

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

March 24, 2011

1:06 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Lance Pruitt, Vice Chair
Representative Eric Feige
Representative Cathy Engstrom Munoz
Representative Max Gruenberg
Representative Pete Petersen

MEMBERS ABSENT

Representative Craig Johnson

OTHER LEGISLATORS PRESENT

Senator Linda Menard

COMMITTEE CALENDAR

HOUSE BILL NO. 158

"An Act relating to the authority and obligations of the Knik Arm Bridge and Toll Authority, to bonds of the authority, and to reserve funds of the authority; authorizing the state to provide support for certain obligations of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund."

- MOVED OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 158

SHORT TITLE: KNIK ARM BRIDGE AND TOLL AUTHORITY

SPONSOR(s): REPRESENTATIVE(s) NEUMAN

02/16/11	(H)	READ THE FIRST TIME - REFERRALS
02/16/11	(H)	TRA, FIN
03/10/11	(H)	TRA AT 1:00 PM CAPITOL 17
03/10/11	(H)	Heard & Held
03/10/11	(H)	MINUTE(TRA)
03/24/11	(H)	TRA AT 1:00 PM CAPITOL 17

WITNESS REGISTER

REPRESENTATIVE MARK NEUMAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion on HB 158 as prime sponsor.

REX SHATTUCK, Staff
Representative Mark Neuman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the prime sponsor, testified on HB 158.

MICHAEL FOSTER, Chair
Knik Arm Bridge and Toll Authority (KABATA)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 158.

KEVIN HEMENWAY, Chief Financial Officer
Knik Arm Bridge and Toll Authority (KABATA)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 158.

JEFF OTTESEN, Director
Division of Program Development
Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 155.

SUSAN DIPIETRO
Government Hill Community Council
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 158.

BOB FRENCH
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 158.

RON AXTELL
Wasilla, Alaska

POSITION STATEMENT: Testified during the discussion of HB 158.

ACTION NARRATIVE

1:06:46 PM

CHAIR PEGGY WILSON called the House Transportation Standing Committee meeting to order at 1:06 p.m. Representatives Wilson, Pruitt, Munoz and Petersen were present at the call to order. Representatives Feige and Gruenberg arrived as the meeting was in progress. Senator Menard was also in attendance.

HB 158-KNIK ARM BRIDGE AND TOLL AUTHORITY

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CHAIR P. WILSON announced that the only order of business would be HOUSE BILL NO. 158, "An Act relating to the authority and obligations of the Knik Arm Bridge and Toll Authority, to bonds of the authority, and to reserve funds of the authority; authorizing the state to provide support for certain obligations of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund."

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REPRESENTATIVE MARK NEUMAN, Alaska State Legislature, recapped the Knik Arm Bridge and Toll Authority (KABATA) project. He stated that the population forecast shows the population has significantly increased in his district. He related that the proposed project is a huge project that would help develop other areas in the state. He recapped the proposed project would consist of a public-private partnership. This is one step in the transparent public process. He indicated he has been a nonvoting KABATA board member for four years. He highlighted that the federal Record of Decision was issued in December 2010, which moves forward the permitting process. He stated that HB 158 would create a mechanism for a toll bridge, including creating a reserve fund to use until the proposed Knik Arm Bridge is built. The fund would be repaid and then any excess funds would be available to fund other transportation projects. Several experts will walk members through the project details, but in essence the public-private partnership will be reviewed for construction costs and timeline. At that point the state will decide if the project will move forward. He touched on safety aspects, noting that there is not room for population expansion along the Glenn Highway. Further, in the event of an emergency disaster, the Knik Arm Bridge project would provide another road access to/from Anchorage. The road project would expand Alaska. He pointed out the U.S. Census population was

even 11 percent higher than the University of Alaska's Institute of Social and Economic Research's (ISER) report on population projections. The ISER report was used by KABATA to develop its toll resource forecast. Not everyone was included in the U.S. Census count, which reinforces the population projections used by KABATA, he said. He characterized this project as a huge opportunity for the state.

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REX SHATTUCK, Staff, Representative Mark Neuman, Alaska State Legislature, on behalf of the prime sponsor, presented HB 158. He referred to page 2, lines 17-20 of HB 158. He stated that this provision would add to the existing statutory language that monetary obligations incurred by the authority are obligations of the state. He explained that this language is necessary to clarify that the state is obligated to pay the annual lease payment or availability payment. He referred to page 4, line 21, to language which would increase the bonding authority from \$500 to \$600 million. He explained that this would authorize a government agency to pass through federal Department of Transportation private activity bonds issued by to the private sector.

CHAIR P. WILSON added that the main provision is already in statute. The KABATA, representing the state, has determined the best method for financing. She clarified her understanding for this project that KABATA and the state are the same.

MR. SHATTUCK referred to page 5, line 9, which would establish the mechanism for managing toll revenue and any legislative appropriation. He referred to page 6 lines 28-31 and page 7 lines 1-5. He stated that the state does not pay property tax on roads. This language exempts the proposed Knik Arm Bridge project from property tax since it is a public project, even though the state would have a private partner.

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MICHAEL FOSTER, Chair, Knik Arm Bridge and Toll Authority (KABATA), Anchorage, Alaska, reiterated that the KABATA project is proposed public-private partnership which includes an availability payment structure. He referred to the availability payment as a term often used in transportation projects and sometimes has been referred to as a lease structure. In this project the private partner would be responsible to design, build, and operate the facility. The private partner would also

be responsible for the capital and operating costs to build and maintain the structure. The KABATA project term would be a 35-year term. The infrastructure would be owned from the very beginning by the State of Alaska (SOA). The private partner would accrue equity in the proposed crossing project, which will be returned through the SOA's availability payment. The state will own the revenue derived from the proposed bridge toll. Thus, the state would own the structure, the revenue. He reiterated that through the public-private partnership, the private partner would design, build, and operate the facility. The purpose of the reserve fund, which is established in the Department of Revenue (DOR), would be to cover any shortfalls. The KABATA has anticipated that the initial toll revenue will not be sufficient to pay the availability payment. Once the toll revenue becomes substantial enough to cover the SOA's availability payment, the toll revenue would be used to repay the reserve fund. At some point in time the reserve fund would have a surplus, which could be used for other state projects, he said.

