



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER
Ryan Anderson, P.E., Commissioner

PO Box 112500
Juneau, Alaska 99811-2500
Main: 907.465.3900
dot.alaska.gov

February 3, 2025

Honorable Jesse Bjorkman
Alaska Senate
State Capitol Room 427
Juneau AK, 99801

Delivered via e-mail.

Subject: Status Update on the Alaska DOT&PF Construction Program

Senator Bjorkman,

In recent conversations, you've expressed concerns that you've heard about the construction, contractor, and banking sectors in Alaska. We wanted an opportunity to provide you with more background and certainly look forward to presenting further on the focus of the Alaska DOT&PF on delivering a robust and effective surface transportation program.

As the 2025 construction season approaches, the Alaska Department of Transportation & Public Facilities (DOT&PF) acknowledges the concerns raised by industry partners regarding the outlook for transportation construction. Given the critical role of infrastructure investment in Alaska's economy, DOT&PF has actively engaged with the Associated General Contractors of Alaska (AGC) and other stakeholders to ensure transparency, clarity, and predictability in our project planning and execution.

Considering these discussions, we are providing an updated assessment of DOT&PF's construction program for Federal Fiscal Year 2025 (FFY2025). Our objective is to facilitate informed decision-making among stakeholders and maintain the stability of the construction sector through well-planned project delivery.

Data and technical analyses indicate that the 2025 construction program is poised to deliver significant infrastructure improvements across Alaska. Contract awards—a leading indicator of construction activity, are forecast to be higher than in the past three years. While contractor payments—a lagging indicator—are projected to decline this year, this is a natural stabilization following elevated advance construction obligations in prior years. Moreover, additional project delivery metrics, including projected obligations, further validate the program's stability and ability to sustain long-term growth.

While the overall outlook is positive, we recognize that timing of contract awards, and project delivery uncertainty, are challenges that persist. Key issues affecting project delivery include inflationary impacts that have elevated material and labor costs; delays in federal fund distribution affecting the construction window; constraints in procuring Buy America/Build America (BABA)-compliant materials; and protracted right-of-way acquisition processes. It's clear that a primary concern is that projects scheduled for later delivery in the construction season leave insufficient time for meaningful work to be completed on our highways and airports during the upcoming season.

2025 Construction Program Forecast

DOT&PF's construction program is primarily funded through federal programs administered by the Federal Highway Administration (FHWA), Federal Aviation Administration (FAA), and Federal Transit Administration (FTA). To

"Keep Alaska Moving."

evaluate the health of our project delivery pipeline, DOT&PF relies on three key metrics. Below, we present data for the past three fiscal years along with FFY2025 projections.

Obligations – Obligations represent the federal funds secured for project execution, covering preconstruction activities, environmental permitting, right-of-way acquisition, direct construction, and administrative costs. This metric reflects the Federal commitment to Alaska’s transportation infrastructure.

Contract Awards – Contract awards signify the total value of construction contracts issued to industry partners. DOT&PF publishes the Tentative Advertising Schedule (TAS) to provide industry stakeholders with visibility into projects anticipated for advertisement within the next 12 months. However, the TAS does not comprehensively capture all awarded projects within the fiscal year —most notably, Construction Manager/General Contractor (CMGC) procurements, which may be awarded in prior years. As such, the TAS alone should not be used as a definitive measure for forecasting contract awards.

CMGC procurement methodologies have expanded, after working with AGC in 2021 on HB 160 to codify CMGC in law, to better manage risks, improve project outcomes, and enhance public infrastructure delivery. CMGC projects do not appear on the TAS, as contractors are selected early in the design phase and transition to construction following cost negotiations. If cost negotiations are successful, the construction contract is awarded at that time. Notable CMGC project awards for 2025 will total close to \$200 million and include:

- Parks Highway Milepost 319-325 Reconstruction
- Cape Blossom Road [Final Construction] (Kotzebue)
- Richardson Highway Milepost 346 Flood Control Bridges
- Wolf Point Slope Stability Improvements (Ketchikan)

In addition, the Cooper Landing Bypass (Sterling Highway Milepost 45-60) CMGC project, awarded in 2024, will be constructing the Juneau Creek Bridge this summer, as well as performing additional archeological work required in advance of remaining road work.

Contractor Payments – Contractor payments represent the actual financial disbursements to construction firms based on work completed. This metric provides insight into project execution efficiency, reflecting the pace at which obligations translate into tangible infrastructure improvements.

