budget can be carried over to new year, operating budget cannot

Operating Budget by category



SEF Annual LA (Historical)	<u>Operating</u>	<u>Capital</u>
FY2016	\$34.0	\$15.0
FY2017	\$33.8	\$20.4
FY2018	\$33.6	\$12.5
FY2019	\$34.4	\$15.0



Challenges

- Budget Challenges:

- Operating budget- fleet reductions, rightsizing and cost of fuel has allowed our budget to remain adequate
- Capital budget- ~\$15m since 2004

	<u>2004 Cost</u>	<u>2018 Cost</u>
Wheel Loader	\$230k	\$364k
Motor Grader	\$179k	\$363k

- Staffing Challenges:

- Difficult to recruit in rural areas
- Shifting more to hub style staffing with week on week off shifts
- 10% of current staff are eligible to retire in next 24 months

- Technology Challenges:

- New equipment requires more computer diagnostic skills than wrench-turning
- Electronics are not always built for severe climate conditions
- Tier IV Emissions for all equipment has brought new training challenges for operators and mechanics
- Equipment being asked to do more than ever before

Rates

- Operating Rates

- Calculated annually using repair history from past 36 months
- Calculated individually by asset
- Cover routine maintenance and repair
- New assets get a class average rate



Cold Bay Airport

This is the first bi-directional tow plow in the country to be used on an airfield.

Rates

- Replacement Rates

- Calculated annually, individually by asset
- Based on:
 - Cost of Replacement
 - Expected Life
 - Salvage (auction) value



Bridge Truck currently in the process to be replaced.
The boom can no longer be certified for safe use.

New Mack Tractor and Landoll Trailer – Fairbanks M&O

Replacement rates are a 'savings' account for each asset dedicated to the purchase of a replacement for the current asset. Adjustments can be made to replacement rates to account for outside factors such as budget shortages or special needs.



Replacement Criteria & Process

- Replacement Criteria is outlined in P&P 11.05.020
 - Replacement decisions based on usage, age, and maintenance costs
 - Usage Criteria:
 - Light Duty - 10 years; 150,000 miles
 - Light Duty Severe Service - 7 years; 125,000 miles
 - Light Duty Police - 4-7 years; 100,000 miles
 - Heavy Duty - 12-15 years; 12,000 hours
- Most don't make the usage requirements; decisions usually pushed towards maintenance cost factors.
- Safety and technology advances factor in to replacement decisions.
- Continuous engagement with end users to determine their priorities.
- Political overtures can impact our ability to replace assets.



Thank you!

Questions?

Brad Bylsma
Equipment Fleet Manager
269-0787
brad.bylsma@alaska.gov

Brittney,

Thank you for the email reminder, this has been on my list to get out all week. I would be your point of contact on this as I am the Statewide Environmental Program Manager for the Department and have had several years' experience working with fish habitat permits and mitigation. DOT&PF has been focused on discussions related to HB 199 this legislative session, a bill that is similar to the Salmon Initiative. Attached is a whitepaper that provided comments to the legislative committee on HB 199 that was developed by DOT&PF. The Department has not come out with a position on either HB 199 or the Salmon Initiative.

DOT&PF currently works with ADF&G on obtaining fish habitat permits when we conduct work in anadromous fish streams, whether or not the initiative passes we will continue this effort. As a Department we have been working to replace culverts that no longer provide adequate fish passage, and with ADF&G and the FHWA have a culver mapper on our website that provides the public with information that shows the work we are doing to track culverts not passing fish (red category) and we replace these culverts as we have projects in the area.

The large majority of our projects are already developed with extensive public notice and involvement due to other environmental statutes and regulations. I hope that this helps, I do think that as we get closer to the fall there may be request from the Commissioner's Office for me to draft a formal position on the Salmon Initiative, however at this time we have not developed anything.

Thanks,

Ben

Ben White

*Statewide Environmental Program Manager
Alaska Department of Transportation & Public Facilities
Statewide Design & Engineering Services
Phone: (907) 465-6957
Email: ben.white@alaska.gov*

How do Title 16 ADF&G Fish Habitat Permits Affect DOT&PF Projects?