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KEVIN HEMENWAY, Chief Financial Officer, Knik Arm Bridge and Toll Authority (KABATA), stated that Chair Wilson asked KABATA to respond to Jamie Kenworthy's testimony of March 10, 2011. He summarized his response into four general areas. First, he addressed the traffic control revenue issues. Mr. Kenworthy urged the committee to "believe the cost estimates" but it "should not believe" the projected revenue estimates. He stated that the projected toll revenues were based on population forecasts that are 50 and 64 percent higher than those prepared by the Institute of Social Research (ISER) in December 2009 and by the Department of Labor & Workforce Development (DLWD) in December 2010, respectively. He offered that Mr. Kenworthy misrepresented the population forecasts used by Wilbur Smith Associates to update the traffic control revenue work. The update was completed in February 2011 at KABATA's request. He related that the results are reflected in the toll revenue forecast on page 6 of the pro forma plan of finance, which is in members' packets. As cited on page 11 of the Wilbur Smith Associates pro forma report, the firm relied primarily on the ISER 2009 population forecast. It also reviewed it against the DLWD's December 2010 forecast and another forecast provided by Woods & Poole Economics, Inc., a private Washington D.C. socio-economic forecasting firm. All three population forecasts correlate very closely and have been proven to be conservative figures, he said. Last week the U.S. Census Bureau released the

2010 population data by county, pointing out that Alaska has boroughs rather than counties. The ISER 2010 population forecast is nearly 9,000 below the census count. The ISER projections in Anchorage are nearly 3,000 below the U.S. Census count. Thus, KABATA population figures fall approximately 11,000 below the actual census figures, he stated. In response to Chair P. Wilson, he agreed that the figures KABATA used were less than the actual U.S. Census figures.

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MR. HEMENWAY next referred to negative amortization and balloon payments raised at the last hearing. He stated that Mr. Kenworthy testified that the negative amortization and balloon payments were "red flags" that the committee should be concerned about. Under the public-private partnership structure, the SOA, KABATA, or the DOT&PF would not be considered the borrower of the private partner's debt or be responsible for its repayment, he said. Mr. Kenworthy also mentioned capital appreciation bonds, or CABs. He stated that CABs only represent five percent of the hypothetical capital structure of the private partner as presented in the pro forma financial plan. He advised that Citigroup prepared the pro forma financial plan for KABATA, which largely represents the perspective of the private partner, and was prepared as part of due diligence process. This provides the SOA with a sense of the proposed availability payment proposals from the private sector. Typically CABs are used to some extent in this type of project throughout the world, he stated. He reported that his familiarity with this process. He reiterated that the SOA would not be the borrower of or responsible for any of the private partner's debts under the public-private partnership structure. The SOA's obligation would be to make the annual availability payment agreed to once the SOA enters into a contract based on a competitive process and proposals received. In further response to Chair P. Wilson, he affirmed that the partner would borrow the money, build the project, and operate the project.

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CHAIR P. WILSON asked for clarification on the SOA's responsibility.

MR. FOSTER suggested that the process the KABATA would use in the proposed Knik Arm Bridge crossing project is similar to a property manager arrangement. The property manager would operate the proposed Knik Arm Bridge or "the concession." The

private partner would be held responsible to maintain the bridge to criteria the SOA would set. Contractual conditions would be in place. The private partner would use its capital to design, build, and operate the facility. The availability payment would represent the state's responsibility to pay the private partner for the investment. The asset would always be the SOA's asset. In some respects it would be similar to a vertical structure in which a property manager would take care of tenants and any maintenance and operation (M&O) costs of a building. Someone owns the building and pays the property management group for that service. In response to Chair P. Wilson, Mr. Foster agreed that the SOA would own the facility and would pay someone, the private partner, to maintain and operate the facility. In further response to Chair P. Wilson, he responded that the SOA would not make a payment to the private partner until the facility, the Knik Arm Bridge Crossing, is functional. At that point, the SOA would be required to make an annual payment, which is the availability payment. It could also be considered a lease payment or a property management payment. At the end of 35 years the contract would be completed and the SOA could enter into another concession, or the SOA could take over the M&O of the bridge facility, he said.

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MR. HEMENWAY stated the third issue Mr. Kenworthy raised was the risk of bankruptcy. He stated that Mr. Kenworthy implied a potential bankruptcy of the private partner would reflect on the SOA's credit rating and the state could be responsible for the private partner's debts and other obligations. He also cited SR 125, which is a toll road in San Diego that was built under a public-private partnership. The private partner recently filed for bankruptcy, he said. The region has had about a 20 percent foreclosure rate and about 20 percent unemployment due to the depressed economy. He then said:

The simple fact is neither the State of California nor any political subdivision of the State of California has incurred any additional cost resulting from the bankruptcy. The government expressly has no liability for the private partner's debt or other obligations and that would also be the case with the Knik Arm Crossing project under the structure we're discussing.

MR. HEMENWAY related that in the case of SR 125, the state receives and owns a fully functioning, well-built, and maintained toll road. The private partners and the lenders are

working out the bankruptcy without any impact on the State of California's credit, he said. The only potential impact the KABATA's project would have **on** the SOA's credit rating would be if the state failed to make the annual availability payment to the private partner. He stated that the estimated toll revenue, conservatively forecast, is expected to cover those payments by about 1.5 times over the 35 years of operations of the planned agreement. He stressed that the toll revenue, which is owned by the state, would be the primary source of the annual payment. The toll revenue would be collected by the SOA or on the state's behalf. In further response to Chair P. Wilson, he asserted that the state would absolutely not be liable for any private partner bankruptcy actions. He added that would be true except for the SOA's failure to make the availability payment.

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REPRESENTATIVE MUNOZ referred to the cumulative deficit in the first ten years. She asked whether the deficit would be the SOA's responsibility.

MR. HEMENWAY referred to another bill, HB 159, which he identified as the bill that would appropriate funds into the reserve account. The reserve would cover the deficit, which would ultimately build to the projected \$1.5 billion forecast. He then referred to page 7 of the pro forma financial plan, which he indicated demonstrates that the deficit would break even at year ten. From that point on the project projected revenues reflect a surplus, which should total \$1.56 billion over 35 years, he said.

CHAIR P. WILSON clarified that the KABATA's proposed Knik Arm Bridge Project is contained in two bills, the appropriation bill, which was referred to the House Finance Committee, and the project bill, HB 158, which was referred to this committee.

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REPRESENTATIVE GRUENBERG offered his belief that Mr. Hemenway has presented the best case scenario. He asked him to describe the worst case scenario from the SOA's perspective.