Each of these metrics provides a distinct analytical perspective on program funding, contract issuance, and construction execution. Collectively, they inform strategic oversight to ensure infrastructure investments are timely and effectively implemented.

Project Delivery Fiscal Year Trends and FFY2025 Projections

Fiscal Year	Contract Awards (\$m)	Contractor Payments (\$m)	FHWA Obligations (\$m)	FAA Obligations (\$m)	Disc. Grant Obligations (\$m)
FFY2022	\$815.2	\$894.4	\$812.2	\$256.0	
FFY2023	\$736.7	\$1,022.0	\$792.8	\$229.3	
FFY2024	\$630.6	\$1,144.7	\$662.8	\$244.8	
FFY2025 Projected*	\$935.0	\$885.7	\$900.0+ **	\$235.8	\$564.9M

** All projected values are contingent on federal appropriations and may be adjusted based on Congressional funding decisions, particularly while operating under a Continuing Resolution (CR), which may affect the timing and distribution of federal allocations. Projected numbers are also contingent on project delivery timelines.*

*** Obligation totals include August Redistribution, with preliminary estimates exceeding \$120 million for FFY2025. Advance Construction (AC) agreements, an essential financial tool allowing project acceleration, are not considered obligations. However, repayment of AC does constitute an obligation, thereby impacting fiscal projections.*

All projects scheduled for construction in 2025 are included in the approved Statewide Transportation Improvement Program (STIP) Amendment #1. The STIP Team is finalizing Amendment #2 to address any outstanding administrative corrective actions and to update the program based on actual FFY2024 project delivery outcomes, as

well as changes to project scope, schedule, and budget. This also includes ensuring the STIP is positioned to accommodate potential August Redistribution opportunities. DOT&PF continues to coordinate closely with both FHWA and FTA on this draft document, and no project delays are anticipated because of this process.

What Are We Doing to Address Contractors Concerns?

We acknowledge that contract award timing and project delivery uncertainty are key challenges. Here is how we are addressing them.

Inflationary Impacts on Construction Costs – Rising material and labor costs have outpaced revenue growth, limiting project funding and reducing the number of projects we can implement. To address this, we are actively working to sequence larger projects into smaller, more manageable stages, creating more opportunities for Alaska-based contractors to participate competitively.

Timing of Federal Fund Distribution – Delays in FHWA and FAA grant releases, particularly during the latter half of FFY2024, affected project schedules, compressing the construction window for Alaska’s seasonal environment. Many projects are scheduled for obligation and advertisement later in the fiscal year due to the way federal funding is distributed. For this year, we are working to leverage financial tools such as advanced construction and accrued unbilled, allowing projects to move forward without waiting on federal funding release schedules.

Buy America/Build America (BABA) Compliance – Supply chain constraints on BABA-compliant utility materials are delaying procurement, project execution, and critical infrastructure improvements. We are working closely with utility companies and local governments to find ways to move projects forward considering the challenges. We are also working directly with AGC Steering Committees on overall contractor challenges with the BABA rules.

Right-of-Way Acquisition Delays – Prolonged federal land acquisition processes have further constrained project timelines. Right-of-way acquisition is also contributing to project delays, particularly when securing easements on federal lands. We are taking steps to communicate directly with Federal agency leadership regarding the challenges and asking for direct involvement.

To address the overall concerns with contract award timing, DOT&PF is increasing 2025 project delivery resources by securing additional contractor support and realigning internal staffing priorities to address current project needs. This also includes a focus on collaborative partnerships with industry stakeholders, utilities, and regulatory agencies to resolve critical issues such as Buy America/Build America (BABA) compliance and delays in federal right-of-way acquisition. Our goal is to accelerate essential programmatic projects—such as preventative maintenance and highway paving—to drive critical improvements even as larger projects contend with funding and permitting complexities.

Modernizing Project Delivery and Forecasting Tools

DOT&PF has also undertaken significant modernization efforts to improve project transparency, streamline execution, and enhance predictability for the construction industry, in close coordination with our industry partners. Over the past two years, the Department has integrated advanced digital tools to provide real-time visibility into project progress, funding allocations, and contractor workload forecasting. Key improvements include:

DOT&PF Capital Project Dashboard¹– Integrates Geographic Information Systems (GIS) based platforms including the Alaska Project Exchange Dashboard (APEX), Traveler 511 Information (511.Alaska.Gov), and the FFY2024-2027 STIP to enhance public and industry access to real-time project data.

