

CS FOR SENATE BILL NO. 111(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE TRANSPORTATION COMMITTEE

Offered: 3/28/01

Referred: Finance

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the issuance of certificates of participation to finance deferred**
2 **maintenance and construction projects for certain public harbor facilities; giving notice**
3 **of and approving the entry into, and the issuance of certificates of participation in, lease-**
4 **financing agreements for those public harbor facility projects; repealing a provision**
5 **relating to the financing of construction and renovation of facilities for certain ports and**
6 **harbors; and providing for an effective date."**

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
9 to read:

10 FINDINGS; INTENT. (a) Except for the harbors and docks in Nome and Adak, the
11 facilities described in sec. 2 of this Act are currently owned by the state and are in need of
12 substantial investment in capital maintenance and upgrades. The City of Nome is in need of
13 additional money for a capital project at the Nome harbor and dock. The Adak harbor and

1 dock facilities are currently in federal ownership but will pass to local Alaska interests in the
2 fall of 2001.

3 (b) The legislature intends to provide for the required investment, and intends transfer
4 of ultimate ownership of and responsibility for the state-owned harbor facilities to local
5 municipalities.

6 (c) The legislature intends to provide public investment in the Adak harbor and dock
7 facilities under this Act if the ownership of the harbor and dock facilities is ultimately vested
8 in the City of Adak.

9 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 HARBOR FACILITIES LEASES AUTHORIZED. (a) The Department of
12 Transportation and Public Facilities is authorized and directed to develop a plan for
13 improvement and financing of the state-owned harbor facilities listed in (b) of this section and
14 for the transfer of ownership and responsibility for the improved facilities, subject to the
15 limitations set out in this Act, to the municipalities listed in (b) of this section. The
16 Department of Transportation and Public Facilities is authorized to lease the harbor facilities
17 from the municipalities listed in (b) of this section, including the City of Nome, under the
18 authority of AS 35.10.110.

19 (b) The Department of Transportation and Public Facilities shall allocate the net
20 proceeds derived from the lease-financing agreements authorized in sec. 6 of this Act for
21 capital maintenance and upgrade projects, including the City of Nome's project and the Adak
22 project, to the following harbor facility projects, in the amount allocated for each facility:

FACILITY/PROJECT	ALLOCATION
(1) Whittier - Whittier Small Boat Harbor	\$2,449,000
(2) Valdez - Valdez Small Boat Harbor	3,212,000
(3) Seldovia - Seldovia Small Boat Harbor	2,628,000
(4) Petersburg - North Harbor, Middle Harbor, South Harbor	3,729,000
(5) Juneau - Auke Bay Harbor, Aurora Basin, Harris Harbor, Douglas Harbor and Dock, North Douglas Launch Ramp, Taku Harbor	7,119,000
(6) Ketchikan - Thomas Basin Harbor, Ryus Float, Bar Harbor	

1	South, Bar Harbor North, Hole-in-the-Wall Harbor,	
2	Knudson Cove Harbor	7,876,000
3	(7) Sitka - Thomsen Harbor, Crescent Harbor,	
4	Sealing Cove Harbor	4,469,000
5	(8) Cordova - Cordova Harbor	4,876,000
6	(9) Klawock - Klawock Harbor and Seaplane Float	896,000
7	(10) Yakutat - Yakutat Harbor	526,000
8	(11) Wrangell - Standard Harbor, Reliance Float, Inner Harbor	
9	Fish and Game Dock, Shoemaker Harbor	3,492,000
10	(12) Nome - Nome Harbor and Dock	1,000,000
11	(13) Adak - Adak Boat Harbor	500,000

12 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 DELEGATION OF AUTHORITY FOR LEASE-FINANCING AGREEMENTS. The
15 Department of Transportation and Public Facilities is delegated the Department of
16 Administration's authority under AS 36.30.085 to enter into lease-financing agreements for
17 the harbor facility projects described in sec. 2 of this Act.

18 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 PROVISIONS REGARDING ESTABLISHMENT OF THE CITY OF ADAK AND
21 THE ADAK HARBOR AND DOCK FACILITIES. (a) Adak is a naval air station that has
22 closed. The Adak Reuse Corporation has developed, with financial assistance from the
23 federal government, a reuse plan for the redevelopment of the former naval air station and its
24 facilities to support fishing operations in the North Pacific Ocean and the Bering Sea. In the
25 fall of 2001, the Adak Reuse Corporation will receive title to the former naval air station from
26 the federal government. The Adak community is presently not incorporated as a municipality
27 under state law. The Local Boundary Commission has approved the community's application
28 to establish a second class city at Adak. The division of elections has scheduled for April 3,
29 2001, a local election in Adak to approve its incorporation as a second class city.

30 (b) The commissioner of transportation and public facilities is authorized to enter into
31 a lease with the Adak Reuse Corporation for the Adak harbor and dock facilities under the

1 terms the commissioner determines appropriate, so long as title to the harbor and dock
2 facilities is vested in the City of Adak at the end of the lease term.

3 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 LEASE-FINANCING PAYMENTS. (a) The lease payments owed under lease-
6 financing agreements executed under sec. 3 of this Act are subject to annual appropriation by
7 the legislature.

8 (b) The legislature intends that the marine motor fuel tax collected under
9 AS 43.40.010 will provide enough revenue to the general fund to make all lease payments;
10 however, if that revenue source is insufficient, the payments may be made from any other
11 valid revenue source, subject to appropriation.

12 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 NOTICE OF THE ENTRY INTO AND FINANCING OF LEASE-FINANCING
15 AGREEMENTS. (a) Subject to annual appropriation, the Department of Transportation and
16 Public Facilities is authorized to enter into lease-financing agreements for the harbor facility
17 projects described in sec. 2 of this Act.

18 (b) The state bond committee is authorized to provide for the issuance of certificates
19 of participation in one or more series in the aggregate principal amount of \$42,772,000 for the
20 cost of the projects described in sec. 2 of this Act. The estimated total cost of construction,
21 acquisition, and equipping the projects is \$42,772,000. The estimated annual amount of rental
22 obligations under the lease-financing agreements is \$4,525,000. The estimated total lease
23 payments for the full term of the lease-financing agreements is \$66,335,500. In this
24 subsection, "costs of construction" includes credit enhancement and underwriting expenses,
25 rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee fees,
26 capitalized interest, and interest earnings used for lease payments.

27 (c) Under terms approved by the Department of Transportation and Public Facilities,
28 the leasehold interests of the state in projects described in sec. 2 of this Act that are financed
29 under this section may terminate following the payment and retirement of the certificates of
30 participation or at another later date as considered reasonable by the Department of
31 Transportation and Public Facilities. The plan prepared by the Department of Transportation

1 and Public Facilities under sec. 2 of this Act may provide for the transfer of title to some or all
2 of the state-owned harbor facilities to the municipalities identified in sec. 2 of this Act, with a
3 leaseback to the department, as long as the title to the state-owned facilities transfers to
4 municipal ownership no later than the final payment and retirement of all certificates of
5 participation issued to finance the respective projects.

6 (d) The state bond committee may contract for credit enhancement, underwriting,
7 credit ratings, bond counsel, financial advisor, printing, and trustee services that the
8 committee considers necessary in financing the projects described in sec. 2 of this Act.

9 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 NOTICE AND APPROVAL OF AGREEMENTS. Section 6 of this Act constitutes
12 the notice and approval of the lease-financing agreements described in sec. 2 this Act that is
13 required by AS 36.30.085.

14 * **Sec. 8.** AS 29.60.700 is repealed

15 * **Sec. 9.** This Act takes effect July 1, 2001.