Many DOT&PF projects affect creeks, streams, and rivers that support anadromous fish. Current AS 16.05.871-.901 specifies that all activities within or across a specified anadromous waterbody requires a permit from ADF&G before altering or affecting “the natural flow or bed” fish stream. This is commonly referred to as the “Title 16 Fish Habitat Permit”.

DOT&PF environmental, engineering, and hydrologist staff work closely with ADF&G fish habitat biologists during the project development process and Title 16 fish habitat permitting process to create transportation projects that preserve or improve fish habitat while improving transportation infrastructure for Alaskans. For example, DOT&PF works with ADF&G to improve culverts to allow for anadromous fish passage at every opportunity; similarly, bridge abutments and piles are designed to allow for the natural meander of fish streams and to increase fish habitat.

DOT&PF staff value the input of the public and resource agencies throughout the project development process. Conversations early in project development allow for design modifications to be incorporated into the project, allows the environmental impacts to be accurately analyzed in the NEPA document, assures compliance with our federal funding partners, and gives the public and agencies more opportunities to voice their concerns and improve outcomes for anadromous fish habitat. In particular, discussions with ADF&G fish habitat biologist beginning at project scoping, continuing through the NEPA process, and concluding with Title 16 permitting allows DOT&PF to design and build projects that often improve fish habitat.

Overview of Public and Agency Involvement During DOT&PF Project Development

Project Development Step	Public and Agency Input
Planning / State Transportation Improvement Plan (STIP)	General project need, STIP review, public comment
Scoping	Agency scoping letter, environmental impact identification, public notice of beginning environmental and engineering
NEPA document development	Environmental impact analysis, alternative identification, public/agency comment, mitigation development
NEPA decision	Alternative selection, Public notice, appeal period
U.S. Army Corps of Engineers 404 Wetlands Permitting	Agency and public notice, consultation on mitigation measures, Corps NEPA
ADF&G Title 16 Fish Habitat Permit	Consultation with ADF&G habitat biologist, DOT&PF engineers and hydrologists, technical tweaks to in-water work



Alaska Department of Fish and Game

[ADF&G Home](#) » [Fishing](#) » [Chinook Initiative](#)

Chinook Salmon Research Initiative

Chinook (king) salmon have been returning in fewer numbers to many Alaska rivers, requiring painful restrictions on fisheries that harvest these stocks. Widespread shortfalls first became apparent beginning in 2007. [Chinook salmon](#) have a life span of 3 to 8 years, with 5 and 6 year olds being especially important to the reproductive health of a Chinook salmon population.



In October of 2012, the Alaska Department of Fish and Game hosted a [research symposium](#) to "identify key knowledge gaps and assemble a list of research priorities" to better understand the factors affecting Chinook salmon abundance in Alaska. Following this symposium, a team of department scientists and biologists, in collaboration with federal agencies and academic partners, developed a research plan with recommended studies to address the questions identified in the gap analysis. The first phase in the implementation of this plan was funded by the Alaska Legislature in 2013. The core of the plan is stock specific, life history-based research focused on [12 indicator stocks](#) from across Alaska. For more information see the [Chinook Salmon Stock Assessment and Research Plan](#).

Research efforts under this plan fall into four general categories.

- Stock assessment programs targeting specific knowledge gaps on individual, indicator stocks.
- Compilation of local and traditional knowledge regarding Chinook salmon trends in abundance, distribution, and physical appearance.
- Research on juvenile Chinook salmon in the near shore marine environment, which is thought to be a critical life history stage, and one little studied.
- Life history process studies intended to examine a range of environmental factors affecting Chinook salmon growth and productivity.

The original plan was to allocate \$30 million covering research over a five-year period. In response to this plan, the legislature appropriated \$15 million to this effort in two separate appropriations and money was mostly allocated to adult and juvenile stock assessment studies, various subsistence studies, marine stock composition and harvest studies, the University of Alaska Fairbanks for ecological process studies, genetic stock composition and harvest studies, and programmatic support, in that order. Unfortunately, Alaska's recent fiscal

crisis has curtailed further appropriations causing the original \$30 million plan to be revised to a \$15 million plan. Ultimately, the initiative funded over three dozen specific research projects through this effort. The department recognizes the public has a keen interest in the results of this work and final publications will be available on this website in the near future. Reports will be posted as they become available. Please bookmark page so you can return to it easily to check for new information.