Enhanced Tentative Advertising Schedule (TAS)² – The TAS has been refined to strengthen project advertisement strategies and improve contractor workload planning. The system includes a project advertisement dashboard that tracks changes to advertising dates, and provides key metrics. There are also enhanced abilities to download data files for use in project forecasting.

Project Delivery Plan (PDP) – The PDP guides infrastructure project management across airports, highways, ferries, terminals, facilities, and emergency projects. The PDP ensures that modifications to scope, schedule, and budget are systematically documented and managed. Additionally, the PDP centralizes key project data, including demographic information, contract awards, project dates, cost estimates, asset condition, revenue forecasts, change logs, project

¹ <https://stip-akdot.hub.arcgis.com/> ² <https://airtable.com/apptmc5NqoDOBw55x/shr5XLKh4MbVQ7sTm>

needs lists, and bridge inventory data. This integration optimizes project tracking, facilitates data-driven decision-making, and strengthens fiscal oversight.

Modernized Statewide Transportation Improvement Program (STIP) – The FFY2024-2027 STIP development process and platform has been revamped to ensure project delivery aligns with fiscal constraints and infrastructure priorities. The integration of the PDP ensures that STIP programs accurately reflect project readiness, optimizing scheduling and resource allocation. Year of Expenditure (YOE) cost estimates have been incorporated to improve budget forecasting accuracy, allowing for better long-term financial planning. DOT&PF has also integrated industry-standard project delivery tools to streamline project tracking and execution, improving efficiency and oversight throughout the program lifecycle.

Dedicated Agile Project Management Office (PMO) – Recognizing the complexity of delivering federally funded infrastructure projects, DOT&PF is implementing a Project Management Office to establish sound and consistent project management practices statewide. This office will focus on agile project delivery methods, which include iterative processes and continuous feedback loops, to facilitate the progression of project phases. Our goal is to foster a culture of open communication and teamwork, to break down silos between departments, contractors, and stakeholders. We are developing performance benchmarking and recognize the need to include assessing contractor capacity to maintain a competitive and sustainable construction market.

Looking Ahead

DOT&PF remains committed to delivering a robust and efficient transportation construction program that underpins Alaska's critical infrastructure, bolsters our economy, and supports our workforce. By relying on objective data, accurate statistics, and a proactive risk management strategy, we are well-positioned to navigate the inherent challenges in project delivery and ensure the successful execution of the 2025 construction season.

Managing our federal program—exceeding \$1 billion annually and involving collaboration with multiple federal agencies, complex permitting processes, and a myriad of regulatory requirements to address our state's diverse needs—is a formidable endeavor. It is therefore unsurprising that topics such as August Redistribution and Advance Construction command significant attention from stakeholders seeking a deeper understanding of these processes. We are grateful for leadership that not only comprehends these intricate concepts but also dedicates itself to communicating them clearly to the public, particularly to those who do not operate within this federal framework. We will continue to collaborate regularly with our industry partners such as AGC and ACEC, both locally and nationally, to gather input and enhance processes and outcomes.

DOT&PF remains dedicated to ensuring that every Alaskan benefits from the federal funds for which we maintain rigorous stewardship and oversight. Our dedicated team of over 3,000 individuals in permanent full-time, part-time, and non-permanent roles across 83 locations statewide work tirelessly to *keep Alaska moving*. We recognize that success hinges on our ability to work together and pull in the same direction. Our unwavering commitment to collaborative progress will continue to drive our efforts as we build a stronger, more resilient transportation infrastructure for Alaska.

For any further inquiries, please do not hesitate to contact my office.

Sincerely,



Ryan Anderson, P. E.
Commissioner
Alaska Department of Transportation & Public Facilities

Attachment: Tentative Advertise Schedule Projects

Cc: Alicia Amberg, Executive Director, AGC of Alaska
D. Michael Rabe, PE, President, ACEC of Alaska

