

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

May 5, 2005  
7:32 a.m.

**MEMBERS PRESENT**

Representative Jim Elkins, Co-Chair  
Representative Carl Gatto, Co-Chair  
Representative Vic Kohring  
Representative Mark Neuman  
Representative Bill Thomas  
Representative Woodie Salmon

**MEMBERS ABSENT**

Representative Mary Kapsner

**COMMITTEE CALENDAR**

HOUSE BILL NO. 237

"An Act relating to international airports revenue bonds; and providing for an effective date."

- MOVED HB 237 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 237

SHORT TITLE: INTERNATIONAL AIRPORTS REVENUE BONDS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

|          |     |  |
|----------|-----|--|
| 03/29/05 | (H) | READ THE FIRST TIME - REFERRALS        |
| 03/29/05 | (H) | TRA, FIN                               |
| 04/30/05 | (H) | TRA AT 1:30 PM CAPITOL 17              |
| 04/30/05 | (H) | Heard & Held                           |
| 04/30/05 | (H) | MINUTE(TRA)                            |
| 05/03/05 | (H) | TRA AT 1:30 PM CAPITOL 17              |
| 05/03/05 | (S) | OVERTAKING/PASSING STATIONARY VEHICLES |
| 05/05/05 | (H) | TRA AT 7:30 AM CAPITOL 17              |

**WITNESS REGISTER**

MIKE BARTON, Commissioner  
Department of Transportation & Public Facilities (DOT&PF)  
Juneau, Alaska

POSITION STATEMENT: Responded to questions during discussion of HB 237.

MICHAEL MARTING, Controller  
Alaska International Airport System  
Department of Transportation & Public Facilities (DOT&PF)  
Anchorage, Alaska

POSITION STATEMENT: Responded to questions during discussion of HB 237.

#### **ACTION NARRATIVE**

**CO-CHAIR JIM ELKINS** called the House Transportation Standing Committee meeting to order at [7:32:13 AM](#). Representatives Elkins, Gatto, Thomas, Kohring, and Salmon were present at the call to order. Representative Neuman arrived as the meeting was in progress.

#### HB 237-INTERNATIONAL AIRPORTS REVENUE BONDS

CO-CHAIR ELKINS announced that the only order of business would be HOUSE BILL NO. 237 "An Act relating to international airports revenue bonds; and providing for an effective date."

REPRESENTATIVE KOHRING moved to report HB 237 out of committee with individual recommendations and accompanying fiscal notes.

CO-CHAIR GATTO objected. He asked if any of the funds were federal monies.

MIKE BARTON, Commissioner, Department of Transportation & Public Facilities (DOT&PF), said it would all be paid by the rates and fees charged at the two airports.

CO-CHAIR GATTO noted that the fees are passed on to the consumer, and asked how much it will raise ticket prices.

[7:34:59 AM](#)

COMMISSIONER BARTON said he doesn't know the formula that an airline might use, but he said he can approximate it. By looking at the landing fees, a 737-400 landing in Anchorage will pay a total of \$235, which is an increase of \$.72 per passenger. He said the airlines approved the projects, and obviously ran the necessary calculations.

CO-CHAIR GATTO said the original "C" terminal was over budget.

COMMISSIONER BARTON agreed that it was very much over budget because of additional security requirements, added space requested by the airlines, and permitting issues with the municipality of Anchorage. He said DOT&PF has a new contract structure to avoid a cost overrun.

CO-CHAIR GATTO said there is already a ticket price increase because of the cost of the "C" terminal and there will be an additional increase to renovate the "A" and "B" terminals.

COMMISSIONER BARTON said 80 percent of the landing fees are picked up by cargo carriers, and that the shippers support the plan.

CO-CHAIR GATTO noted that rent space tripled recently.

COMMISSIONER BARTON said "they" knew that when "they" voted on the project. He said the landing fees are the lowest of the major airports.

[7:40:14 AM](#)

REPRESENTATIVE NEUMAN asked what DOT&PF will do if the bill fails.

COMMISSIONER BARTON said the project would not proceed, adding that there would be liability to the state because of deficiencies in the seismic code.

REPRESENTATIVE NEUMAN asked what amount of the money would go to Fairbanks.

MICHAEL MARTING, Controller, Alaska International Airport System, Department of Transportation & Public Facilities (DOT&PF), said there is \$105 million for the Fairbanks airport and the balance would go to Anchorage.

COMMISSIONER BARTON said, "What we're doing is raising the bond cap so that we can accommodate this \$288 million sale."

REPRESENTATIVE NEUMAN asked if the money has been spent.

COMMISSIONER BARTON said it is used and some are paid off and some are being paid, but it is all invested in capital projects.

[7:43:05 AM](#)

REPRESENTATIVE NEUMAN asked if any of this work was included in prior plans so that the bill covers previous cost overruns.

MR. MARTING said there is \$17 million for the A/B retrofit already in the budget, and the balance is all new money and new projects.

CO-CHAIR GATTO asked what the "C" terminal cost overrun was.

MR. MARTING said he thought it was \$100 million.

CO-CHAIR GATTO said every major project has a cost overrun. He asked if a 30 percent cost overrun is typical.

COMMISSIONER BARTON said he can't say it is typical, but in the course of developing projects, unknowns are encountered, such as terrorist attacks or environmental hazards.

[7:45:39 AM](#)

CO-CHAIR GATTO said there is never an under-run.

COMMISSIONER BARTON said it is rare but there have been some cases, like the Bradley Lake project.

CO-CHAIR GATTO maintained his objection.

A roll call vote was taken. Representatives Salmon, Elkins, Neuman, Thomas, and Kohring voted in favor of reporting HB 237 from committee. Representative Gatto voted against it. Therefore, HB 237 was reported from the House Transportation Standing Committee by a vote of 5-1.

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting adjourned at [7:47:56 AM](#).