Further Reading

Frequently Asked Questions

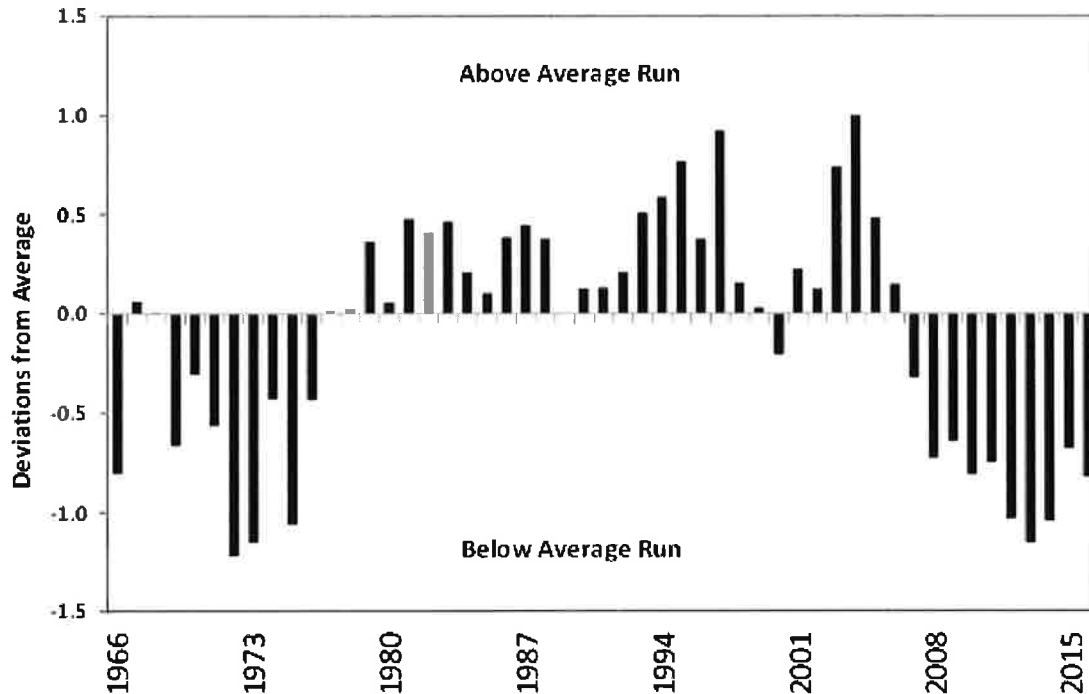
Low Runs of Chinook Salmon in Alaska Information (updated November 2016)

How have low Chinook salmon runs affected Alaskans?

Since 2007, Alaskans have suffered from the effects of low runs of Chinook salmon. Fishery closures and restrictions necessary for conservation resulted in great burdens on Alaskans who rely on Chinook salmon for food and income. The State of Alaska recognizes the hardships that management restrictions have caused subsistence, commercial, and sport fishermen, as well as guides, local fish processors, and other local and regional businesses.

What areas of Alaska were affected by low Chinook runs?

Chinook salmon runs across the state since 2007, for the most part, have been well below average.



Implementation of strict fishery management actions have been necessary to meet escapement objectives, and many fisheries have been curtailed to protect Chinook salmon. In the Yukon and Kuskokwim Rivers, weak runs of Chinook salmon resulted in extensive restrictive management actions in the subsistence and commercial fisheries by the department.

In 2016, runs improved for the Westward stocks (i.e., Yukon, Kuskokwim, and Nushagak) but overall these runs are still below the long-term average. Runs also improved in Kodiak and Cook Inlet in 2016, but still, compared to the long-term average, their overall runs are still below average. Unfortunately, Chinook salmon runs from the Copper River to southern Southeast Alaska took a turn for the worse and in 2016 the runs there were the lowest on record.

