

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

4/12/84

Date: 4-25-84

The Committee on FINANCE has had HB 661

"An Act relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 661 (trcp) same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note ²⁰⁰⁻⁴⁻¹⁹⁻⁸⁴⁻³⁻²⁹⁻⁸⁴
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
R.B. Stinson
T.H. [Signature]
Walt Funnare
[Signature]
[Signature]
ANDREW A. FRITZ
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature] (No Rec)
[Signature] (No Rec)

[Signature]
 CHAIRMAN

Offered: 4/12/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE BILL NO. 661 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL
6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be con-
2 structed is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

10 (1) acquire property;

11 (2) exercise the power of eminent domain;

12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;

14 (4) acquire rights-of-way for present or future use;

15 (5) control access to highways;

16 (6) regulate roadside development;

17 (7) preserve and maintain the scenic beauty along state
18 highways;

19 (8) dispose of property acquired for highway purposes;

20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;

22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]

26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and

29 (12) exercise any other power necessary to carry out the

1 purpose of AS 19.05 - 19.25.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST Page 1 of 2

FISCAL DETAIL

Bill/Resolution No.: CSHB 661(Trsp) Agency Affected: _____
 Title: DOT&PF Toll Facilities Program Category Affected: _____
Financing Bill Transportation
 Sponsor: Office of the Governor BRU, Program or Subprogram(s) Affected: _____
 Requestor: _____ Major Projects Management
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0 (1)*				

CAPITAL		0 (2)*				
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REVENUE		0 (3)*				
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		0 (4)*				
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		0 (5)*				
PART-TIME						
TEMPORARY						

*See attached notes

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Costs of issuing revenue bonds will be recovered in the bond sale and liquidated from project revenues. There is, therefore, no fiscal impact from the bill. Fiscal impacts from specific projects will be considered if and when legislation is introduced to contribute capital or operating funds to the projects.

ANALYSIS: Attach a separate page for analysis

Prepared By: John B. Olson *Olson* Phone: 266-1447
 Division: Major Projects Management Date: March 29, 1984
 Approved by Commissioner: *Don Malick* Date: 3/29/84
 Agency: DOT&PF R. J. Knapp

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

March 29, 1984

FISCAL NOTE BACKUP

TOLL FACILITIES FINANCING

CS HB 661(Trsp)

Page 2 of 2

- (1) The bill will allow DOT&PF to sell revenue bonds to finance toll producing transportation facilities. The first project to be financed will be the Knik Arm Crossing near Anchorage. Costs associated with the bond issues will be recovered with the issue and paid from revenues. Operating and other costs will also be paid from toll revenues. As a result, no net operating costs will accrue from the bill. Any legislated contributions to operating costs for specific facilities, (such as Knik Arm Crossing) would be the subject of separate legislation and the fiscal impact would be considered with such legislation.
- (2) The bill seeks to construct capital facilities through the sale of revenue bonds. Any legislated contributions to capital, if required, would be the subject of separate legislation and the fiscal impact would be considered with such legislation.
- (3) Facilities constructed under the bill will be revenue producing. The revenues will contribute to capital and operating costs as explained in notes (1) and (2) above.
- (4) Federal Fund eligibility will be determined on a project by project basis.
- (5) Employee costs and positions arising from facility operation will be paid from project revenues.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CS HB 661 (Trans.)
 Title: Knik Arm Crossing and Toll
Facilities
 Sponsor: House Transportation
 Requestor: House Finance
 Date of Request: April 13, 1984

FISCAL DETAIL

Agency Affected: State Bond Committee
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: Revenue

Phone: 465-2350
 Date: April 17, 1984
 Date: 4/19/84

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CS HB 661 (Transportation)
Fiscal Note Analysis

\$63,000,000 is the estimated annual debt service on the \$500,000,000 revenue bonds authorized in CS HB 661. This debt service estimate assumes 20 year bonds at 11% interest to be conservative. Bonds may have longer maturities and higher or lower interest rates.

The source of funds for debt service would ordinarily be the toll facilities revenue fund. However, until the first project is operating, there will be no revenues. Therefore, for FY 85 at least, the fund source would be the toll facilities construction fund.

NOTE: The amounts requested in this fiscal note need only be appropriated if there is an appropriation enacted to construct toll facilities with bond proceeds. That is, the fiscal note solely for the authorization of \$500,000,000 in bonds is actually zero.

W. A. SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

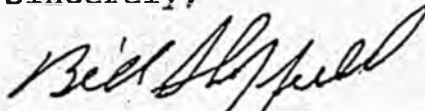
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to toll bridges and highways. This bill addresses both the authority for construction and maintenance of the facilities and their funding through revenue bonding. The bill gives this authority to the Department of Transportation and Public Facilities and avoids unnecessary duplication of personnel in the administration of toll facilities. The language in the bill is based on language in AS 37.15.-410 -- 37.15.550, dealing with international airports revenue bonds.

The bill provides that the acquisition, construction, or equipping of toll facilities may be accomplished through the issuance of revenue bonds. It creates special funds for the accounting and management of proceeds of the bond sales and for the redemption or refunding of the bonds. It further allows the retention, in the toll facilities revenue fund created in AS 37.15.630, of money generated through toll collection. This money will then be used for payment of interest on the bonds and redemption as the bonds mature.