ANTICIPATED ADVERTISE

PROJECT ID	DATE (AS OF JAN 28, 2025)	PROJECT NAME
NFHWHY00630	Feb-25	Ruby Slough Road Rehabilitation
25RC013601	Feb-25	Alaska Office Building Plumbing and Restroom Renovation
CSAPT00931	Feb-25	ANC ACCESS GATE AND HEADBOLT OUTLET INSTALLATION
CSAPT01150B	Feb-25	ANC Old AFM Gate Rebid
CFAPT01192	Feb-25	ANC RON 12-14 Rehabilitation
CSAPT01267	Feb-25	ANC Runway 7R Concrete Joint Repairs
CPFAC00945	Feb-25	ATWOOD PRESSURIZATION STUDY
NFHWHY00764	Feb-25	Dalton Highway MP 245-274 Resurfacing
SFHWHY00440	Feb-25	HNS HIGHWAY MPT1-9- DEC 20 SE PR
CFAPT00882	Feb-25	LHD AIRCRAFT AND LAKESHORE DRIVE REHABILITATION
CDRER01160	Feb-25	PETERS CREEK BRIDGE (1367) EMERGENCY REPAIRS
NFHWHY00139	Feb-25	Yankovich-Miller Hill Road Reconstruction and Multi-Use Path
CSAPT01183	Mar-25	ANC South Terminal Parking Area Improvements
CFAPT01002	Mar-25	ANC TAXILANE E & M IMPROVEMENTS
CFAPT01278	Mar-25	ANC TAXILANE V GATE RECONSTRUCTION
CFAPT00992	Mar-25	ANC TAXIWAY K TUG ROAD IMPROVEMENTS
CFAPT01136	Mar-25	ANC WEST PERIMETER ROAD
NFHWHY00570	Mar-25	Chena Ridge Road and Chena Pump Road Resurfacing
SFHWHY00326	Mar-25	COLD BAY TROUT CREEK CULVERTS WFL
NFHWHY00835	Mar-25	Fairbanks Bike Lane Striping and Signing (TAP)
CFHWHY00928	Mar-25	HOPE HWY MP 7.9 & MP 12.9 PIPE REPLACEMENTS
NFHWHY00699	Mar-25	HSIP: CHENA SMALL TRACTS ROUNDABOUT
CFHWHY00829	Mar-25	HSIP: PALMER-FISHHOOK RD & TRUNK RD ROUNDABOUT
CFHWHY00253	Mar-25	KENAI SPUR RD REHAB: SPORTS LAKE RD TO SWIRES RD PH 2
CFHWHY00622	Mar-25	WASILLA FISHHOOK RD: E SELDON RD TO TEX-AL DR PAVEMENT PRESERVATION
CSAPT01196	Apr-25	ANC C Concourse Plaza Renovation
CFHWHY00601	Apr-25	ANCHOR POINT ROAD MP 0-1.3 PAVEMENT PRESERVATION
CFHWHY00286	Apr-25	DEARMOUN RD: E 140TH AVE - HILLSIDE DR PAVEMENT PRESERVATION
NFHWHY00913	Apr-25	FAST AREA SURFACE UPGRADES FFY2025
NFHWHY00719	Apr-25	Glenn Highway MP 143-154 Resurfacing
SFAPT00558	Apr-25	KDK ADQ AIRPORT TAXIWAYS C AND D RECNSTN
NFAPT00600	Apr-25	Kotzebue Airport Crosswind Runway Improvements
NFHWHY00505	Apr-25	Northern Region ADA Improvements - Nome: Steadman Street
NFHWHY00218	Apr-25	Richardson Highway MP 82-115 Resurfacing (Const MP 97-106.5)
Z620030000	Apr-25	Seppala Drive Upgrade
SFHWHY00312	Apr-25	SIT SEAWALK PHASE II WFLHD RASPS
Z580270000	Apr-25	WHITTIER TUNNEL BACKUP GENERATORS
CRMBS00831	May-25	ANC ATCT REPLACEMENT PARKING
CPFAC00893	May-25	ATWOOD BUILDING ELECTRICAL PANEL UPGRADES
NFHWHY00984	May-25	COPPER RIVER HIGHWAY MP 2.4 DRAINAGE IMPROVEMENTS
CFHWHY00260	May-25	CTF ALTERNATE ENTRANCE ALIGNMENT (WFL)
NFHWHY00592	May-25	HSIP: City of Fairbanks Systemic Signal Upgrades
NFHWHY00531	May-25	HSIP: Northern Region Systemic Signal Upgrades
SFHWHY00514	May-25	KDK AREAWIDE ROCKFALL TREATMENT PRESERVATION
SFHWHY00591	May-25	KTN N.Tongass HWY Resurface: A/P F.T. To Ward Creek Bridge Stage 2
CFHWHY01210	May-25	STERLING HWY: MP 157-169 RECON - PHASE I
CFHWHY00906	Jun-25	BIG LAKE RD: MP 0-3.6 AND CHURCH RD PAVEMENT PRESERVATION
NFAPT00604	Jun-25	Buckland Airport Improvements
NFHWHY00947	Jun-25	DALTON HWY MP 247-289 AND MP 305-362 DELINEATOR RPLMT (HSIP)
NFAPT00249	Jun-25	Deering Airport Improvements
SFHWHY00446	Jun-25	HNS HWY / LUTAK ROAD - DEC 20 SE PR
SDRER00445	Jun-25	HNS ROADWAY & CULVERTS 189485 - DEC 20 SE PR
CFHWHY00392	Jun-25	Hollywood Rd. : Vine Rd. to Big Lake Rd. Pavement Preservation
SFHWHY00481	Jun-25	JNU GLACIER HWY. CHIP SEAL - INDUSTRIAL TO ROUNDABOUT
SFHWHY00438	Jun-25	JNU ROADWAYS AND CULVERTS - DEC 20 SE PR
CFHWHY00602	Jun-25	KACHEMAK DRIVE MP 0-3.5 PAVEMENT PRESERVATION
SFAPT00361	Jun-25	KOKHANOK AIRPORT RESURFACING AND FENCING
CFHWHY00850	Jun-25	SEWARD HWY MP 90-99 PAVEMENT PRESERVATION
SFHWHY00103	Jun-25	SIT HALIBUT POINT RD & PETERSON AVE INTERSECTION SAFETY IMPR