Scientists expect runs to continue to improve in Kodiak, Cook Inlet, and Westward; however, the outlook in 2017 is not good for Southeast as very few "jacks," typically a strong indicator of future production, were seen in 2016.

What is causing low runs of Chinook salmon in Alaska?

Numerous physical and biological factors can influence production and survival of Chinook salmon in the freshwater and marine phases of their lifecycle. Research through this initiative suggests that most of the Chinook salmon mortality is occurring in the first few months of life at sea. Additional research is needed to gain a better understanding of the primary factors that are affecting Chinook productivity and abundance. Fluctuations in the survival of Chinook salmon smolt can significantly alter run strengths at local, regional, and

statewide scales. For instance, the long-term marine survival for four Southeast stocks has been about four percent, meaning for every 100 smolt that emigrate to sea, four fish will return as adults over the next one to five years. Research has shown that during the period of poor production, marine survival has dipped below one percent. This decrease in marine survival, even in the face of some very good freshwater production in several systems, has resulted in a major downturn in overall adult production. The exact mechanisms behind the increased mortality rates are unknown, but environmental conditions such as precipitation, air and ocean temperatures and water currents, to name a few, are believed to affect juvenile salmon survival.

What are the State of Alaska and Federal Governments doing to help affected Alaskans?

In addition to the Chinook Salmon Research Initiative funds, in 2012 the State of Alaska requested fishery federal disaster determinations from the U.S. Secretary of Commerce for Chinook salmon fisheries on the Yukon and Kuskokwim Rivers, and Cook Inlet. In September 2012, the Secretary of Commerce, after reviewing information from the state, determined that a commercial fishery failure due to a fishery resource disaster exists for three regions of the Alaska Chinook salmon fishery. As a result, in 2014 Congress appropriated \$20.8 million for fishery disaster relief under the Magnuson-Stevens Fisheries Management and Conservation Act.

In 2014, \$7.8 million of the appropriated funds went to Cook Inlet, Yukon, and Kuskokwim commercial salmon harvesters. In 2015, the National Oceanic and Atmospheric Administration distributed the remaining \$13 million to a variety of sport and commercial users. Broken down further, \$4.5 million went to the recreational fishing sector and related businesses for loss of income, \$6.4 million for salmon research in the Yukon/Kuskokwim region, \$1.1 million for salmon research in Cook Inlet, and \$700,000 to salmon buyers in the Cook Inlet region.

Motor Fuel Tax Background

Background:

Alaska levies a motor fuel tax on motor fuel sold, transferred, or used within Alaska. The Division collects motor fuel taxes primarily from wholesalers and distributors that hold "qualified dealer" licenses issued by the Department. There are four basic types of motor fuel taxes: diesel, gasoline, aviation, and gasohol. End users can claim an exemption from this tax and receive a refund if the motor fuel was used for exempt purposes (like in state vehicles).

Tax Rates and Proposed Increase:

The tax increase will double motor fuel taxes in FY2018 and triple them in FY2019. After these increases Alaska's tax rates will be near the average tax of all 50 states and DC.

Motor Fuel Tax Rates (Cents Per Gallon)			
Tax Type	Current Tax Rate	FY2018 Tax Rate	FY2019 Tax Rate
Highway Fuel	\$0.08	\$0.16	\$0.24
Marine Fuel	\$0.05	\$0.10	\$0.15
Aviation Gasoline	\$0.047	\$0.094	\$0.141
Jet Fuel	\$0.032	\$0.064	\$0.096

Revenue will increase significantly over the next 2 years as the tax increase is phased in.

Projected Motor Fuel Tax Collections (In Millions)			
	Aviation Fuel	Highway & Marine Fuel	Total Collections
FY2017	\$4.7	\$35.5	\$40.2
FY2018 (Rates Double)	\$9.3	\$71.4	\$80.7
FY2019 (Rates Triple)	\$13.9	\$107.9	\$121.8

Aviation Fuel Tax:

Due to the federal restrictions, all revenue derived from aviation must be used on airport purposes. The increase in aviation gasoline and jet fuel revenues is dedicated for use on airports. Currently the state spends over \$28 million per year operating the 242 airports that it owns. The general funds being used to subsidize these airports can be replaced with aviation fuel tax proceeds to keep airports open.