MR. HEMENWAY answered that the worst case scenario would be if there was zero traffic using the proposed Knik Arm Bridge. He offered his belief that would be an implausible outcome. The population growth has been increasing and is projected to continue to rise. The base case traffic forecast, which

represents neither high nor low forecast, provides the most probable outcome and would cover the annual availability payment by a factor of 1.5. The inverse of that scenario would mean the traffic would have to average below 67 percent of the base case forecast before the SOA would incur any appropriation risk.

CHAIR P. WILSON related her understanding that based on the current population, which the U.S. Census bases at 11 percent higher than the KABATA's population projects used would tend to reduce the potential problem.

MR. FOSTER agreed. He stated that the ISER's projected population came in about 11 percent below the actual 2010 U.S. Census population figures for the Matanuska-Susitna Valley. The projection in KABATA's calculation was based on the median probability. He agreed the worst case scenario would be that no one drives across the Knik Arm Bridge, once built. The SOA's total availability payment would be \$3.2 billion over 35 years. He highlighted that would represent the SOA's commitment to pay for the Knik Arm Bridge facility. He reiterated Mr. Hemenway's remarks. He said that the state's break-even point would be reached if the growth and traffic fell 33 percent less than KABATA's prediction. What that would translate to would be that the SOA would own a bridge that was designed, built, and operated for 35 years. However, at year 35, when the availability payment obligation would be satisfied, the bridge tolls would become the revenue for the SOA.

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REPRESENTATIVE GRUENBERG acknowledged that would be the amount for the initial construction. He asked who would be responsible for the M&O costs.

MR. FOSTER answered that M&O would be part of availability payment. He reiterated that the SOA's availability payment to the private developer, the private partner, would cover design, construction, operation and maintenance of the Knik Arm Bridge structure or concession for 35 years.

REPRESENTATIVE GRUENBERG pointed out that the Matanuska-Susitna Borough does not currently have sufficient roads. He asked how much additional funding would be required to build additional roads in the Matanuska-Susitna Valley.

MR. FOSTER responded that additional transportation infrastructure would be needed to accommodate additional

population growth, which will happen outside KABATA project boundaries. Thus, the expansion of the Glenn Highway would require additional funding. The bridge would not create the need for the additional infrastructure. However, population increases would require ongoing road improvements. He deferred to Mr. Ottesen, DOT&PF, to discuss the specific anticipated needs.

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REPRESENTATIVE GRUENBERG expressed his interest in minimizing the SOA's risk. He asked KABATA to identify the risk of potential natural damage to structure and whose responsibility it would be to pay for any damage.

MR. FOSTER pointed out natural "Acts of God" happen. He referred to the 1964 earthquake as an example. He stated that he has 30 years of engineering experience. The bridge design would be seismically designed and is a controlling factor. He related some people have asked how a bridge can be built on the mud-laden Cook Inlet. He answered that the mud is on the edges and the actual area of the foundation consists of consolidated fill. He likened it to nature's concrete. The structure's design would meet all applicable codes, including seismic, and tsunami wave loading or lateral loading by either ice or water. He suggested that the worst case scenario would include a winter tsunami winter event including a wave and ice. The engineers would design the structure for these events. He said, in some respects the engineering part of the project is easy, but the financing is the difficult part. He affirmed the Knik Arm Bridge structure would be designed to current and best standards to mitigate natural events.

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REPRESENTATIVE GRUENBERG asked whether the structure would be insurable.

MR. HEMENWAY answered that the terms of the contract would require the private partner to carry insurance for routine insurable events. Force majeure events such as earthquake, volcanic, or seismic events would not be transferable to the private partner but will retained by the public just as the SOA currently assumes for all state infrastructure. He offered his belief that this structure would be built to a much higher standard than many of the legacy infrastructures. Currently, only one transportation roadway exists between Anchorage and

points north of Anchorage. He hoped that one or both routes would survive an event to provide better public safety.

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REPRESENTATIVE GRUENBERG asked for clarification on the seismic report, including any risks.

MR. FOSTER explained that KABATA obtained a seismic report. He suggested that the proposed design includes seismic, as well as geotechnical, and other reports required by code. He reported that it is not the seismic event but the acceleration factor, or how fast the wave propagates and accelerates, that poses the greatest danger. He reiterated it is the acceleration rate and not the magnitude of the event that poses the greatest danger. He related that the private partner would need to meet the design criteria the SOA dictates. He stated that the standards for the proposed Knik Arm Bridge would not be any different than the criteria the SOA uses to build other bridge structures. The bridge would undergo the same seismic review. In further response to Representative Gruenberg, he offered to provide an executive summary of the reports to the committee.

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REPRESENTATIVE PETERSEN pointed out that not everyone who lives in the Matanuska-Susitna Borough (MSB) would use the bridge, particularly those on the east side of the MSB. He said he did not anticipate anyone would drive further or pay a toll when the driver has the option to drive on the Glenn Highway and not pay a toll. He asked whether the toll revenue figures are broken down to project the toll bridge use and whether the projected toll revenue takes into account those not likely to use the proposed Knik Arm Toll Bridge structure.

MR. HEMENWAY agreed. He explained that traffic and revenue consultants reviewed traffic analysis zones, which are small areas in the MSB. He recalled approximately 90 zones exist between Anchorage and the MSB. The study considered the current population, households by employment type, with and without the project. The majority of the MSB's residents reside at the first available place along the Palmer Wasilla area. More recently, the growth in the MSB has been in the Knik Fairview area, which is along Knik/Goose Bay Road south and west of Wasilla, and in the South Big Lake area. Today, the Knik Fairview area has a higher absolute population than the combined incorporated areas of Palmer and Wasilla. He agreed that people

in Palmer and Wasilla would not likely use the proposed bridge since the toll would become a friction. The point at which the population increases would be south and west, or basically the west side of Wasilla, including South Big Lake and Knik Fairview. He concluded that is why the population forecast starts low. He recalled that Wilbur Smith Associates predicted about 6,700 trips per day would be made on the proposed Knik Arm Bridge. However, while it starts relatively low, the anticipated toll trips increase over time. He said this project would be a 35 year concession project for a 100-year state asset. He suggested that the need for the transportation infrastructure is due to the population growth in the MSB. The current transportation network in the region would promote the first available property north of Anchorage. Conversely, people living in the Matanuska-Susitna Borough tend to work in Anchorage because the average wages per the DLWD are about a third higher in Anchorage. Currently, about 44 percent of the Matanuska-Susitna work force commutes to or through Anchorage to work, including North Slope workers, the fishing industry and others. The current population would still predominately use the existing transportation network, although all residents will receive some benefit due to the lower congestion on the route. The proposed Knik Arm crossing would also promote urban infill since people will be able to buy affordable housing closer to Anchorage, which is the economic hub of the state.