CSHWY01251	Jun-25	STERLING HWY AND KALIFORNSKY BEACH RD INTERSECTION FLASHING
SFAPT00178	Jun-25	UNALASKA TAXIWAY AND APRON REHABILITATION
25RC013613	Jul-25	7 Mile Asbestos Mitigation and HVAC Upgrades
CSAPT01228	Jul-25	ANC PFAS Remediation
CFHWY00394	Jul-25	GLENN HIGHWAY MILEPOST 66.5 TO 92 PAVEMENT PRESERVATION
SDRER00436	Jul-25	HNS ANADROMOUS CULVERTS 189479 - DEC 20 SE PR
NFHWHY00737	Jul-25	ODIAK SLOUGH CULVERT REPLACEMENT
NFHWHY00712	Jul-25	Pearl Creek Elementary School Access Improvements and Plug-ins (CMAQ)
CFHWY00857	Jul-25	STERLING HWY: MP 169 TO 175 PAVEMENT PRESERVATION
CFAPT00805	Jul-25	TAKOTNA AIRPORT REHABILITATION
CFHWY00672	Jul-25	VICTORY ROAD PAVEMENT PRESERVATION
SAMHS00419	Aug-25	AUKE BAY EAST BERTH TERMINAL IMPROVEMENTS
NFAPT00890	Aug-25	FIA Terminal North Apron Improvements
CFHWY00944	Aug-25	HSIP: ANCHORAGE FLASHING YLW ARROW & SIGNAL HEAD DISPLAY IMP
CFHWY01073	Aug-25	HSIP: TUDOR RD: BAXTER RD TO PATTERSON ST CHANNELIZATION
SFHWHY00403	Aug-25	JNU LOOP RD-VALLEY BLVD INTERSECTION SAFETY IMP HSIP
SFHWHY00532	Aug-25	JNU MENDENHILL LOOP RESRFCE: VALLEY-FLYD DRYDN & FLYD-STPHN
CFHWY00405	Aug-25	PALMER-FISHHOOK ROAD MILEPOSTS 7-17
Z600770000	Aug-25	WASILLA-FISHHOOK - MAIN STREET REHABILITATION
SFHWHY00524	Sep-25	HSIP: JNU VANDERBILT CONTINUOUS GREEN T
CFHWY00852	Sep-25	KENAI SPUR HIGHWAY MP 29-38 PAVEMENT PRESERVATION
CFHWY00947	Sep-25	SEWARD HIGHWAY MP 14 RAILROAD CROSSING RECONSTRUCTION
CFHWY00586	Oct-25	AMATS: DOWNTOWN TRAIL CONNECTION
NFHWHY00860	Oct-25	FAIRVIEW LOOP ROAD REHABILITATION AND PATHWAY - STAGE I
CFHWY01033	Oct-25	GLENN HWY INCIDENT MANAGEMENT TRAFFIC ACCOMMODATIONS
CFHWY00790	Oct-25	HSIP: WASILLA-FISHHOOK AND SPRUCE AVE/PECK RD ROUNDABOUT
NFHWHY00612	Oct-25	UNIVERSITY AVENUE SOUTH BICYCLE/PEDESTRIAN FACILITY (CMAQ)