

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

4/26/83

Date: 5-20-83

Mr. Speaker:

The Committee on FINANCE has had HB 321

"An Act making a special appropriation to the Department of Transportation and Public Facilities for improvements and expansion of the terminal at the Anchorage International Airport; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends DO PASS new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

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MEMBERS HAVING
OTHER RECOMMENDATIONS:

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[Signature]
CHAIRMAN

STATE OF ALASKA
FISCAL NOTE

I. REQUEST

Bill/Resolution No.: HB 321
 Title: Anch Int'l. Terminals Improvements
 Sponsor: Transportation Committee
 Requestor: State Affairs

II. FISCAL DETAIL

Agency Affected: DOT&PF
 Program Category Affected: Transportation
 BRU, Program or Subprogram(s) Affected: Anchorage International Airport

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES				500.0	530.0	560.0
200 TRAVEL				250.0	265.0	280.0
300 CONTRACTUAL				58.0	63.0	67.0
400 COMMODITIES				2.0	2.0	3.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING				810.0	860.0	910.0
CAPITAL		28,000.0				
REVENUE				500.0	500.0	500.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)*IARF				810.0	860.0	910.0
INT'L AIRPORT REVENUE BONDS		28,000.0				

*International Airport Revenue Fund

POSITIONS:

FULL-TIME				8.0	8.0	8.0
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

This project will be paid for through revenue generated at the Anchorage International Airport. The revenue projection does not assume any change in rates and fees, but does include anticipated revenue from the expansion, calculated at present terminal rental rates.

IV. ANALYSIS: Attached.

Prepared By: William R. Snell
 Division: Acting Deputy Commissioner

Phone: 266-1440
 Date: 3/30/83

Approved by Commissioner: Jon Scribner
 Department: Transportation and Public Facilities

Date: 3/31/83

PROJECT NEED:

Existing facilities in the passenger terminal complex are undersized. Facilities are not adequate for present domestic aviation traffic needs. Continued growth in aviation activity is anticipated, therefore, pressure for expanded facilities will increase. Existing international facilities have been relocated to the new international terminal, thus freeing space for domestic aviation needs. The west concourse must be remodeled before use by the domestic air carriers. Additional landside facilities, airport ticket offices, baggage claim and public areas are needed to accommodate domestic flight traffic. Air commuter facilities are minimal. New facilities are essential to provide adequate service to this growing segment of the aviation market. Construction of a new concourse off the east terminal expansion will accommodate commuters. Utility work airside is required in order to make the terminal expansion usable for the air carriers and commuter planes.

PROJECT DESCRIPTION:

Funding requested is for the first phase of a comprehensive remodeling and expansion program, at an estimated cost of \$23.1 million. The project includes the following:

Extension of existing terminal 100-feet to the east (both levels). First level to house additional baggage claim and makeup areas and mechanical room. Second level to provide additional counter space, snack bar, storage, elevator and gate lobbies.

Construction of a commuter concourse providing passenger waiting space, equipment storage, crew lounge area, restroom facilities, snack bar, baggage makeup and baggage claim.

Preliminary engineering and construction to remodel west concourse to accommodate domestic carrier operations.

Preliminary engineering and construction of apron utility work required with the terminal remodeling.

PROJECT COST:

Bond sale costs at 3% to take care of closing costs, audit costs, fees to rating agencies, financial advisor, etc.

$$\$28,000,000 \times 3\% = \$840,000$$

In addition, an estimated \$3 million was assumed for immediate deposit into the bond reserve fund. This is approximately 1 year's principal and interest on the bonds.

The estimated cash available after obligations is \$24,160,000:

$$\$28,000,000 - (\$840,000 + \$3,000,000) = \$24,160,000$$

Capitalized interest during project construction has not been estimated. Depending on investment yield, interest earned on the cash could roughly equal or exceed interest obligations on the bonds. If, however, capitalized interest payments are required, DOT&PF will utilize International Airport Revenue Fund (IARF) cash for such payments. This is consistent with how capitalized interest was treated in earlier revenue bond issues.

OPERATING COSTS:

Costs identified are based upon our current costs for maintenance and custodial which approximate \$11 per square foot.

Added 66,000 sq. ft. x \$11 = \$726,000

1983 cost \$726.0

1986 cost \$810.0. Inflation is estimated at 6% per year.

No estimate is provided for the debt service since the yearly cost would vary so greatly based upon the interest rate and term of bonds.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

May 17, 1983

House Bills 321, 322

The Honorable Al Adams, Chairman
Finance Committee
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Adams:

House Bills 321 and 322 are pending before the House Finance Committee and scheduled for hearing May 20.