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REPRESENTATIVE PETERSEN recalled the tunnel to Whittier project. He further recalled that the predictions were that it would take less than 10 years for the traffic to reach the "break even" point. He said he did not actually believe the projections, but the projections did not materialize. He pointed out that merchants in downtown Anchorage have difficulty getting people to shop downtown due to the parking meter fare. He was unsure Alaskans would pay \$5 to cross a toll bridge, especially if their vehicle has high mileage since driving the Glenn Highway would be another option.

MR. FOSTER responded that the issue of parking in downtown Anchorage has not been due to a lack willingness to pay for parking but is due to the lack of parking spaces. He stated that parking garages and airports require fees. He related that he has a familiarity with the Whittier Project. He explained the difference between the Whittier tunnel project and the proposed Knik Arm Bridge project is the MSB has experienced significant population growth. The Knik/Goose Bay Road has

represented the fastest growing area of the MSB. He recalled that in the 70s the population was low, but since then has significantly increased. He suggested that the Whittier tunnel project was based on "We open the tunnel, they will come." In this instance the population already exists. The proposed Knik Arm Bridge project would provide the link and the additional infrastructure necessary. He added that Representative Neuman reminded him not to forget to mention the commercial traffic generated from the Port of Anchorage, which could use the proposed Knik Arm Bridge crossing to head north to Interior Alaska and points north, including the Dalton Highway.

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MR. FOSTER explained that the north bound commercial traffic using the proposed Knik Arm Bridge would not travel through Anchorage, which would also reduce the wear and tear on the Glenn Highway. He suggested the economics of this one structure would also relieve some of the M&O, and capital costs related to the Glenn Highway expansion, and the proposed Wasilla Bypass. Besides the north bound commercial traffic, Anchorage also has gravel needs, which currently has been provided by the Eklutna pit and other pits by rail. He stated that in addition to the passenger traffic, substantial commercial traffic exists in part due to the gravel sources located on the west side of the inlet that affects commercial traffic.

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REPRESENTATIVE PETERSEN referred to the expansion at Port MacKenzie and the proposed rail extension. He asked whether that development would lessen the number of vehicles that would cross the proposed Knik Arm Bridge crossing.

MR. FOSTER answered that the Port of Anchorage is predominantly a freight port whereas Port MacKenzie is more of a resource port. The freight coming by container ship would still go north using the proposed Knik Arm Bridge crossing as the most viable northern route. He said the additional rail loop at Point MacKenzie is proceeding, noting the request for funding for the spur before the legislature. It is more likely rail would eventually connect to Point MacKenzie, which is the resource port. He offered his belief that the ports are not in competition with one another and the proposed Knik Arm Bridge crossing will probably will complement both facilities.

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MR. HEMENWAY turned to his response on unlimited government guarantee, which he said Mr. Kenworthy implied would be the result of HB 158. The total estimated SOA's availability payments over 35 years would be \$3.2 billion. While it is a substantial figure, it is not an unlimited figure. The base case toll revenue forecast, predicated on the ISER 2009 population forecast, would generate approximately \$1.56 billion in excess of surplus over the 35 years of operations in excess of the SOA's annual availability payment total. Some of the surplus would pay for infrastructure extensions within the projects and the rest to be used for other infrastructure statewide. However, the project itself would provide a 75 to 100 year asset that the state will have full control of after the public-private partnership is completed. Over the first 60 years, about 25 after the annual SOA's availability payments cease, the project should generate about \$10 billion in surplus funds, which could be used to cover substantial infrastructure needs as the state grows. Additionally, the language of HB 158 makes the implicit moral obligation of the state to a contractual commitment explicit. It does not change the legal status of the obligation because no legislature can obligate a future legislature and any such commitment would always be subject to appropriation under Alaska's constitution. It would make the moral obligation explicit to the private sector, which could give the private sector "some comfort." That comfort level would be reflected in the interest rates the lenders will provide to the private partner and equity returns that the private partner will expect in the project, which is anticipated at 10 percent of the total cost. That should result in a lower cost to the state because during the competitive procurement process the teams competing "will sharpen their pencils" and those lower interest rates will be reflected in the proposals the state receives in terms of annual availability payments.

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CHAIR P. WILSON related her understanding that the total cost would be \$3.2 billion, but approximately \$1.56 billion in excess toll revenue is anticipated in the first 35 years. The state would receive approximately \$10 billion in total estimated revenue over the life of the asset.

MR. FOSTER answered that she is absolutely correct. The SOA's availability payment, which is based on KABATA's model, represents KABATA's consultant's view of the public-private partnership process and their estimates on the availability

payment. The consultants estimated the state would pay \$3.2 billion in availability payments over the 35-year contractual period. He noted that KABATA has not yet solicited bid proposals for the proposed Knik Arm Bridge project. Based on the base case traffic model, the Knik Arm Bridge crossing would generate over \$5 billion in excess of the SOA's availability payments that could be used for project or statewide infrastructure, he said. In year 36 the SOA's availability payments would be satisfied. According to the model over the next 60 years the state would receive a little over \$10 billion in return, which is the net revenue over and above the SOA's availability payments and M&O costs.

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CHAIR P. WILSON asked him to compare the KABATA's project costs to a scenario in which the state would build the bridge. She related her understanding that the bridge would take 3-5 years to complete.

MR. FOSTER stated if the state were to build the structure without a public-private partnership, the state would need to design, build, and operate the structure. In the instance of public-private partnership, the private sector would put up the capital and take the risk for construction delays or overruns. The state would not have any liability for construction costs unless the state is the cause of the delay, he said.