Money received from tolls collected and placed in the revenue fund is also made available for the purposes of paying for normal maintenance and operation of the toll facilities, replacement of the facilities, and other costs associated with the ownership of the facilities. The money would not be available for general appropriation by the legislature but would be protected for use for those purposes set out in AS 37.15.630. This does not violate the "dedicated funds" prohibition contained in art. IX, sec. 7, of the Alaska Constitution inasmuch as the funds are segregated for the purpose of guaranteeing payment of bonds and securing the collateral for the bonds.

This bill provides an opportunity to meet certain needs of the state's highway system in an era when general fund appropriations might not be possible for that important purpose. I urge your prompt consideration and action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

7



KNIK ARM CROSSING

**Presentation
to the
Governor
and the
Legislature**

March 1984

LEGISLATIVE ASSIGNMENT

Highway Crossing of Knik Arm with Connections to Parks & Glenn
Highways

- Design Criteria
- Environmental Assessment
- Right-of Way Studies
- Location Selection
- Preliminary Design & Cost Estimates

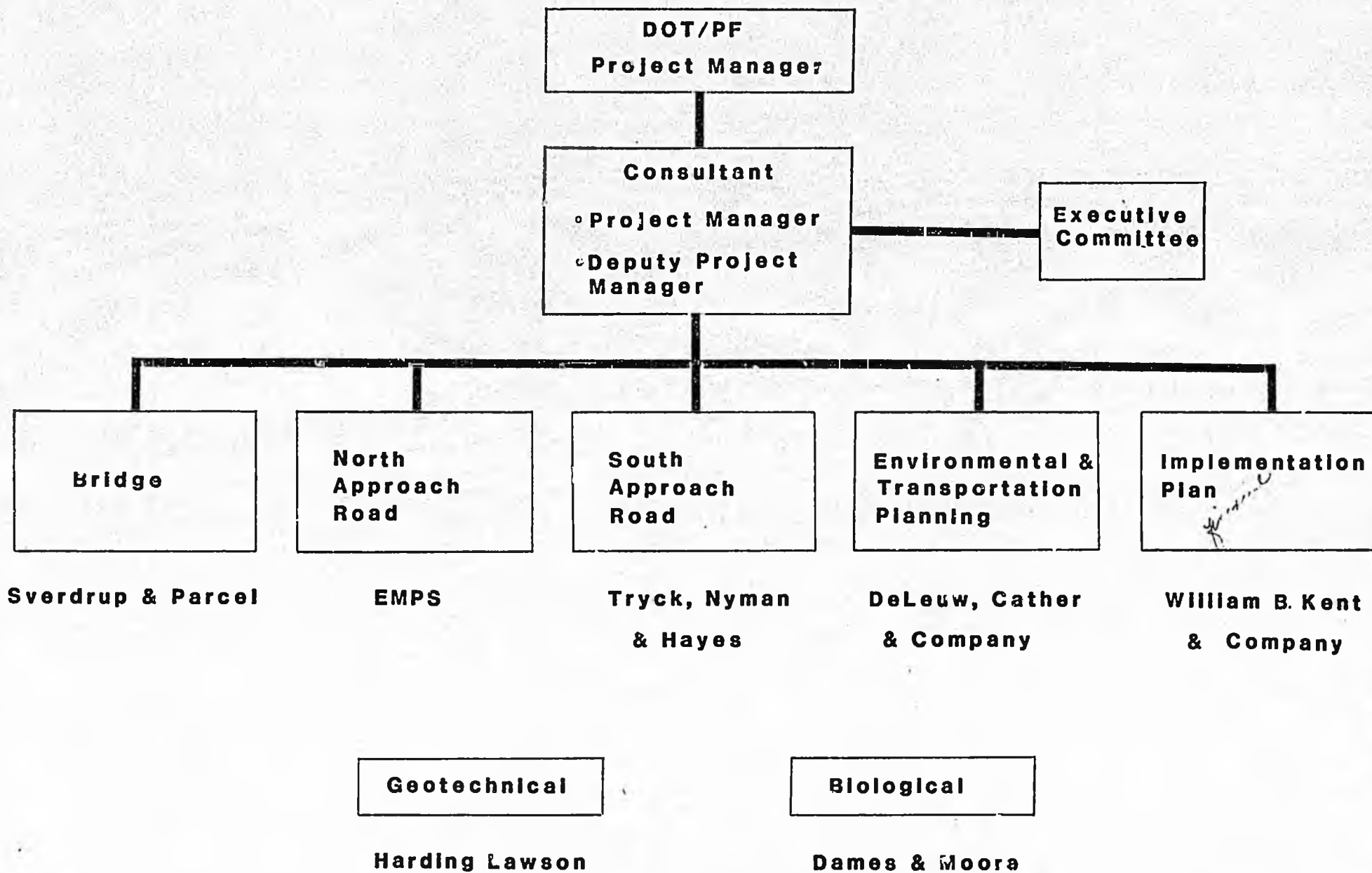
BUDGET

◦ 1981 Appropriation	\$5.5 million
◦ Consultant Contract	\$4.5 million
◦ Balance (January 1984)	\$3.0 million
◦ FY 85 Request	\$5.4 million

PROJECT RESOURCES (DOT/PF)

- Total Department Resources
 - Contract Administration & Accounting
 - Planning
 - Environmental Coordination
 - Surveys
 - Right-of Way
 - Utilities
 - Materials & Geology
 - Legislative Liaison
- Director
 - Major Projects Management Division
- Project Manager
 - Leads Department & Consulting Team