Motor Fuel Tax Fund:

In addition to the tax increase, the Governor's legislation proposes depositing all revenues from the motor fuel tax into a new Transportation Infrastructure and Maintenance fund. This fund will be used for airport, highway and Alaska Marine Highway System operations and maintenance.

Where Does the Money Go?	Total Collection in Millions	Percent of Total Tax (all types)	Source	Approx Total UGF Budget in Millions	% of Gap Bridged
Airport Operations & Maintenance	\$ 9.2	12%	100% of Aviation Gasoline Tax 100% of Jet Fuel Tax	24	39%
Central Region Highways & Aviation	\$ 2.8				
Northern Region Highways & Aviation	\$ 4.8				
Southcoast Region Highways & Aviation	\$ 1.6				
Highway & Road Maintenance	\$ 62.5	78%	94% of Highway Motor Fuel Tax 50% of Marine Fuel Tax	73	86%
Central Region Highways & Aviation	\$ 19.1				
Northern Region Highways & Aviation	\$ 32.1				
Southcoast Region Highways & Aviation	\$ 11.2				
Roadway Safety	\$ 1.5	2%	2.4% of Highway Motor Fuel Tax	1.5	100%
Department of Public Safety - Alaska Bureau of Highway Patrol	\$ 1.5				
Transit / Buses	\$ 2	2%	3.2% of Highway Motor Fuel Tax	2	100%
Coordinated Transportation Services for Elderly/Disabled (Capital Budget)	\$ 1				
Public & Community Transportation State Match (Capital Budget)	\$ 1				
Marine Transportation	\$ 5.1	6%	50% of Marine Fuel Tax	88.7	6%
Marine Highway System - Marine Vessel Operations	\$ 2.4				
Grant to Inter-island Ferry Authority (Ketchikan/Hollis route)	\$ 0.3				
Municipal Harbor Facility Grant (Harbor Repair)	\$ 2.5				

Appendix:

History of Legislative Actions to Motor Fuel:

The motor fuel tax dates back to 1945 when the legislature imposed a tax of \$0.01 per gallon on all motor fuel. Over time, the legislature enacted separate tax rates for each of the fuel types as they exist today. Motor fuel tax rates have changed as in the table on the following page.

1994 - The legislature enacted a tax decrease for bunker fuel. The tax rate decreases from \$0.05 to \$0.01 per gallon on bunker fuel sales exceeding 4.1 million gallons. The tax decrease expired on June 30, 1998.

1997 - The legislature repealed the gasohol exemption. The legislature enacted a provision that reduces the tax on gasohol from \$0.08 to \$0.02 per gallon in areas and at times when the use of gasohol is required. However, gasohol has not been required since the winter of 2002-2003 and gasohol is currently taxed at the full tax rate of \$0.08 per gallon.

- Legislation was also passed that fully exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste. The legislation expired on June 30, 2004.

- The legislature expanded the foreign flight exemption to include flights originating from foreign countries in addition to the existing exemption for flights with a foreign destination. The legislation included a permanent exemption for bunker fuel (residual fuel oil known as #6 fuel oil) which nullified the 1994 bunker fuel tax rate reduction.

1998 - The legislature authorized taxpayers to take a "bad debt" credit for sales deemed to be worthless and for sales to persons who filed bankruptcy. The provision expired July 1, 2008.

2003 - The legislature enacted legislation that made it easier for the state to issue motor fuel excise tax refunds for credit card purchases made by federal, state, and local government agencies.

2004 - The provision that exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste from the motor fuel tax expired on June 30, 2004. Currently all gasohol is taxed at the rate of \$0.08 per gallon.

2008 - In special session, the legislature suspended the motor fuel tax on all fuel types effective September 1, 2008 through August 31,

2009 - Motor fuel distributors were required to file monthly reports of all fuel sales during the period of suspension.

2009 - The motor fuel tax was reinstated effective September 1, 2009.

