

## Answers to Questions Posed During the Joint House and Senate Transportation Committee Meeting on January 29, 2013

1. What was the criterion for short listing prospective private partners? (Sen. Fairclough)
  - a. Criteria included items such as ability to obtain financing for the project, experience with P3s, and success in carryout comparable projects, among other requirements. Section 6 of the Request for Qualifications (RFQ) outlined the evaluation process and criterion used to determine selection. The evaluation and selection committee included members from the Department of Revenue, Department of Transportation and Public Facilities, and KABATA. The committee was supported by KABATA's consultants and the Attorney General's office. The RFQ is located at [http://notes4.state.ak.us/pn/pubnotic.nsf/ad4f363a31408ed98925672a00607900/f60e24e2f79aa20f892578cc0067f66c/\\$FILE/Knik%20Arm%20Crossing%20K-RFQ-12-001.pdf](http://notes4.state.ak.us/pn/pubnotic.nsf/ad4f363a31408ed98925672a00607900/f60e24e2f79aa20f892578cc0067f66c/$FILE/Knik%20Arm%20Crossing%20K-RFQ-12-001.pdf). The Evaluation Process and Criteria begins on page A-28.
2. Is there a precedent for stipends provided to losing bidders on RFPs for public-private partnerships? (Rep. Kreiss-Tomkins)
  - a. Stipends are not only provided for P3 projects, but also for design build projects. According to data from the Federal Highways Administration (FHWA), most agencies pay stipends to unsuccessful proposers in exchange for full rights to use the concepts those proposers developed. States such as Arizona, Wisconsin, Massachusetts and many others use various formulas to determine the amount of stipend, which is typically dependent on the complexity of the project. For the Knik Arm Crossing, proposers will spend approximately \$10 million preparing their bids. The proposed stipend for responsive proposals to the Crossing project is \$2 million. The FHWA has approved participation in potential stipends of \$2 million per losing responsive proposal using federal funds.
3. Who is responsible for future capacity improvements and when will those improvements take place? (Rep. Wilson, Sen. Fairclough)
  - a. Expanding Phase 1 from two to four lanes will be accomplished by the private partner when KABATA/state determines expansion is necessary. The decision will be based on actual and projected traffic volume and level of service. Phase 2 capacity improvements on Point MacKenzie Road and the Ingra-Gambell Connector will be constructed under a separate contract. Presently, KABATA predicts that the Ingra-Gambell connector and Point MacKenzie road upgrades will be required by 2025, while bridge expansion will be required by 2030 for the base-case traffic forecast.

4. What is the source of the 2035 traffic forecast for the Glenn Highway? (Rep. Kreiss-Tomkins)
  - a. CDM Smith, one of KABATA's contractors, developed the 2035 Glenn Highway traffic forecast without the bridge. AMATS and ADOT&PF also have developed forecasts for the Glenn Highway. AMATS predicts a near doubling of Glenn Highway traffic by 2035 in its most recent Metropolitan Transportation Plan.
5. Why couldn't the Glenn Highway be tolled? (Rep. Kreiss-Tomkins, Rep. Feige)
  - a. Title 23 of the United States Code prohibits tolling of existing highways that receive federal funding. The Glenn Highway, being the only available alternative for travel to the north from Anchorage, falls under the prohibition. Title 23 does contain certain exceptions to this rule through special programs and provisions, typically for newly constructed lanes.
6. Have KABATA's consultants put together a map that displays time differences from the center of Anchorage using the Glenn Highway compared to using the Knik Arm Crossing? (Rep. Feige)
  - a. KABATA will provide the maps in a supplement to this correspondence.
7. Where specifically will the projected population growth occur? (Rep. Feige)
  - a. The Knik Fairview area along Knik Goose Bay Road (KGB) is the fastest growing area of the state. The ADOT is responding to this growth by initiating the expansion of KGB Road to 4 lanes. The MSB is also responding with infrastructure development plans. With construction of the Knik Arm Crossing, it is expected that population growth in this area will continue at a fast rate.
8. Where does the shortfall money come from for the availability payment? (Rep. Feige)
  - a. One component of the 28<sup>th</sup> Legislature's Senate Bill 13 and House Bill 23 is the establishment of a project reserve with the purpose of covering shortfalls in toll revenue during the initial years the bridge is open for traffic. The governor has included a \$10 million appropriation request for the reserve in his Capital Budget proposal for Fiscal Year 2014, and KABATA has modeled \$150 million as the total amount of funds needed for the reserve. The reserve fund was sized to minimize the probability of requiring supplemental legislative appropriation(s).
9. What if toll revenue is zero? How would the state handle it? (Sen. French)
  - a. During periods of reduced toll revenue and when traffic volumes are ramping up, the project reserve will be utilized to make up any shortfall in revenue. Under a termination for convenience clause, the state could exit the contract and pay off the private partner.
10. Who negotiates the availability payment amount? (Sen. Fairclough)
  - a. The availability payment is not a negotiated item; rather it becomes known when bids from the three shortlisted potential private partners are opened. The

proposers will be competing to offer the state the best value availability payment, striving to offer the lowest terms while still meeting technical specifications.

11. At what point is the pledge of full faith made to pay the private partner under the terms of the agreement? (Sen. Fairclough)
  - a. There will be no commitment until the Public-Private Agreement (contract) is signed. KABATA will be under no obligation to make availability payments until the facility is open for traffic. KABATA expects the contract to be in place in early 2014.