Consultant Resources



AGENCIES

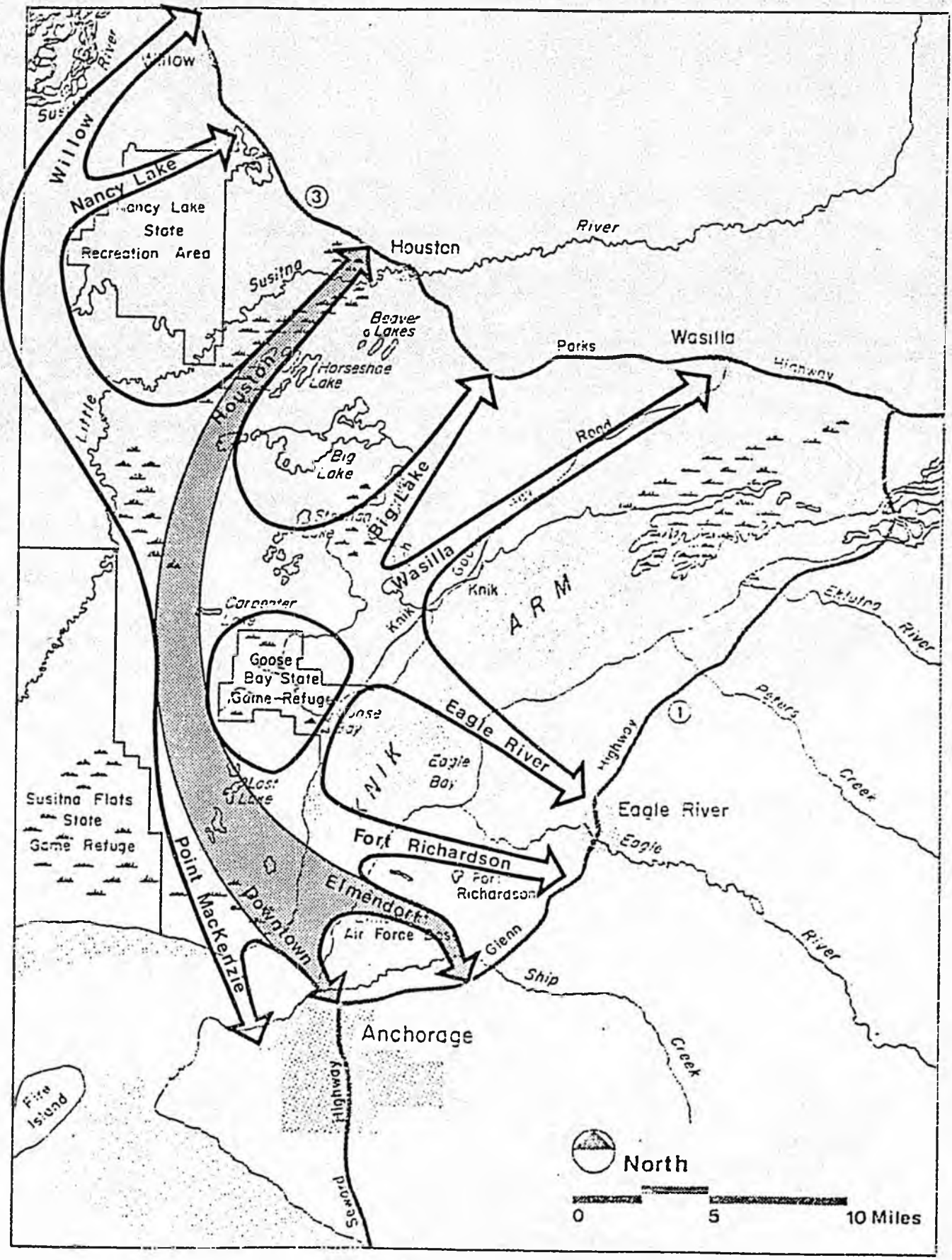
- Steering Committee
 - ADOT/PF
 - Municipality of Anchorage
 - Matanuska-Susitna Borough
 - Military (Air Force, Army, Navy)
 - Alaska Railroad
- Federal Agencies
 - ARR FHWA EPA
 - BLM DOA USAF
 - COE DOC USCG
 - FAA DOI USF&W
- State Agencies
 - Dept. of Comm. & Reg. Affairs
 - Dept. of Envir. Conservation
 - Dept. of Fish & Game
 - Dept. of Natural Resources
 - OMB - Div. of Strategic Planning
 - UAA - Inst. of Soc. & Eco. Research

WORK COMPLETED

- Scoping *Public Participation*
Environmental
- Economic Feasibility Report
- Corridor Alternatives Analysis - *Final*
- Alignments Definition-

WORK UNDERWAY

- Conceptual Design
- Environmental Impact Statement *late May*
- Geotechnical Investigations *2 1/2 months*
- Implementation Plan *need resources for execution*
- Right-of-Way Evaluation
- Bid Documents - Crossing *Alaska Railroad*



CROSSING ALTERNATIVES

Downtown Project

- Seward Connector
- Downtown Crossing
- Houston Connector
 - Segment 1
 - Segment 2

Elmendorf Project

- Glenn Connector
- Elmendorf Crossing
- Houston Connector
 - Segment 1
 - Segment 2

NO-CROSSING ALTERNATIVES *ITS Repair is no-c. alt.*

- No Action Option
 - Other Transportation Plans of DOT, AMATS, & Mat-Su
- Transit Option
 - 2 Hovercraft
- Low Capital Option
 - Additional Glenn & Parks Highway Improvements

ALASKA RAILROAD

- Possible for either Downtown or Elmendorf
- Costs to Accomodate Future Rail on Highway Bridge
 - \$50 million to \$100 million *Bridge strong in up to carry RR*
 - 15-20 yrs. from now*
- Railroad Related Activities in Progress
 - Conceptual Design & Cost Estimates
 - Environmental Assessment
 - Right-of-Way Studies
- Railroad Financing
- Separate Bridge - *Concept design for consideration*
- Decision Timing
- Finance/Design/Build RR Crossing
 - Separate Project of Alaska Railroad

ESTIMATED COSTS
Millions of 1983 Dollars

DOES NOT
INC. MILITARY
REF. & ATTORNEY
COSTS.

