

**DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
FY15 Increment Status**

Governor's Budget Items Approved as Requested

Item #	Approp/Allocation	Description	Amount/Fund Source	FY15 CC Book Comment	GF Dec?	LFD Notes/Questions?	Comment/Status
1	Highways, Aviation and Facilities/ Central Region Facilities	New Facilities' Operating Costs	\$453.7 UGF	A total of 10 new facilities (88,359 square feet) have been added to the Central Region Facilities' inventory for the FY14/FY15 budget. These include several sand storage and snow removal equipment buildings, the Dutch Harbor hangar, the Seward maintenance shop at Crownpoint, and the Anchorage materials warehouse and projects office. An increment of \$453.7 to cover building operations costs, such as heating fuel, electricity, supplies, insurance and travel to perform maintenance was authorized.		Were all of these facilities online for the entirety of FY15?	Only 7 out of 10 facilities were funded for the entire FY15 fiscal year. Three facilities were funded for only seven months of operation during the FY15 fiscal year. None of these three facilities (Bethel SREB, Dutch Harbor Hanger & Koliganek) have come online as of November 2014. Six of the seven remaining facilities were online for the entire FY15 budget cycle. The remaining facility (Anchorage Sand Storage) suffered a few construction delays and will be accepted this month (Nov 2014).
2	Highways, Aviation and Facilities/Northern Region Highways and Aviation			Legislative Fiscal Analyst Comment: Excluded from the Governor's budget request, but typically included in recent years, is maintenance funding for additional highway lane miles added via the capital budget. The agency is expecting approximately 127 new lane miles to be added to the inventory through FY15 with an approximate cost of \$960.0 to maintain those new miles. Those new costs are expected to be covered with existing resources.		How are you managing maintenance on your increased lane miles without a budget increase?	The region has been instituting efficiencies to control costs for the past several years: ice breakers quickly break up ice that builds up at intersections, tow plows can plow two lanes at a time, chemicals can be used to pre-treat roads to prevent snow and ice bonding, the anti-idling policy saves fuel and maintenance costs, eliminating expensive equipment. However the biggest factor for DOT&PF in managing the Highways and Aviation budget is how severe the winter is. Alaska has had several mild winters and so far the winter of FY15 has been very mild.
3	Highways, Aviation and Facilities/ Central Region Highways and Aviation	Rural Airport Maintenance Contracts and Insurance	\$137.5 UGF	As the cost of living and doing business in rural communities has risen, pressure to increase contracts for rural airport maintenance has likewise increased. The FY14 Governor's budget request for Central Region Highways and Aviation included \$132.5 UGF to address this rising pressure on maintenance contracts, but the request was denied by the legislature. For the FY15 budget, \$137.5 was requested for the Central Region Highways and Aviation.		Have new contracts been negotiated with the expected increases? Has any of this funding been re-programmed for another purpose?	New contracts have been negotiated. Rural airport contracts budget totals \$1,605.3 for FY15. Total contracts costs for FY15 are expected to be \$1,598.8. The difference is \$6.5. The remaining balance is expected to be expended for contracted rural airport maintenance during FY15. None of the Increment is planned to be re-programmed for another purpose.
4	Highways, Aviation and Facilities/Northern Region Highways and Aviation	Rural Airport Maintenance Contracts and Insurance	\$166.3 UGF	As the cost of living and doing business in rural communities has risen, pressure to increase contracts for rural airport maintenance has likewise increased. For the FY15 budget \$166.3 was requested for Northern Region Highways and Aviation.		Have new contracts been negotiated with the expected increases? Has any of this funding been re-programmed for another purpose?	New contracts have been negotiated. Rural airport contracts budget totals \$2,485.3 for FY15. Total contracts costs for FY15 are expected to be \$2,341.1. The difference is \$144.2. There are a few remaining contracts pending. The remaining balance is expected to be expended for contracted rural airport maintenance during FY15. Firmer total contract costs will be known in January 2015. The department does not anticipate that there will be remaining funds to be re-programmed.
5	Various Appropriations/ Various Allocations	Expanded Use of CIP Receipts in Lieu of General Funds	(\$2,019.5) UGF \$2,019.5 CIP Receipts (Other)	Just over \$2 million of unrestricted general funds have been removed from the budget and were replaced with CIP Receipts. The allocations and amounts where this occurs are as follows: Statewide Administrative Services (\$291.8) Statewide Information Systems (\$415.0) Statewide Design & Engineering (\$370.1) Central Region Design & Engineering (\$223.8) Northern Region Design & Engineering (\$153.1) Southeast Region Design & Engineering (\$164.6) Central Region Construction & CIP Support (\$201.2) Northern Region Construction & CIP Support (\$199.9) The agency plans to supplant the general funds by increasing the indirect charge (via their indirect cost allocation plan) applied to all direct capital project expenditures. (Also see ITEM #9) Legislative Fiscal Analyst Comment: The agency is increasing their ICAP rates to replace general funds. This budget tool has been used in the past by the legislature, but the agency has generally opposed the action when it was brought up in budget discussions. The current federally approved maximum rate varies by transportation mode, but averages 5.45%. The average rate being applied for the FY14 budget is 3.41% and the FY15 rate will be higher to provide for these budget changes and the changes in item #9 .		Have there been any difficulties increasing the ICAP and collecting CIP for the replaced UGF?	The ICAP rate for FY16 is currently under development and should be complete by Jan. 2015. It will use FY14 data. FY15 is the 1 st year with the significant increase in use of ICAP – it will be used for the development of FY17 ICAP rate. We do not anticipate a dramatic increase to our ICAP rates in FY17.

