U.S. Department
of Transportation
**Federal Highway
Administration**

Alaska Division

709 West 9th Street, Rm. 851
P.O. Box 21648
Juneau, AK 99802
(907) 586-7418
(907) 586-7420 Fax

February 19, 2009

Mr. Leo von Scheben, Commissioner
Alaska Department of Transportation
and Public Facilities
P.O. Box 112500
Juneau, AK 99811-2500

In Reply Refer To:
Adm F&A 5

Dear Commissioner von Scheben:

As you are aware, on February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. Since that time, the FHWA has been working to interpret the provisions of the Act, and has identified an Alaska specific suballocation issue that will affect the development of the Alaska Statewide Transportation Improvement Program (STIP) and the advancement of projects under ARRA.

Specifically, apportionments to States, including Alaska, are divided into 3 "pots" as follows:

- 3% is dedicated to Transportation Enhancements
- 67% is for use on projects anywhere in the State
- 30% is allocated for urbanized areas urbanized areas over 200,000 and areas under 200,000.

The allocation for areas under 200,000 is further divided as follows:

- areas under 200,000.
- areas under 5,000.

The law requires that the calculation for areas under 5,000 be an amount which is not less than 110 percent of the amount of funds apportioned to the State for the Federal-aid secondary system for fiscal year 1991. In the case of Alaska, this calculation results in the entire suballocation for areas under 200,000 going to areas of under 5,000. **This result occurs only in Alaska.**

This might be better illustrated in the following table:

Total Distribution	Transportation Enhancements (3 percent)	Division between Urbanized Areas over 200,000 population and other areas (30 percent)			Available for any area (67 percent)
		Areas over 200,000	Areas under 200,000	Areas under 5,000	
175,461M	5,263M	18,953M	0	33,684M	117,559M

MOVING THE AMERICAN ECONOMY

Therefore, while urban areas between 5000 and 200,000 are not eligible for the suballocated portion of ARRA funds, they are eligible for funding from the $117,559M pot which is available for use in any area of the State. We understand that this has not been the interpretation that the Alaska Department of Transportation and Public Facilities has been working under.

Please be aware that these calculations are preliminary at this time and are offered in an advisory capacity. Final suballocation amounts will be released with the respective Notice(s) of Apportionment and accompanying computation tables. In the interim, we would request that you review our initial computations and take action as appropriate.

Sincerely,

David C. Miller

David C. Miller
Division Administrator

cc: Mr. Frank Richards, Deputy Commissioner
Mr. Jeff Ottesen, Director, Division of Program Development