	Downtown Project				Period	Elmendorf Project			
	Design	ROW	Constr.	Total		Design	ROW	Constr.	Total
Anchorage Connector	12.0	2.0	80.0	94.0	2000-2001	2.1	1.0	14.3	17.3
<i>Bridge</i> Highway Crossing	18.4	1.0	530.3	549.7	1986-1990	15.0	0.3	358.5	373.8
Mat-Su Connector									
* Segment 1	1.3	0.0	24.5	25.8	1989-	1.3	0.0	24.5	25.8
* Segment 2	1.6	2.3	23.0	27.0	1990	1.6	2.3	23.0	27.0
Total	33.3	5.3	657.8	696.5	1986-2001	20.0	3.6	420.3	443.9

Note: Does not include cost of strengthening bridge for Alaska Railroad (\$50 to \$100 million).

FINANCING ALTERNATIVES

◦ Connectors

90% Federal
10% State

◦ Crossing

Toll Revenue Bonds
Private Venture
Land Sales
Local Improvement District
State Appropriation
Combination

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

March 29, 1984

Re: DOT&PF Position and
Perspectives on CSHB 661

The Honorable Joe Hayes
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

In response to a March 28, 1984 request from Mr. Neil Phelps-Munson of your office, following is a brief summary of the DOT&PF position and perspectives on CSHB 661. I have discussed this information with Commissioner Knapp to assure accurate presentation of our Department's position.

BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

1. Provide DOT&PF the authority to sell revenue bonds to finance toll bridges and highways; and
2. Authorize DOT&PF to collect tolls on bridges and highways to make principal and interest payments on the revenue bonds.

The purpose of the bill was to provide a financing mechanism for the Knik Arm Crossing. A framework approach was taken on advice of the Attorney General, recognizing the State Constitution's requirements to avoid legislation specific to a location or region. We also wanted to preserve the option to recommend the mechanism for future revenue producing highway or bridge projects.

The bill is modeled after the revenue bond provisions of the Airport Revenue Fund. The model was used because it is known to the legislature, and has a good track record to present to bond underwriters and rating organizations.

DEPARTMENT POSITION ON CSHB 661

The DOT&PF continues to recommend a framework concept for bills like HB 661. However, we recognize the committee substitute to be a reasonable compromise recognizing concerns expressed by legislators. We, therefore, support the committee substitute and recommend its passage.

APPLICATION TO KNIK ARM CROSSING

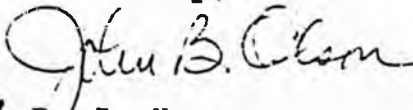
The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation plan will lead to the legislative direction needed to construct the crossing. No sales of revenue bonds or other related action will be taken before the next legislative session. I and other DOT&PF staff will be working with legislators to exchange information prior to finalizing our recommendations and presenting the implementation package to the legislature.

APPLICATION TO OTHER PROJECTS

If the Knik Arm Crossing uses the revenue bond sales concept outlined in CSHB 661, the mechanism will be available for other projects. (The bill requires application to the Knik Arm Crossing before any other project.) It should be recognized that bridge and highway projects that can generate revenues in excess of their operation and maintenance costs are quite unique in Alaska. To the extent such projects are identified in the future (we have none to suggest at this time) the legislature would play an active role in their development and financing.

Please contact me if you have any questions regarding our position on CSHB 661 or the Knik Arm Crossing.

Sincerely,


R. J. Knapp
Commissioner

ajh

cc: Ray Gillispie, Legislative Assistant, Governor's Office
Jerry Hamel, Project Manager, Knik Arm Crossing
David Haugen, Deputy Commissioner, Central Region
Paula Ramsey, Budget Analyst/Legislative Liaison
William R. Snell, Director Planning & Programming, Central

Comments on the applicability of CSHB 661 to financing the Knik Arm Crossing.

1. DOT&PF Position and Perspectives on CSHB 661
2. Summary of Briefing Materials
3. Correspondence from private firms that have expressed interest in financing the Knik Arm Crossing (These letters were requested by the House Transportation Committee on March 28, 1984).

Presented to House Transportation Committee
April 5, 1984
John B. Olson
Telephone 266-1447

DOT&PF Position and Perspectives on CSHB 661

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Presented to the House Transportation Committee, April 5, 1984

KNIK ARM CROSSING - FINANCING

1. Financing Choices
 - Pay Cash
 - Borrow
 - Save
 - Get Equity Partner
 - Combination of Above

2. Pay Cash
 - Appropriation
 - Lump Sum
 - By Component

 - Federal Funds
 - Highway Matching Funds
 - Connecting Roads Only

 - Raise Cash
 - Land Sales/Exchanges

3. Borrow
 - General Obligation Bond
 - Full Faith and Credit Pledge
 - Lowest Cost Borrowing

 - Revenue Bonds (CSHB 661)
 - DOT&PF to Collect Tolls
 - Tolls Pledged to Retire Debt

 - Private Lending Sources
 - Available Through Equity Partnerships

4. Save

- Allows Cash Payments
- Major Projects Fund (Or Other "Savings Account" Approach)
 - Toll Revenues Returned to Fund
 - O&M From Account in Major Projects Fund or General Fund
- General Fund (G.F.)
 - Annual Appropriation to G.F. Account
 - Build By Components
 - Toll Revenues Flow to G.F.

