



KNIK ARM BRIDGE AND TOLL AUTHORITY

2006 ANNUAL REPORT



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KABATA is governed by a seven-member Board comprised of three private citizens, two regional legislators and two state commissioners. The Alaska State Legislature authorized KABATA to undertake the permitting, design, financing, and construction, and then to own, operate, and maintain the crossing as a toll bridge.

This Annual Report is submitted in compliance with AS 19.75 to inform the Governor and the Legislature on the status of the project. This Annual Report will be available to the public on the project web site at www.knikarmbridge.com, and through the KABATA office at 907-269-6698.

Pursuant to AS 44.99.210, this publication was released by the Knik Arm Bridge and Toll Authority at a cost of \$2.25 per copy, to provide information and encourage participation. It was printed in Anchorage, Alaska.

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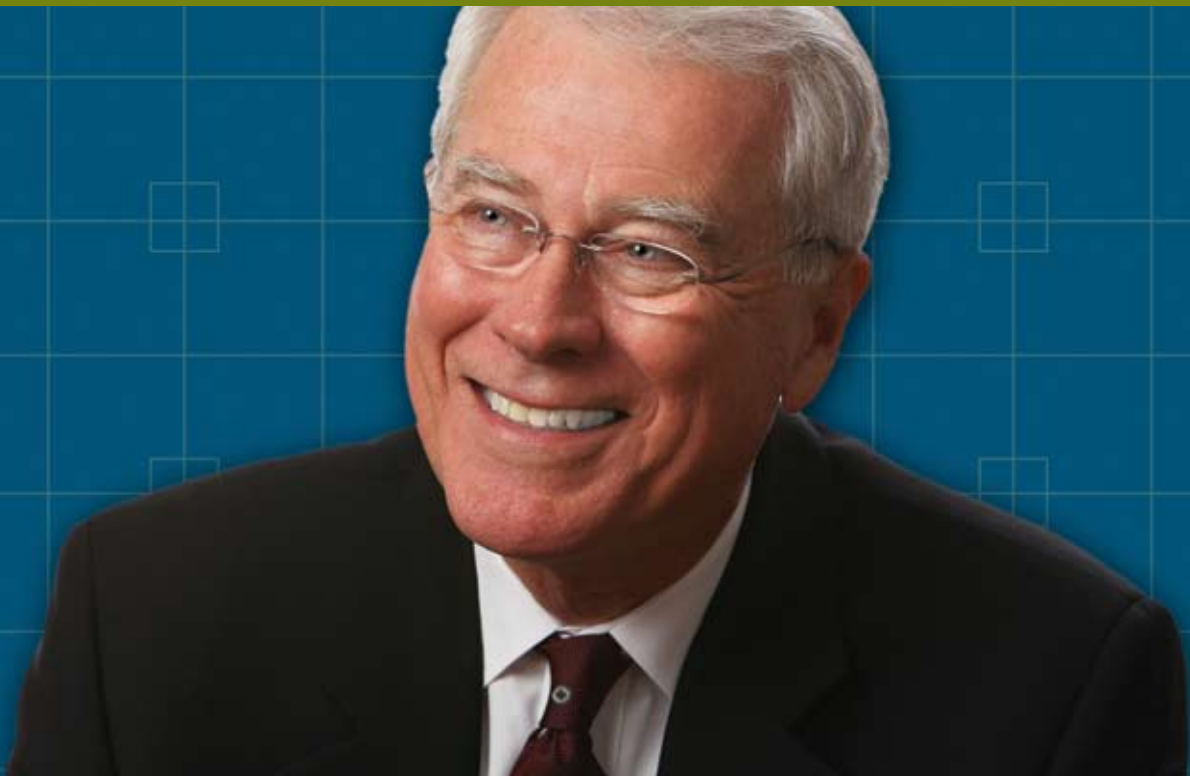
Kate M. Wynne, University of Alaska Sea Grant MAP

K A B A T A

MISSION

The Knik Arm Bridge and Toll Authority will develop, stimulate, and advance the economic welfare of the state and further the development of public transportation systems in the vicinity of the Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage and the Matanuska-Susitna Borough.

LETTER FROM THE CHAIRMAN



I N 2 0 0 6

This is the third Annual Report of the Knik Arm Bridge and Toll Authority (KABATA) has presented to the Governor and the Legislature of the great state of Alaska pursuant to AS 19.75. I am pleased to report that calendar year 2006 has been a year of significant accomplishments in making the Knik Arm Bridge a reality.

Early in the year KABATA convened a symposium on project delivery attended by nearly forty representatives from financial firms, government agencies, and engineering and construction companies. They examined the project concepts and feasibility and concluded that bridge financing, design, construction, operations and maintenance would be possible as a Public-Private Partnership (P3).

The preliminary findings of the traffic and toll revenue study conducted by Wilbur Smith Associates indicated that expected toll revenue would be sufficient to meet expected costs. The opportunity to pursue private sector financing became even more important when federal funding was substantially reduced and no separate state general funds were made available for the project. Whether the project is undertaken with some type of P3 contract or whether KABATA pursues more traditional bond sales remains an important decision in calendar year 2007.

With the sponsorship of the Governor and the consent of the Legislature, state funding was made available to the Mat-Su Borough to upgrade and pave the Point MacKenzie Road which will serve as part of the west approach to the Knik Arm Bridge.

A Memorandum of Agreement was signed by KABATA and the Alaska Department of Transportation and Public Facilities (ADOT&PF) to utilize federal funds originally earmarked for the Knik Arm Bridge to design and construct a new road to the Port of Anchorage. This road will also be the east approach to the Bridge. It remains for KABATA to construct the shore-to-shore crossing including the toll bridge.

During 2006 the Federal Highway Administration (FHWA) published the Draft Environmental Impact Study and gathered public comment in preparation for a Final EIS and Record of Decision in 2007.

I remain confident that the Knik Arm Bridge can be built without detracting from other priority highway projects. Moreover, the bridge may divert sufficient traffic from the Glenn Highway such that costs for expanding that road can be reduced or deferred for a number of years. With the continued population growth of the state, it is a bridge to the future whose time has come.

A handwritten signature in blue ink, which appears to read "George Wuerch". The signature is fluid and cursive.

George Wuerch
Chairman