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REPRESENTATIVE FEIGE referred to page 4, line 8, to proposed Section 2, of HB 158, AS 19.75.211 (a), and read from existing statute the following language:

(a)...Before issuing bonds for the Knik Arm bridge, the authority shall submit to the state bond committee a description of the bond issue and a preliminary prospectus, offering circular, or official statement relating to the bond issue. Bonds may not be issued unless the state bond committee finds, based upon the information submitted by the authority under this section and other information that is reasonably available to the committee, that the Knik Arm bridge revenue and other revenue available to the authority can be reasonably expected to be adequate for payment of the principal of and interest on the bonds to be issued and that issuance of the bonds by the authority

would not be expected to adversely affect the ability of the state or its political subdivisions to market bonds.

REPRESENTATIVE FEIGE asked whether this language had been removed from HB 158.

CHAIR P. WILSON recalled that this language was removed because the private partner is the borrower and the lender would not have any guarantee the state would not halt the project. This specific provision would give the partner better terms to obtain the loan, she said.

MR. HEMENWAY responded that whether language stays in is moot. The authority will not issue bonds other than as a conduit issuance of private activity bonds. The private partner would be the borrower and not the state. He suggested that the issue that should be of concern for the state is the process used to accept the proposal and enter into a contract. The passage of HB 158 would not obligate the state, but entering into the contract will do so. He further stated that the process established by KABATA is under the current state procurement law and the governance of the authority that was established in AS 19.75. The board of directors is comprised of three public members appointed by the governor for staggered finance terms, commissioners of the DOR, DOT&PF, appointed by the governor for five year terms and two state legislators, one from each body. This is where the authority's powers and duties are vested, including the ability to enter under contracts. Further, the rigorous procurement process will include participation from the attorney general's office, the DOR, the DOT&PF, outside consultants. The authority and its board have a fiduciary responsibility not to enter into a bad contract. So from KABATA's point of view whether the language remains in the bill or is removed from HB 158 is somewhat moot. It would certainly be protective language in the event bonds were issued by KABATA, with the state as the borrower, he said.

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MR. HEMENWAY advised that the planned structure does not anticipate any debt on the "books of the state" other than to make the contractual availability payment. The maximum amount is set by the private partner and can be reduced if the private partner is underperforming under the contract terms. He suggested the committee needs to consider the rigorous procurement process, the governance of the authority, and the

fiduciary responsibility that KABATA, as state employees and the board as stewards of the state project in making the determination on the contract. He said he certainly would not object to the language, but he thinks it is somewhat moot.

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MR. FOSTER added that the specific language really allows KABATA to provide assurance to the private partner. It relates to the three items listed in the paragraphs in proposed Section 2 of the bill: the gross revenue, the revenue received, and any other revenue received by state appropriation. It is an assurance to the private partner that the availability payments will be made by the SOA. Additionally, in the event that KABATA would need to borrow to make the availability payments or if it needed to request additional appropriations, this specific language will address the assurance and security to the private partner that the state's availability payments will be made, which is in the best interests of the state since "we should get the best terms when they give us their proposal for a payment," he said.

[2:09:47 PM](#)

JEFF OTTESEN, Director, Division of Program Development, Department of Transportation & Public Facilities (DOT&PF), reiterated the bridge doesn't create the project, that the traffic has been created by the population growth in Anchorage and the Matanuska-Susitna Borough. He pointed out that the legislature would need to fund road work with or without this bridge. The DOT&PF reviewed the Anchorage and Matanuska-Susitna Borough long-range transportation plans. The DOT&PF added up and annualized the amount through 2035. He reported that Anchorage would need \$69 million and the MSB would need \$20 million. In the past two years the legislature has funded \$100 million in state funds for Anchorage alone. This is not even considering federal funds for transportation, he said.

[2:11:30 PM](#)

MR. OTTESEN stated this transportation infrastructure funding would need to continue for a long time as the state makes improvements to the grid in Anchorage and in the MSB, such as to widen the Parks Highway and for the Knik/Goose Bay Road improvements. He explained the difference with the proposed Knik Arm Bridge is that the first \$500 to \$600 million would come from bonds sold by the firm that builds the bridge and paid

for by the users. He reported this represents \$600 million that is not on the "state's books" to the region's transportation resources. As the project continues to grow, the project will need to encompass the links such as the link from the proposed bridge to the Seward-Glenn Highway corridor. That connection would be an obligation of KABATA project, he said. Thus, the amount would be more than the initial \$500 to \$600 million "that's being brought to the table by KABATA" since it would cost at least \$100 million more for that project. Finally, once the project would produce surplus revenue and that surplus revenue, under the agreement with the FHWA, must be spent on highway and highway-related improvements in Alaska, subject to appropriations by the legislature. This becomes a third source of revenue which he predicted would not occur without the proposed bridge. He summarized that the proposed Knik Arm Bridge project really brings a lot of benefit to the region and to the state that would not otherwise be available except by legislative appropriation from the general fund.

[2:13:22 PM](#)

REPRESENTATIVE PRUITT asked for an estimate of the cost to expand the Glenn Highway.

MR. OTTESEN answered that it would cost about \$5 million per highway lane mile to expand the Glenn Highway. He stated that the Seward Highway to Glenn Highway Project, also called the Highway-to-Highway or H2H project is a state project. The KABATA has performed traffic predictions on the two main corridors: the proposed bridge and the Glenn Highway. The H2H project estimates are a little higher, although they are close. He stated the estimates project between 36,000 and 37,000 trips will be made by 2035. He stated that the H2H project actually predicted 6,000 more trips for the Glenn Highway, he said. He offered his belief that KABATA has used a slightly more conservative estimate on traffic. He related his understanding that the Glenn highway would still need to be widened, but it may only need to be widened by two lanes instead of the proposed four lanes if the proposed Knik Arm Bridge crossing is built. This would result in cost savings to the state. He pointed out that every other road in the region will be funded by either the state's general fund or the FHWA.

[2:14:51 PM](#)

REPRESENTATIVE PRUITT asked for an estimate of the cost projections to widen the Glenn Highway. He recalled an overpass at Muldoon Road was estimated at \$50 to \$100 million.

Mr. OTTESEN responded that the Glenn Highway widening project represents about 80 lane miles, times \$5 million, or \$400 million total. This would not account for major interchange improvements or bridges, he said.

REPRESENTATIVE PRUITT recalled the Wasilla Bypass project and asked for the DOT&PF's cost estimate for the proposed project.

MR. OTTESEN answered that the Wasilla Bypass would cost approximately \$250 million to complete.

REPRESENTATIVE PRUITT asked for the current capacity of the Glenn Highway.