The requested authorization for revenue bond sale and appropriation will finance the first phase of a comprehensive remodeling and expansion program at Anchorage International Airport. This project includes the following:

Extension of the existing terminal 100-feet to the east (both levels). The first level will house additional baggage claim and makeup areas and the mechanical room. The second level will provide additional counter space, snack bar, storage, elevator and gate lobbies.

Construction of a commuter concourse providing 8 new gates, passenger waiting space, equipment storage, crew lounge area, restroom facilities, snack bar, baggage makeup and baggage claim.

Preliminary engineering and construction to remodel the west concourse to accommodate domestic carrier operations and provide suitable office space on the ground floor. A fire suppression system will be installed as well as electrical upgrades and handicapped accessibility.

Preliminary engineering and construction of apron utility work required with the terminal remodeling.

Recommendation of this project is the result of several years of planning and comprehensive analysis of air traffic trends and corresponding facility needs.

The Honorable Al Adams
Letter - May 17, 1983
Page 2

Existing facilities in the Anchorage domestic passenger terminal complex are undersized. Facilities are not adequate for present domestic aviation traffic needs. Continued growth in aviation activity is anticipated, therefore, pressure for expanded facilities will increase. Existing international facilities have been relocated to the new international terminal, thus freeing space for domestic aviation needs, however, the west concourse must be remodeled and brought up to code before the space can be efficiently used by domestic carriers. Additional landside facilities, airport ticket offices, baggage claim and public areas are needed to accommodate domestic flight traffic. Air commuter facilities are minimal. New facilities are essential to provide adequate service to this growing segment of the aviation market. Construction of a new concourse off the east terminal expansion will accommodate commuters. Utility work airside is required in order to make the terminal expansion usable for the air carriers and commuter planes.

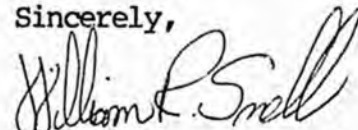
In order to assure that you and your Committee have the necessary backup for consideration of the bills, I have enclosed a copy of **the fiscal** notes for both bills as an explanation of the financial impacts of the requested bond authorization and the proposed construction project.

As you know, the International Airports Revenue Fund (IARF) was established to provide the operating and capital monies for Anchorage and Fairbanks International Airports. All revenues from airport operations are deposited to the fund and all expenses paid through those revenues.

Alaska Statute 37.15 establishes the fund and the bond authorization. The bond covenants require that the IARF sustain annual revenues equal to at least 130% of the annual debt service. Preliminary analysis indicates that the IARF will have sufficient revenues to cover the annual bond indebtedness by more than the required 130% even if the State Bond Committee selects a relatively short term bond maturity (15 years rather than 30 years).

Thank you for your consideration of these bills. If you need additional information, please me.

Sincerely,



William R. Snell, Director

WRS:GML/sg

Enclosure: Fiscal Notes HB 321 and 322

cc: Gina Marie Lindsey
Cathy Poe
Department of Revenue

BILL SHEFFIELD
GOVERNOR



HB 321 and

HB 322

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 31, 1983

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

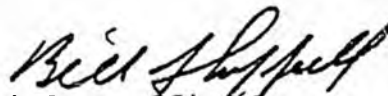
Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting two bills to accomplish the first phase of a comprehensive remodeling and expansion program for the domestic terminal at the Anchorage International Airport. This program is consistent with the comprehensive analysis of air traffic trends and corresponding facility needs for our traveling public.

The first bill will increase the revenue bond authorization contained in AS 37.15.410 by \$28,000,000. The second bill will appropriate the proceeds of the sale of this additional amount of bonds. The appropriation is to the Department of Transportation and Public Facilities for the purpose of making the improvements at the Anchorage International Airport and other expenses required to accomplish the sale of the bonds.

The need for this project is well recognized and I request that you work with me so that these improvements may begin this spring.

Sincerely,


Bill Sheffield
Governor

Introduced: 4/4/83
Referred: Transportation
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 321

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Transportation and Public Facilities for
8 improvements and expansion of the terminal at the
9 Anchorage International Airport; and providing for an
10 effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. The sum of \$28,000,000 is appropriated from the interna-
13 tional airport construction fund to the Department of Transportation and
14 Public Facilities for code upgrades, remodeling, expansion, and equipping
15 of the domestic terminal at the Anchorage International Airport.

16 * Sec. 2. The appropriation made by this Act is for a capital project
17 and is subject to AS 37.25.020.

18 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
19 10.070(c).

Introduced: 4/4/83
Referred: Transportation
and Finance

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