5. Equity Partnership

- Local Government (Unlikely Equity Partner for Knik Arm Crossing)
- Private Enterprise (Several Expressions of Interest Received)
 - Service Contract, Lease
 - Full Faith and Credit Pledge (Often Requested to Minimize Risk/Borrowing Cost; Requires Statewide Vote)
- Constitutional Constraints
 - State Debt
 - Annual Appropriation
 - Direction of Funds
 - Contract Negotiation
- Source of Funds
 - Tax-Exempt Borrowing
 - Non-Exempt Borrowing (Expensive)
- Federal Legislation
 - Industrial Revenue Bond Limit (Per Capita Basis)
 - Accelerated Depreciation in Question

6. CSHB 661

- Model: Airport Revenue Fund
- Desired This Year
 - Known Entity of Implementation Plan
 - Likely to be Used
- The CS is a Reasonable Bill
 - Responds to Concerns for Framework Concept
 - Timely for the Knik Arm Crossing Project

Correspondence From Firms Interested In Financing Or Constructing The
Knik Arm Crossing.

WILLIAM KENT AND COMPANY
900 WEST FIFTH AVENUE, SUITE 610
ANCHORAGE, ALASKA 99501
(907) 276-0660

March 16, 1984

Mr. Jack Allen, P.E.
Project Manager, Knik Arm Crossing
Sverdrup & Parcel and Associates, Inc.
430 C Street, Suite 200
Anchorage, AK 99511

Dear Mr. Allen:

On March 14, John Olson and I met with Mr. Gopinath, Vice President of Corporate Affairs, Calista Corporation and Mr. Denji, Vice President of Calista International Corporation.


Calista has been dealing with Mitsui Shipbuilding and Engineering regarding the Knik Arm Crossing. Mitsui has done some work on design for the bridge, and has talked to their partners at the Mitsui Bank. Calista offered to meet with us to discuss engineering and financing in more detail, and offered to have Mitsui people come over.

We explained some of the more important constraints in state financing or other state participation, and our timetable for the project, and we offered to meet with them to discuss financing. We did not encourage them to bring any engineers over from Japan, at least not yet. I will arrange a meeting with Calista regarding financing in the next few weeks -- probably during the week of March 26.

Calista seemed interested in getting the following messages to us:

1. Confidentiality of their work is important to them. They believe that they have an advantage in their ability to bring financing into a package deal, and they do not want their concept, or their own engineering, to be public information before the bid.
2. They want the full faith and credit of the state behind the financing.
3. They were interested in seeing the project go forward, whether they were involved in the construction or not.

Sincerely,


Steven A. Rieger
Vice President

SAR/bsb

cc: ADOT/PF

*KIC Concept
Copy - Hornel*

Brown & Root, Inc.

200 Forter Drive, San Ramon, California, 94583

W. D. Arnold
Manager - Business Development
Marine Services

(415) 838-6149



March 19, 1984

John B. Olson
Director, Division of Major Project Management
State of Alaska
Department of Transportation and Public Affairs
Pouch 6900
4111 Aviation Avenue
Anchorage, Alaska 99502

SUBJECT: Knik Arm Crossing

Dear Mr. Olson:

It was a pleasure to have visited with you in your offices in Anchorage on February 21st. The time you spent with us in explaining the situation regarding the Knik Arm Crossing was very much appreciated.

As discussed in our meeting, Brown & Root is very interested in bidding the Engineering/Construction of the Knik Arm Crossing and has had three consortia approach us about possible financing of portions of this project.

During our discussions you indicated that it would be difficult for the Department of Transportation or the State to negotiate an unsolicited bid for the overall package. Therefore, we would like to prequalify for the work in the routine manner that you plan to use later this year. Brown & Root has been involved in several major water crossings in the United States and has the expertise and the equipment available, including derrick barges that might be required for some of the heavy lifts.

Thanks again for the time that you allowed us back in February. We are looking forward to working with you on this project as it develops.

Kind Regards,

Bill

W. D. Arnold
Manager, Business Development
West Coast and Alaska

WDA/Tmw

RECEIVED

MAR 27 1984

DOT & PF
Major Projects MGMT.

SAMWHAAN CORPORATION

ARCHITECTS, ENGINEERS & CONTRACTORS

SR-20, WOONI-DONG, CHONGRO-KU, C.P.O. BOX 42, SEUL, KOREA

HEAD OFFICE:
TELEX: SAMWHAN K28212
SAMWHAN K28380
SAMWHAN K25117
CABLE: GREENLIGHT SEOUL
PHONE: 765-0151/9

*Copy - H...
File - KAC...*

February 20, 1984

John B. Olson
Director
Division of Major Projects Development
Dept. of Transportation &
Public Facilities

Dear Sir,

I would like to express my sincere gratitude for your warm hospitality rendered during my visit to your office on February 10, 1984, sharing time from your busy schedule.

You were very kind and helpful in conducting my successful survey on future Alaska construction market prospective for our business activities. Our technical engineering Dept. has just begun reviewing the draft of tender documents regarding Nome Harbour Project furnished to me in anticipation of your invitation.

Meanwhile, I sincerely hope that we would be invited to the tenders for the Knit Arm Bridge Project and other various projects planned for the five years ahead according as you promised that our Corporation would be registered with prospective bidder list applicable for your esteemed State Government's projects.