MR. OTTESEN said he was unsure, but that he believed it was close to capacity. He said the capacity assumption would be about 10,000 vehicles per lane. He offered his belief that the Glenn Highway currently carries about 35,000-37,000 vehicles per day, which is approaching the overall capacity of 40,000 per day.

[2:16:47 PM](#)

REPRESENTATIVE PRUITT asked how many roads or bridges in Alaska provide revenue to the state.

MR. OTTESEN answered that the state receives revenue from the Whittier tunnel, which covers part of the operating costs. In response to Representative Pruitt, he answered there are not any bridges that currently provide revenue to the state.

[2:17:27 PM](#)

REPRESENTATIVE FEIGE recalled previous testimony that the population growth in the MSB represents the primary reason for the proposed Knik Arm Bridge project. He asked for an estimate of any costs necessary to build roads to connect to the proposed Knik Arm Bridge.

MR. OTTESEN responded that a certain amount of road infrastructure will need to be built each year. With the proposed Knik Arm Bridge project, the roads that will be built would be roads such as the connection from the bridge to the

Parks Highway somewhere west of Wasilla or for a north south connector somewhere closer to Big Lake.

REPRESENTATIVE FEIGE asked whether any right-of-way has been secured on the far shore to connect to the proposed bridge.

MR. OTTESEN answered that some of the land near the project is owned by the MSB or the state, but there is not a way for the state to purchase new right-of-way in advance of a project. The DOT&PF cannot use federal funds for right-of-way. In further response to Representative Feige, he related the DOT&PF has a process in place that it uses to purchase right-of-way, including appraisal, review of appraisal, negotiations, fair market value and adjudication. The DOT&PF regularly purchases right-of-way, and although the right-of-way necessary for this project may be difficult, it is achievable. He did not have an estimate for potential right-of-way costs but stated that generally the right-of-way is included in the road estimate.

[2:21:22 PM](#)

REPRESENTATIVE PETERSEN recalled commercial traffic as one group that potentially would use the bridge. He asked whether anyone has considered a railroad bridge as an alternative.

MR. OTTESEN answered that a railroad bridge was considered, but he deferred to KABATA. He asked members to bear in mind that a railroad route has different standards, including that highways can accommodate handle steeper curves. Thus, the bridge alignment must change to serve both. After conferring with Mr. Foster, he said he stands corrected, that the proposed Knik Arm Bridge project is co-compatible with a rail alignment.

MR. FOSTER answered that through the National Environmental Policy Act (NEPA) process rail was considered and the alignment is compatible to rail. Thus, on the Port of Anchorage side, the bridge grade is compatible, but the structure was not designed for rail to be added to the superstructure. He acknowledged it could be considered, but KABATA's goal has been to accommodate vehicular traffic. He reiterated that the embankment, the road surface, and the grade are all rail compatible.

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REPRESENTATIVE NEUMAN stated that it is easier to build a railroad bridge off of an existing bridge. He said the railroad through Wasilla creates a pinch point since the lake is on one

side, the railroad, and another lake. He pointed out that the railroad crossing creates dangers for the public. He stated that about 4 million cars travel to Big Lake each year. The Alaska Railroad follows the same route. He suggested the best route is to have the Alaska Railroad take a different route. He stressed the current situation is not safe, including that three people died on Knik/Goose Bay Road. He highlighted the necessity for new roads. He recalled the DOT&PF estimated an additional \$65 million is planned for Knik/Goose Bay Road. He detailed costs to improve other projects in his district. He related his understanding the design and engineering on the north shore is pretty much completed. He stressed the importance and advantages of the proposed bridge project, which could help cover the Matanuska-Susitna valley road costs, increase state revenues, and keep property taxes. He characterized the proposed Knik Arm Bridge project as a wonderful opportunity for the state.

[2:29:45 PM](#)

SUSAN DIPIETRO, Government Hill Community Council, stated the Government Hill community has been following this project since inception. She pointed out that the impact on her neighborhood would be quite severe. The route chosen would go through the government hill neighborhood and would impact 150 families on the side adjacent to the project. The project would need to take right-of-way and encompass 12-14 homes in her neighborhood, which would displace those families. Since 2003, she has attended numerous meetings and heard countless presentations. When this project was first presented it was supposed to be completely funded by the private partner without any additional state funding. The AMATS committee made it a condition in the long range transportation plan, that no additional state money be appropriated to KABATA project. Now, KABATA is before the legislature asking for \$150 million "for starters" of additional state funding. The KABATA began this project with \$110 million of federal and state matching funds. She offered her belief that the \$150 million requested is really just the beginning since what KABATA really wants is a state guarantee for the private partner. She was uncertain what guarantee the language provides and how it obligates the state. She said, "One thing I heard loud and clear is the state would be obligated to make the availability payments." The KABATA hopes the toll revenues will defray some of the cost of the availability payment. If this bill passes the state would need to contribute the funds one way or another. "That's a lot of money. That's a big number and it goes up over the years. And it's a long-term commitment." She

related a scenario in which the bill moves forward, the bridge will be built, and the state would have the infrastructure in place. Even though considerable work has been done on tolling information, but still have reason to believe that these toll revenue estimates are over estimates. They are really "too rosy."

[2:33:30 PM](#)

MS. DIPIETRO stated that if the toll revenue faces a shortfall, the legislature could refuse to make the availability payments, but at that point the bridge is built. It's hard to stop once you start, which makes her nervous, as a citizen of the state. Once HB 158 passes, KABATA has the authority to enter into a contract, and once that contract is entered into, the state is "on the hook." She encouraged committee members to examine the toll revenue projections closely. "This is the key piece of this. I think it is quite low," she said.

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MS. DIPIETRO pointed out the state owns the ferry, which could operate between the Port of Anchorage and Point MacKenzie, which could carry 134 people and more than 20 vehicles. She recalled earlier testimony that it is not the bridge but is the natural growth. She surmised that without the bridge it may happen closer to Anchorage, in Palmer or Wasilla, where the state has already invested a lot in infrastructure. The state has made investments in those communities, which makes it attractive as a place to move. The bridge would encourage growth in places that are sparsely populated right now. It isn't necessary to assume the population growth would require the Knik Arm Bridge project to be built. Some population increases would continue to happen on the western side but would continue to grow on the eastern side of the inlet, she said. She urged member to question the idea of the Knik Arm Bridge project as a necessary structure to support the population growth.