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Governor's Budget Items Approved as Requested (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	FY15 CC Book Comment	GF Dec?	LFD Notes/Questions?	Comment/Status
6	Highways, Aviation, and Facilities/ Central Region Highways and Aviation	Alaska Railroad Signal Crossing Agreement Renewal	\$72.0 UGF	An agreement with the Alaska Railroad Corporation (ARRC) provides for inspection and routine maintenance on all DOT&PF automated crossing signals installed on ARRC property.		Is an RSA for the increased services cost in place?	Payment to the ARRC is not performed through an RSA. DOT/PF is invoiced annually by ARRC for the inspection and maintenance of the automated crossing signals in accordance with the Statewide Master Agreement. CR H&A's annual invoiced payment for FY15 of \$207.0 was paid to the railroad in October 2014. FY14 budget \$135.0 + FY15 Increment of \$72.0 totals \$207.0 budget for AKRR. Expenditure matches budget.
7	Highways, Aviation, and Facilities/Northern Region Highways and Aviation	Alaska Railroad Signal Crossing Agreement Renewal	\$51.0 UGF	An agreement with the Alaska Railroad Corporation (ARRC) provides for inspection and routine maintenance on all DOT&PF automated crossing signals installed on ARRC property.		Is an RSA for the increased services cost in place?	Payment to the ARRC is not performed through an RSA. DOT/PF is invoiced annually by ARRC for the inspection and maintenance of the automated crossing signals in accordance with the Statewide Master Agreement. NR H&A's annual invoiced payment for FY15 of \$171.0 was paid to the railroad in October 2014. FY14 budget \$120.0 + FY15 increment of \$51.0 totals \$171.0 budget for ARRC. Expenditure matches budget.
8	Marine Highway System/ Marine Engineering and Marine Shore Operations	Maintenance Crew and Port of Bellingham Lease Increase	\$226.0 UGF	Two increments were included in the budget for the Marine Highway System. \$60.0 is included in the Marine Engineering allocation for a new maintenance crewman for shore facilities (primarily dock maintenance). An existing position will be utilized and partial funding will be found within the budget. Also, the Marine Shore Operations allocation includes an additional \$166.0 of UGF to address the Port of Bellingham lease increase as a result of the inflationary cost adjustment provision in the lease.		Is the new crewman hired? If so when? Did the lease increase take effect July 1?	Yes, the new crewman was hired 03-16-2014. Yes, AMHS is currently under contract at the increased costs at the Bellingham location. The base lease costs for FY15 are estimated to be \$1,133,533 for one sailing per week and additional scheduled sailings are \$60,336 for a total of \$1,193,869. There are additional costs for late arrivals and departures and unscheduled sailings. The FY15 budgeted amount for Bellingham is \$1,195.0.