DOT&PF carefully manages a multi-year capital program that depends very specifically on a 1 July infusion of match monies.

The Alaska contractor community plans and organizes around a predictable and stable timeline. They check the DOT&PF Tentative Advertise listing on the website and expect DOT&PF to bid projects in the fall that go to construction in the spring.

Delay to Capital Budget is unprecedented and results in impacts and risks to myriad stakeholders, in a number of areas, on both short and longer term timelines. The following summary addresses known impacts and articulates most likely risks to contracting community, Alaskans, and DOT&PF.

Short Term Impacts:

To Contracting Community:

- Changes to ongoing construction projects with financial impacts cannot be accomplished without state matching funds. This creates uncertainty for both the contracting community and DOT&PF staff.

To Alaskans:

- Ongoing construction projects may be delayed, even to the next year's construction season creating safety concerns, prolonged impacts to businesses near the construction, and extends impacts to mobility for the traveling public.

To DOT&PF:

- Reactive capital program management. Redirection of effort to funded projects and slipping of schedules for yet to be funded phases of priority projects.
- AMHS will have US Coast Guard vessel certification issues due to shortage of annual vessel overhaul funding in the Capital Budget.
- The Tustumena Replacement project is a bid ready project included in the 2018 Capital Budget. The Capital Budget includes both authority to spend Federal funds and state matching funds from the Vessel Replacement Fund. This project cannot be advertised without inclusion in an approved Capital Budget.

Short Term Risks:

To Contracting Community:

- Abnormal delays have ripple effects over a Contractor's portfolio of projects. Timing of orders, prices paid for orders, availability of specialized skill sets to match against project schedules, can very negatively impact contractor operations, and therefore their workforce, and therefore their bottom line

To Alaskans:

- Further erosion of public's confidence in government

To DOT&PF, including AMHS:

- Delay of the Tustumena Replacement project will result in the AMHS potentially investing more scarce capital funds into annual overhaul on the Tustumena to ensure safe operations on the Southwest Route.
- Continued perception by Alaskans that DOT&PF does not proactively manage and deliver capital improvement projects on a schedule accountable to public expectations.

Longer Term Impacts: The Alaska contractor community plans and organizes around a predictable and stable timeline. They expect DOT&PF to bid projects in the fall that will go to construction in the spring. As the delay of an approved Capital Budget increases there is a growing potential for the contracting community to look elsewhere for work to protect their investments in human resources and equipment.

To Contracting Community:

- No capital budget for extended time means fewer project DOT&PF will put out to bid in the fall. This translates to fewer in-state options for contractors who will likely look out of state for work.

To Alaskans:

- Fewer projects means reduced opportunity for in-state construction workforce. Could also mean DOT&PF paying higher prices as smaller contractor pool decreases competition, meaning less for more for Alaskans.
- Projects expected and highly anticipated may be delayed a year or more.

To DOT&PF, including AMHS:

- DOT&PF has never lapsed obligation authority provided through the Federal-aid Highway Program. A delayed Capital Budget has the potential to create a dynamic where projects prioritized in the STIP are not ready for construction. In order to prevent a lapsing of obligation authority, lower priority, less complex pavement projects could be identified to use the available funds. This further erodes the capital improvement program as the priority needs are left unmet and ultimately these priority projects will cost more in the future.

Longer Term Risks:

To Contracting Community:

- The potential for fewer construction projects ready for advertisement creates risk in the stability of the contractor community in Alaska. With fewer construction projects funded and approved there will be less work available and will push contractors to look for work in other sectors. This could include work in other states or work in other segments of the Alaska economy if possible.

To Alaskans:

- The construction projects that DOT&PF funds provide a significant investment in the overall economy of the State and can provide a significant boost to local economies. Fewer projects or lapsed funding is an opportunity lost for economic growth impacting other segments of the economy as the wages paid to employees turn over in the local economies several times.

To DOT&PF, including AMHS:

- The downstream effects of a delayed Capital Budget creates a potential Federal-aid Highway funding lapse situation in FFY2018 or beyond. This is due to project phase delays in design and ROW acquisition that will impact the ability to deliver construction phases according to our current schedules.