STIP Issues

Southeast Conference
Ketchikan, Alaska
September 2006
Reauthorization + 1 Year

- Largest authorization of highway funds in state history ($2.5 Billion)
- Highly controversial due to earmarks
- Bridge earmarks redesignated
- Funding not as high as bill (~85%)
- Broadened eligibility = means less for core needs
Today

• Third year of five year bill about to begin
• Kirk amendment: could halt all funds to Gravina and Knik (2007 $$ only)
• Construction inflation now appears significant (20%, 30% or more)
  – Growth in STIP funds being offset by inflation
  – Washington DOT reports 45% inflation on major projects
Federal Process

• Streamlining was promised:
  – 4 year life to STIP (previous 2 years)
  – Simplified planning and NEPA

• What was delivered:
  – STIP amendments will multiply
  – Plans must be NEPA-like in some cases
  – Significant new steps added
STIP Federal Rules (1)

- NPRM issued June 2006
- NPRM comments closed September
- Strong reaction by 50 state DOTs
- Significant complexity and steps added
  - STIP: change in revenue, cost, funds, scope or time requires major amendment (2-3 months)
  - Plans: new consultation with various groups mandated; deadline 2007
STIP Federal Rules (2)

- Final rule expected early 2007
- Implementation by July 2007
  - New statewide long-range plan
  - New STIP update needed
  - Several major amendments each month likely
- Rules reflect changes in law – thus not likely to change from NPRM
DOT&PF – Denali Commission

• New DC transportation program being assisted by Alaska DOT&PF
• Funding is Title 23 – FHWA rulebook applies
• MOA has been signed
• 19 Project Agreements to be executed this week
TEA - 4

• Next Reauthorization debate beginning
  – Just 3 years away

• Major Issues:
  – Funding not growing with VMT
  – Does tax mechanism need changing?
  – What is federal role? Devolution?
  – Donor states will push for higher return

• Alaska’s interests at risk
Alaska’s Transportation Needs (1)

- Backlog of work is significant
  - Needs List identifies more than $10 Billion in projects.
  - Alaska flexible STIP funds less than 2% of identified projects; 50+ years to address needs as identified today.
Alaska’s Transportation Needs (2)

• Years needed to perform work on entire mileage of each system:
  – National Highway System: 66 years
  – Community Trans. Program: 125 years
  – Alaska Highway System: 132 years

• Above ratios assume no expansion of system miles.
• Calculation based on average cost per mile of $1 M per mile, except NHS at $2 M per mile.
Alaska vs. Other States

- **Alaska**
  - STIP funds all roads and AMHS
  - No dedicated state funds for construction
  - Local gov’mts expect STIP to pay for local roads
  - Tolls used sparingly (Whittier Tunnel, Knik)

- **Other States**
  - STIP funds top 20%
  - State taxes fund other state/local needs
  - Local gov’mts use local funds on local roads
  - Tolls rapidly expanding
    - (Many states now using tolls)
Providing for the Movement of People and Goods and Delivery of State Services

M&O Operating Budget and CPI Comparison

- FY83 budget adjusted for Anchorage CPI
- M&O actual GF operating budget
Alaska Transportation Contributions
Then and Now

• 1906 – Every man obligated to perform road labor two days per year
• 1963 – Alaska passed highest gas tax in US
• 2006 – Alaska tax unchanged; lowest in US ($40 per year on 10,000 miles travel)