We assure you of our best service to highest standard if an opportunity be given to us. Wishing the ever-lasting prosperity of your esteemed Department.

Yours Sincerely,

SAMWHAAN CORPORATION
[Signature]
Young-Ju Moon
Director

- OFFICE AMMAN**
JFUMAMMAMM
Eden, Palestine Rd. (Post Office) Co.
Jeddah, Saudi Arabia P.O. Box 1934
Telex: 65111 SWCJD 5J
Cable: SAMWHANIT JORDAN
Phone: 671 097, 6966, 2957, 3181
- RIYADH BRANCH**
Airport Road, Main Bldg., No. 20 Al Farafrah
St. Riyadh, Saudi Arabia P.O. Box 5743
Telex: 20144 SAMWHAN S J
Phone: 176-2477014
- DAMMAM BRANCH**
Riyadh Road, Main Bldg., No. 101
Neshin Ehabden, Dammam, Saudi Arabia
P.O. Box 2592
Telex: 61204 SAMWHAN S J
Phone: 81-27310, 81-21486, 81-21109
- ALSHARAH ARAB COLLEGE MAIN ST.**
Lahad 13th, Al Sharah Bldg., Ground Fl.
P.O. Box 92629, Amman, Jordan
Telex: 21200 SWC JO
Phone: 60353
- YEMEN ARAB REPUBLIC**
P.O. Box 2294, Hodeidah
Yemen Arab Republic
Telex: 3022 SWC HOD YE
Phone: 21050/6
- YEMEN ARAB REPUBLIC**
P.O. Box 1899 Sana'a, Yemen Arab Republic
Telex: 2481 SWC SNA YE
Phone: 71736
- OSAKA BRANCH**
Crazei Nishizawa Bldg. 112, 17-1, 4-Chome,
Nishi-ku, Minato-ku, Tokyo, Japan
Telex: SAMWHAN J 15153
Cable: SAMWHANIGHT
Phone: 179 65127
- JAKARTA BRANCH**
Rosen 405, Koro Center Bldg., Jalan Gator
Subrejo No. 58 Jakarta, Indonesia
P.O. Box 2874/JKT
Telex: 46195 SAMNUCCOIA
Cable: GREENLIGHT JAKARTA
Phone: 51747, 510431
- MANILA BRANCH**
2nd Floor, Atlantic Bldg., Herrera Cor.,
Sikado St., Legaspi Village, Makati, Metro
Manila, Philippine
Telex: 25163 SWC MNL
Phone: 8064-06, 80 61 69
- SINGAPORE BRANCH**
Rm. 5D, Yen San Bldg., 281 Orchard Rd.,
Singapore 0943
Telex: SAMWHAN KS 22086
Cable: SAMWHAN SINGAPORE
Phone: 7377833, 7376166
- KUALA LUMPUR BRANCH**
Unit 207, 2nd Fl., World Sribeni,
Jalan Raja Chuan, Kuala Lumpur,
0512, Malaysia
Telex: SACNL MAL207
Phone: 41 4342
- SAN FRANCISCO BRANCH**
250, Broadway Street, San Francisco 94101,
94101 U.S.A.
Telex: 278187 SWCUSUR
171 062 SWC SFO
Phone: 415 381 5052
- LONDON BRANCH**
Suite No. 11, 11th Fl., Mansfield House
270 Abchurch Lane, London EC4N 3DF, U.K.
Telex: 341544 SAMWHAN
Phone: 210-25180
- AMSTERDAM BRANCH**
River State Bldg., Amstel 100, 1009
101 Amsterdam, Netherlands
Telex: 18760 SWC NL
Phone: 020 110050

RECEIVED

FEB 27 1984

DOT & PF
Major Projects MGMT.



NIPPON KOKAN K.K.

1-1-2, MARUNOUCHI, CHIYODA-KU, TOKYO 100

PHONE: (03) 212-7111

TELEX: 222-2811 NKK J

CABLE ADDRESS: KCKANNK TOKYO

January 27, 1984

Alaska Department of Transportation
and Public Facilities
State of Alaska
4111, Aviation Drive
Anchorage Alaska, 99502

Attn : Mr. J. B. Olson

Gentlemen,

Re : Knik Arm Crossing

We, NIPPON KOKAN K.K. (hereinafter called NKK), have the honour to express out keen interest in participating in the captioned project and to submit herewith our company brochures, experience record and technical documents in which you will find activities and performance of our company.

As you may see from the above documents, NKK is now ranked as the third largest steelmaker in the world and in terms of all around technical expertise, NKK holds an unrivaled position because it is simultaneously a world leader in three major industrial fields - Steelmaking, Heavy Industries and Shipbuilding - allowing it to supply a comprehensive range of products and services to you.

In the field of bridge construction, NKK has considerable experience about supply and erection of steel superstructure of various type of bridge and has enjoyed good reputation in our achievement abroad as well as domestic.

Furthermore NKK has remarkable speciality of steel structures for low temperature service and has executed structural steel works in your esteemed province, such as Kenai Bridge, Sagavaiktok River Croosing,

NIPPON KOKAN K.K.

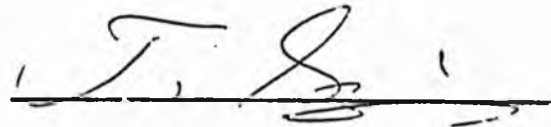
Alyeska Pipe Support Bridge, Gulkana Bridge and Pipe Support structures for Trans Alaska Pipeline Project, etc.

