



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)

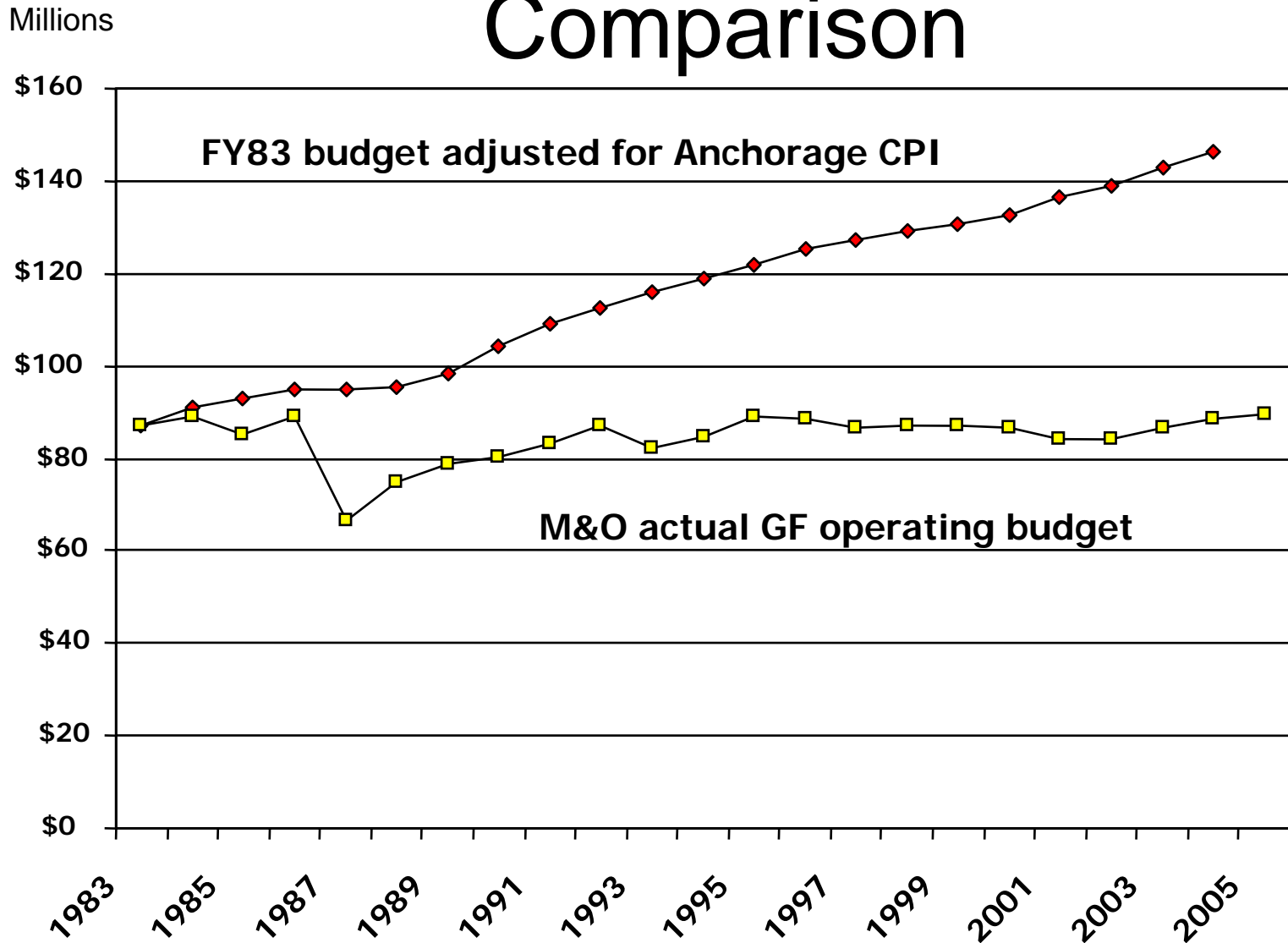
- Years needed to perform work on entire mileage of each system:
 - National Highway System: 66 years
 - Community Trans. Program: 125 years
 - Alaska Highway System: 132 years
- Above ratios assume no expansion of system miles.
- Calculation based on average cost per mile of \$1 M per mile, except NHS 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)

M&O Operating Budget And CPI Comparison





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)