[2:35:47 PM](#)

REPRESENTATIVE PETERSEN asked what kind of disruptions to the Government Hill area would encounter if this project moves forward.

MS. DIPIETRO answered that the project is not completely designed so she was unsure of the boundaries and the overall impact. She related her understanding the private partner would

dig a big trench west of the existing bridge, which would become a cut and cover tunnel. She was also uncertain as to how residents would access the neighborhood during the construction phase. In phase two of the proposed Knik Arm Bridge project, additional infrastructure would require more construction to connect the Knik Arm Bridge to the Seward Highway. She advised members that some of the studies completed as part of the environmental review revealed rich historical information and historic buildings. Government Hill is Anchorage's oldest neighborhood. It really is a great little gem of a neighborhood. The houses range from Quonset huts to big houses on the bluff. She described the community, as established, with older historic home from the early 1900s, yet one with ethnicity, pocket parks, and a "green community."

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BOB FRENCH, Anchorage, Alaska, stated he is the President of the Government Hill Community Council but is testifying on behalf of himself. He asked why KABATA was happy with the existing language with AS 19.75 and the necessity for KABATA's obligations to become obligations of the state. Since 2003, KABATA has been saying if this project does not make financial sense to the private partner, the bridge will not be built. He offered his belief that the private partners want a state guarantee and another \$150 million in a reserve fund. Otherwise, the private sector does not want to "touch this project" if they have to assume the financial risks. He offered his further belief that the private partners do not believe the toll forecast. "I don't think you should either," he said. He referred to the toll forecast. He related that KABATA has not yet published its 2011 toll collection estimates, but based on 2011 TIFIA loan application, it appears the most recent toll estimates are lower in early years to match the lower population. The population estimates are lower than KABATA's 2005 estimate, but the outer years are similar to the earlier estimates. Even if the population estimate for the Matanuska-Susitna Borough is 11 percent higher than previously estimated, the current population still falls far short of the loan payment. He stated that nearly 21,000 trips per day are required at \$5 per trip just to make the annual bond payment as outlined in KABATA's pro forma financial plan. The current traffic on the Glenn Highway at the Eklutna Bridge is 29,000 trips per day. It is not a shorter trip to use the proposed Knik Arm Bridge unless the commuter lives west or south of Wasilla. Thus, most of the Matanuska-Susitna valley commuters will continue to use the Glenn Highway. The KABATA's toll

forecast of 20,000 trips per day only three to five years after the proposed Knik Arm Bridge opens is not a "reality-based" estimate. The KABATA says the Knik Arm Bridge will facilitate state commerce since it will shorten the driving time to Fairbanks.

[2:41:55 PM](#)

MR. FRENCH related that KABATA's own time estimate indicates it would reduce the travel time to Fairbanks by 14 minutes. The KABATA has letters of support from the Alaska Trucking Association. He queried whether the truckers were advised they would have to wait until after the Burma Road is built to achieve the 14 minute time savings. He also wondered if the truckers would be willing to pay the commercial toll, estimated at \$10 to \$15 to save approximately 15 minutes. The KABATA testified the Knik Arm Bridge would be part of the National Highway System. However, phase one will not be built to national highway standards. The proposed Knik Arm Bridge will not be a four-lane approach or a four-lane bridge until phase 2 of the project. He agreed with Mr. Ottesen that additional roads will need to be built. However, if the forecast is overly optimistic, KABATA will not likely be able to finance phase 2 of the project and will look to the state to fix problems caused by the shortfall. He pointed out that KABATA is very clear it will not pay for any project south of Third Avenue in Anchorage or past the connection of the Knik/Goose Bay Road. Thus, the traffic on the Knik/Goose Bay Road, which is overloaded and is designated as a Highway Safety Corridor, would be the state's obligation to upgrade, he said.

[2:43:48 PM](#)

MR. FRENCH recalled that Representative Neuman seemed anxious for help to fund roads in the MSB, yet KABATA does not anticipate any excess funds until 15-20 years out. Additionally, Mr. Ottesen reported that the H2H traffic estimates were higher than other forecasts. He related that the Government Hill community currently has a public information request filed with the DOT&PF that is past due. The request made was to obtain the estimate. He offered his belief that the Highway to Highway estimates did not include the dampening factor of having a toll on the bridge. He explained that once a toll is added, that it may result in a 20 to 30 percent drop-off in the overall traffic rate. He urged members and the SOA not to make a \$3.2 billion mistake by providing a guarantee for the \$3.2 billion in availability payments just to get a \$700,000

bridge. He mentioned he did not think any project ever came in on time or under the estimate.

2:45:48 PM

MR. OTTESEN asked to respond. He explained that National Highway Standards (NHS) roads in Alaska are almost all two-lane highways. The standard is acceptable for NHS roadways. He suggested that Mr. French may be thinking of an interstate which are without failure built to a four-lane standard, with many exceeding four-lane roads. He related that Alaska has 1,000 miles of interstate highways built to two-lane standards, including the Parks and Glenn Highways. Alaska specifically has an exception to allow for two-lane roadways as part of the interstate system. However, it has tentatively been classified as an NHS roadway by the FHWA, he said.

2:47:18 PM

REPRESENTATIVE PETERSEN asked whether Phase 1 of the Knik Arm Bridge project would consist of two lanes.

MR. OTTESEN deferred to KABATA to answer the question.

MR. FOSTER explained that the foundation for the bridge structure would be built out for four lanes plus a pedestrian or bicycle lane. The initial deck during Phase one of the Knik Arm Bridge project could potentially be a two-lane, but KABATA will also ask for four-lane structure as an option. The concept is to build the foundation once, build the deck for two-lanes and as traffic expands, the additional decking would be added. He offered that to expand the Glenn Highway, additional pavement is added, but for bridge construction, additional foresight is necessary. The bridge structure is set up for four lanes plus a pedestrian lane. He reiterated that it could be either a two-lane or a four-lane structure depending on the proposals. The embankment structures will all be "filled out" to the full four-lane standards. The cut and cover tunnel is constructed out to phase two alignment so it would be cut once, covered once, and when traffic reaches its phase two capacity, that Ingra and Gambell Streets would provide the next connection to the Seward Highway.

2:49:32 PM

REPRESENTATIVE PETERSEN asked whether the \$700 million estimate is for the two-lane deck.

MR. FOSTER agreed, reiterating the preparatory features to later expand to four-lanes.

REPRESENTATIVE PETERSEN asked for an estimate for the additional two-lane decking.