Judging from the foregoing, we are confident that NKK is capable enough in undertaking and proceeding this bridge construction project meeting with your expectation and requirements of price, engineering service, performance and quality.

We would highly appreciate it if you could invite us to the forthcoming qualification and tender and let us have a chance to work together with you toward successful construction of this bridge.

Thank you for your attention and we are looking forward to serving you in the near future.

Very truly yours,



T. Suganami
Deputy General Manager
Steel Structures &
Construction Dept.

MITSUBISHI BANK, LIMITED

7-1, MARUNOUCHI 2-CHOME, CHIYODAI-KU,
TOKYO 100, JAPAN

August 6, 1983

Mr. Mead Treadwell
Executive Director
Governor's Economic Committee
On North Slope Natural Gas
P.O. Box 1700
Anchorage, Alaska 99510

Dear Mr. Treadwell,

Mr. Norio Yamamoto of Mitsubishi Research Institute kindly forwarded to us your Economic Feasibility Report on the Knik Arm Crossing dated April 15, 1983 for our reference.

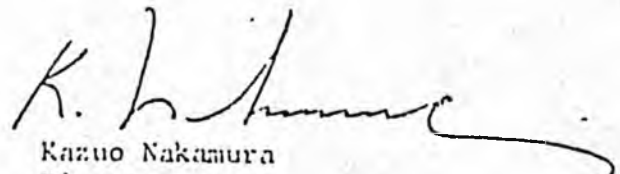
After a brief review, we have found the project interesting and wish to cooperate with you for the promotion of the project.

Accordingly, we appreciate it if you could let us know the area in which we shall be of assistance to you as a member of the Mitsubishi group which is the largest industrial groups in Japan. At the same time, it will be most helpful to us if you could provide us with a detailed financial plan for the project so that we shall be able to better analyze the project from the financial point of view.

It will be a great pleasure for us to exchange ideas with you how to promote the project and we wish to continue a dialogue on the development of the project. Please contact us at any time when you need our assistance.

Looking forward to hearing from you soon, and please give my best regards to Mr. Walter J. Hickel.

Very truly yours,


Kazuo Nakamura
Director

KN/ri

P.S.

For your reference we enclosed herewith a memorandum in regards to the Yen-Financing market.



YUKON PACIFIC CORPORATION

C: (copy) - Jerry Hamel (for Res.)
(Keep original here - give to me) J.D.

12/15
Copied to J. Allen

November 4, 1983

Mr. John Olsen
Major Projects Management
Department of Transportation and Public Facilities
4111 Aviation Drive
Pouch 6900
Anchorage, Alaska 99502

Dear John,

Enclosed is the letter I received from Mr. Kazuo Nakamura at the Mitsubishi Bank. Governor Nickel and I have had dinner with Mr. Nakamura twice before in Japan and he shares a strong interest in Alaska.

Either his bank, or some other part of the Mitsubitshi Group could be called upon to play a role in the Knik Arm Project. I'd keep chumming the waters by providing information his way so that they can respond when the time comes.

Congratulations on your appointment. We should be working together as time passes.

With best wishes,

Sincerely,

Mead Treadwell
Secretary

/Enclosure

RECEIVED
Project Development

NOV 7 '83

	Copy	Act
Project Dev. Engr.	0	
Recon. Engr.		
Consultant		
Hamel		
w/e. Hach		
Locations		
Other		
FILE		

RECEIVED

NOV 07 1983

DOT & PF
Major Projects MGMT.

Mr. Richard S. Armstrong
June 2, 1983
Page Two

4. Contractor will construct, operate and maintain the toll bridge.
5. After a certain number of years, State will purchase the bridge from Contractor for a predetermined price, and take over the operational responsibilities.

It appears from your report that most work necessary for establishment of design criteria has already been done. You could easily prepare a final design with State's fund and let bidders bid for it. This approach will simplify your task of bid evaluation, but you may miss an opportunity to take advantage of bidders' design ingenuity and particular strengths in performing certain types of construction.

Simple and loosely written design criteria helped the Government of Kuwait to get an ingeniously designed bridge (Bubiyah Bridge) inexpensively while the same approach muddled everything in the case of Rion-Antirion Crossing in Greece. My personal preference for the Knik Arm Crossing is to have relatively tight design specifications--at the level of your Conceptual Details--and permit the bidders to design only the details and construction methods to suit their capabilities.

Even with tight design specifications, the task of bid evaluation will not be simple. The fundamental question is what variable should be used as the main determinant of the bid when the construction cost is not a visible factor. One possibility would be the "Sell-back Price" if it is allowed to be bid on. All others being equal (or meeting the minimum criteria), State could pick up the bidder who offers the lowest sell-back price for a given target year.

As a part of the Contract terms, we expect the State to stipulate the maximum tolls chargeable to each type of vehicle for each period of years. We also expect the State to guaranty the minimum revenue traffic, and subsidize the Contractor if the traffic volume does not reach it. It will be a formidable task to devise a subsidy formula that will satisfy both the State and the Contractor. However, it is essential that it will be spelled out before bidding.

(continued)

Mr. Richard S. Armstrong
June 2, 1983
Page Three

Finally, because of Alaska's proximity to Japan, we expect Japanese consortia, and perhaps some Koreans, to offer very competitive bid packages. We also work closely with Japanese companies. We therefore urge you to keep the competition open to all international bidders and eliminate any and all Buy-American and U.S.-Flag requirements and penalties from this project, except that the local labor should be used for construction and operation, and that the operating company should be an Alaskan corporation.

If you wish, we will be happy to provide more detailed input as a potential bidder. Please feel free to call me anytime for informal discussion.