Legislative Additions and Deletions

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9	Various allocations within the appropriations for Administration and Support and Design, Engineering and Construction	Decrease General Funds and Replace with Capital Improvement Project Receipt Authority	(\$900.0) UGF \$900.0 CIP Receipts (Other)	The legislature expanded the concept of replacing general funds with indirect cost recovery. (See item # 5) The average indirect rate for various transportation modes for FY14 is 3.41%. These rates will need to be adjusted upward in FY15 to compensate for these budget adjustments.		Have there been any difficulties increasing the ICAP and collecting CIP for the replaced UGF?	The ICAP rate for FY16 is currently under development and should be complete by Jan. 2015. It will use FY14 data. FY15 is the 1 st year with the significant increase in use of ICAP – it will be used for the development of FY17 ICAP rate. We do not anticipate a dramatic increase to our ICAP rates in FY17.
10	Administration and Support/ Agency-wide Unallocated Reduction	Unallocated Travel Reduction	(\$160.8) UGF	The legislature removed a total of \$2,634.1 of UGF (1004) as an "unallocated travel reduction" from various departments' travel line. The Department of Transportation & Public Facilities' share of this UGF reduction is \$160.8.		How has the reduced travel budget affected agency operations?	The department has been cautious in its use of travel funds to ensure that we can travel for priority activities.
11	Highways, Aviation and Facilities/ Central Region Highways and Aviation	Cost Control and Efficiency Measures Including Summer Overtime Reductions	(\$311.7) UGF	In an effort to reduce overall general fund spending, the legislature implemented reductions to the DOT&PF budget in the Highways and Aviation allocations as follows: Central Region - (\$311.7) The agency was directed to reduce summer overtime and implement cost control and efficiency measures where possible in order to limit the impact on road and rural airport maintenance and operations.		Has CR H&A been effective in reducing summer overtime and implementing other cost controls?	The region continues to strive to institute efficiencies in winter and summer maintenance; integrated vegetation management is a cost effective method of dealing with unwanted vegetation in the right-of-way. Maintenance and Operations staff are also put to work on small capital projects repairing pavement, replacing guardrails etc. thus negating the need for general funds.
12	Highways, Aviation and Facilities/ Northern Region Highways and Aviation	Cost Control and Efficiency Measures Including Summer Overtime Reductions	(\$397.3) UGF	In an effort to reduce overall general fund spending, the legislature implemented reductions to the DOT&PF budget in the Highways and Aviation allocations as follows: Northern Region - (\$397.3) The agency was directed to reduce summer overtime and implement cost control and efficiency measures where possible in order to limit the impact on road and rural airport maintenance and operations.		Has NR H&A been effective in reducing summer overtime and implementing other cost controls?	The region continues to strive to institute efficiencies in winter and summer maintenance; integrated vegetation management is a cost effective method of dealing with unwanted vegetation in the right-of-way. Maintenance and Operations staff are also put to work on small capital projects repairing pavement, replacing guardrails etc. thus negating the need for general funds.

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Legislative Additions and Deletions (continued)

13	Highways, Aviation and Facilities/ Southeast Region Highways and Aviation	Cost Control and Efficiency Measures Including Summer Overtime Reductions	(\$91.0) UGF	<p>In an effort to reduce overall general fund spending, the legislature implemented reductions to the DOT&PF budget in the Highways and Aviation allocations as follows:</p> <p>Southeast Region - (\$91.0)</p> <p>The agency was directed to reduce summer overtime and implement cost control and efficiency measures where possible in order to limit the impact on road and rural airport maintenance and operations.</p>		<p>Has SE H&A been effective in reducing summer overtime and implementing other cost controls?</p>	<p>The region continues to strive to institute efficiencies in winter and summer maintenance; integrated vegetation management is a cost effective method of dealing with unwanted vegetation in the right-of-way. Maintenance and Operations staff are also put to work on small capital projects repairing pavement, replacing guardrails etc. thus negating the need for general funds.</p>
14	Marine Highway System/ Marine Vessel Operations	Eliminate Main Line Ferry Gift Shops	(\$1,000.0) UGF	<p>Funding for main line ferry gift shops was eliminated by the legislature to further reduce general fund spending. Gift shop type items will still be sold in vending machines and in the cafeteria.</p>		<p>Have gift shops been closed? Is shop space being repurposed?</p> <p>Are vending machines in place or have sales in the cafeteria worked?</p>	<p>Yes, the gift shops have been closed. AMHS is currently in the process of analyzing the vacated space of the various gift shops to determine the optimum plan for each vessel. Vending machines are one of the options being considered in the current analysis. Currently, the sales of gift items in the cafeterias are positive.</p>