MR. FOSTER, after conferring with someone in the audience indicated it could cost an additional \$100 million.

2:50:18 PM

REPRESENTATIVE MUNOZ referred to page 2, to subparagraph (5)(B) of HB 158. She asked whether it is typical in public-private partnerships for the governmental agency to assume all risk.

MR. HEMENWAY answered that the government would not be assuming all the risk in this transaction. The state would be obligated to make the availability payment, subject to appropriation, after toll revenue is applied. He reminded members that the annual availability payment is predicted to be about 67 percent of the base case traffic control revenue during the 35 year period for the public-private partnership agreement. Under DOT&PF procurement, the state is responsible for 100 percent of the cost, the design build contract overruns. Further, on state projects the state is responsible for all M&O. However, a public public-private partnership makes transparent the life cycle cost of the ownership of the project and puts brackets around the state's risk and offloads a substantial amount of the the risk to the private sector, much more so than with a conventional public transaction. The SOA's availability payments would cover all of the M&O to a high standard and requires the facility, the 100 year asset, to the state in "like new" condition at year 35. Thus, the risk is substantially lower. Yes, the public could typically have a lower cost of capital, but it assumes all the other itinerant risk of constructing, operating, and maintaining the facility. He said he would strongly argue this is a lower risk structure that is transparent about the life cycle cost ownership. He related that the cost is vague on maintaining and resurfacing typical roadways without any transparent review of the life cycle of the project. "In this case, it's all laid out before you", he said.

2:53:16 PM

REPRESENTATIVE GRUENBERG recalled the state's pipeline needs refurbishing and the state is having increasing demands on the

limited state's revenue. He asked whether anyone reviewed or studied how it would affect opportunity costs of the state to maintain the state. He asked for the tradeoff in order to move forward with the Knik Arm Bridge project.

[2:54:10 PM](#)

REPRESENTATIVE NEUMAN offered his belief that the question could be what it will cost of not moving forward. He characterized it as the "cost of doing nothing." The state could have congested roads yet the population is growing. He surmised the state's population might drop to half its size due to the pipeline declines. He asked whether the state should continue to lose lives due to road congestion. He said he represents 27,000 people in his district, which is north and west of Wasilla north of the proposed Knik Arm Bridge. He related there's a hedge on the hedge. He said, "That's why we have contracts. That's why when this project moves past this step, when contract negotiations are completed, that it does come back to the legislature and we decide, 'Are we going to move forward with this project.'" After 35 years the proposed Knik Arm Bridge project will be paid for and will generate revenue. He stated that this project will offer an opportunity for hundreds of jobs not currently available. "Those are jobs in your back yard, Representative Gruenberg, and my back yard. So what's the cost of doing nothing," he asked.

REPRESENTATIVE GRUENBERG responded that he would like to obtain all the information needed before the committee votes on this bill.

CHAIR P. WILSON pointed out that all the questions were answered that were raised at the last meeting, as well as all the questions raised today.

[2:56:21 PM](#)

REPRESENTATIVE GRUENBERG responded that the cost of doing nothing depends on what does not get done. He said that if the state only has a certain amount of revenue, some things not get done.

CHAIR P. WILSON pointed out that has always been the case.

REPRESENTATIVE GRUENBERG continued. He asked, "What won't get done?" He suggested the case was presented as such that without legislative support the project would not be completed. He

asked if the project is approved, what projects would not be built. He said:

This is a rhetorical question, but I think it's worth the members of the committee deciding what won't get done. Won't a ferry get built? Won't projects in the Chickaloon area get built? Won't things in Juneau get built that need to get built? Won't things in East Anchorage get built? Those are the questions we have to ask, just as you, Representative Neuman, are answering for your constituents. I'm not being flip, Madame Chair. This is the core question before us.

REPRESENTATIVE NEUMAN responded, "If we only had a crystal ball."

CHAIR P. WILSON agreed.

[2:58:02 PM](#)

RON AXTELL stated that he has been an Alaskan resident for over 30 years. He has lived on Knik/Goose Bay Road for the past 29 years. Over the years he has seen the area grow, in particular in last ten years. He asked what citizens can do to support the state's economy. He stated that Alaska needs some areas to grow. He further stated that showing businesses that the state is willing to give support for development can only be seen as a positive move. The state cannot continue to rely on oil for income. Building the bridge will help support other types of industry that are looking to develop in Alaska. An alternative route to the Interior and developing our resources are two ways the state can benefit from this project. The state also needs to consider the future and consider the one road system in and out of Anchorage. He offered his belief that no one would argue that the highway will constantly need to be upgraded. He said:

What will this cost be? The money that this bill is looking for will be pennies compared to upgrading highways and overpasses to accommodate the amount of traffic in the future. I believe that this bill is a positive move to show future investors that we are open for business. People say this is a bridge to nowhere. Let's make it a bridge to somewhere. Thank you for hearing me today.

[3:00:15 PM](#)

CHAIR P. WILSON, after first determining no one else wished to testify, closed public testimony on HB 158.

[3:00:26 PM](#)

REPRESENTATIVE PRUITT moved to report HB 158 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE PETERSEN objected. He related that he has not had time to review the details of the questions raised, even though some have been answered, questions still exist.

REPRESENTATIVE PRUITT asked whether answering any additional questions would change his vote.

REPRESENTATIVE PETERSEN responded yes, if the questions were answered to his satisfaction.

REPRESENTATIVE GRUENBERG asked if he could respond.

CHAIR P. WILSON said no. She said she would like to have the secretary call the roll.

REPRESENTATIVE GRUENBERG asked to appeal the ruling of the Chair. He said he has not had an opportunity to be heard on the central question.

CHAIR P. WILSON responded that Representative Gruenberg has had ample opportunity to be heard. She said the question he has raised is a question that can only be answered by the House Finance Committee, which will decide which projects get funded and which ones will not get funded.

[3:02:51 PM](#)

A roll call vote was taken. Representatives Munoz, Feige, Pruitt, Wilson voted in favor of reporting HB 158 from the House Transportation Standing Committee. Representatives Gruenberg and Petersen voted against it. Therefore, HB 158 was reported out of the House Transportation Standing Committee by a vote of 4-2.

CHAIR P. WILSON reported that with 4 yeas and 2 nays, HB 158 was reported from the House Transportation Standing Committee.

[3:02:59 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 3:02 p.m.