We wish you a great success in this challenging project.

Sincerely,

A handwritten signature in black ink that reads "Tito." with a horizontal line above the "T" and a period at the end.

Y. Tito Sasaki
President

KNIK ARM CROSSING - PROGRESS SUMMARY
PRESENTED TO THE ALASKA STATE LEGISLATURE
SENATE COMMITTEE ON TRANSPORTATION

April 1984

In 1981, the Legislature appropriated \$5.5 Million for the Department of Transportation and Public Facilities to develop location and design criteria, to include traffic, environmental and right-of-way studies, and to estimate right-of-way and construction costs for a Knik Arm Crossing and connections to the Parks and Glenn Highways. In August 1981, Expressions of Interest were solicited from engineering consultants. Because of the size and complexity of the project, three of the fifteen respondents were requested to submit detailed proposals which were received in December. In January, 1982, EMPS/Sverdrup was selected and requested to submit a project Work Plan. After review by Department staff and the Knik Arm Crossing Steering Committee (consisting of a representative each from the military, Municipality of Anchorage and the Mat-Su Borough), the work plan was accepted in July, followed by negotiations which were finalized in September 1982 with a contract issued to EMPS/Sverdrup.

Concurrent with consultant negotiations, during the period January thru June 1982, the Department, with Bomhoff Associates, Air Photo Technology, and North Pacific Aerial Survey, conducted photographic reconnaissance of the north side of the Knik Arm and potential crossing sites. In August 1982, the Department also executed an agreement with the University of Alaska Geophysical Institute to provide technical review and analysis of existing site conditions, to include hydraulics, seismic, ice and geotechnical.

Because construction permits required from federal agencies (notably the Coast Guard and the Corps of Engineers) mandate an environmental investigation in accordance with the National Environmental Protection Act (NEPA), the Department requested the Federal Highway Administration (FHWA) to participate in the project as the Federal "Lead Agency" in accordance with regulations which implement NEPA. FHWA accepted the responsibility on November 1, 1982 and our current environmental investigation is proceeding in line with FHWA procedures.

Expected declines in State revenues caused Governor Sheffield to be concerned for the potentially high cost of the project. He decided that the State should conduct a preliminary analysis to determine if the project was economically feasible. In February 1983, the project's consultant was directed to temporarily suspend scheduled work and to focus all efforts on an economic evaluation of the crossing. The consultant defined a representative alignment and bridge crossing and determined that the project was indeed economically feasible considering the projected construction costs. Results were presented in an April 15, 1983 Economic Feasibility Report. Consequently, Governor Sheffield directed the Department to proceed with the project through preparation of bid documents for the crossing facility.

A milestone in project development occurred with publication of the Knik Arm Crossing Scoping Report on March 12, 1983 after public and agency scoping meetings which were held in Anchorage and Wasilla the preceeding January. "Scoping" is the formal process to establish lines of communication with Federal, State, and local agencies, organizations and private citizens with interest in the project; and to identify project alternatives to be evaluated, impact assessment procedures, and a schedule for environmental document preparation.

Another milestone was publication of the Final Corridor Alternatives Analysis in December, 1983. Several agency and public meetings to discuss the Draft Corridor Alternatives Analysis report were held in Anchorage and in Wasilla in September, 1983. The Final Corridor Alternatives Analysis report documents the deletion of unreasonable corridors and identifies the remaining corridors to be evaluated in detail for the environmental impact statement. These corridors are shown in Figure 1. In April 1983, alignments (routes) within the corridors were selected. These are described in the attached copy of Newsletter #5.

Conceptual designs and detailed environmental analysis for the preferred alignments will be presented in a Draft Environmental Impact Statement (DEIS) which is announced in the Federal Register and presented at public hearings for the project. The DEIS is scheduled for release in June. Following public and agency review and comment, the DEIS will be revised, published in final form (FEIS) and again announced in the Federal Register. When a Record of Decision is published in the Register, (estimated for December 1984) the EIS will be approved, final design can be completed, and construction may begin.

Concurrent with development of the EIS, a Project Implementation Plan will be developed which will address costs, financing, legal considerations, special legislation (if any), and the possibility to involve private investors in financing the project. The possibilities for federal and/or a combination of public and private funding for the project will also be investigated. The Implementation Plan, a followup to the April 15, 1983 Economic Feasibility report, will be completed in October 1984.

Geotechnical field investigations will be conducted during the Summer of 1984, to include three borings in the Knik Arm. Cost for the borings alone will exceed \$600,000 and consequently will be made at the most likely locations for the bridge footings. Delay could result from adverse geotechnical findings. Once test holes are drilled, it is possible that unstable subsurface conditions could be found which might require selecting a new alignment.

Potential delays also exist in the environmental review process. For example, if archeological finds were made on the selected corridor, or if rare or endangered wildlife species are found that would be adversely impacted, court challenges by environmental or other groups could cause significant delays. The Department is doing everything possible to prevent delays.

Barring unforeseen problems a detailed presentation of construction and financing options will be presented to the legislature at the beginning of its CY 1985 session. With approval from the legislature, and after bidding and bid analysis, a contract for design/construction of the crossing facility will be awarded for initial design during the winter of 1985-86 and construction beginning in the Spring of 1986, with completion by 1990 or 1991.

Separate design and construction projects would be established for the Anchorage and Mat-Su Connector roads to the crossing, and because of the longer time needed to construct the crossing, these could be phased for construction and integrated in the annual Federal Aid Highway Program where they would be in competition with other State highway projects.

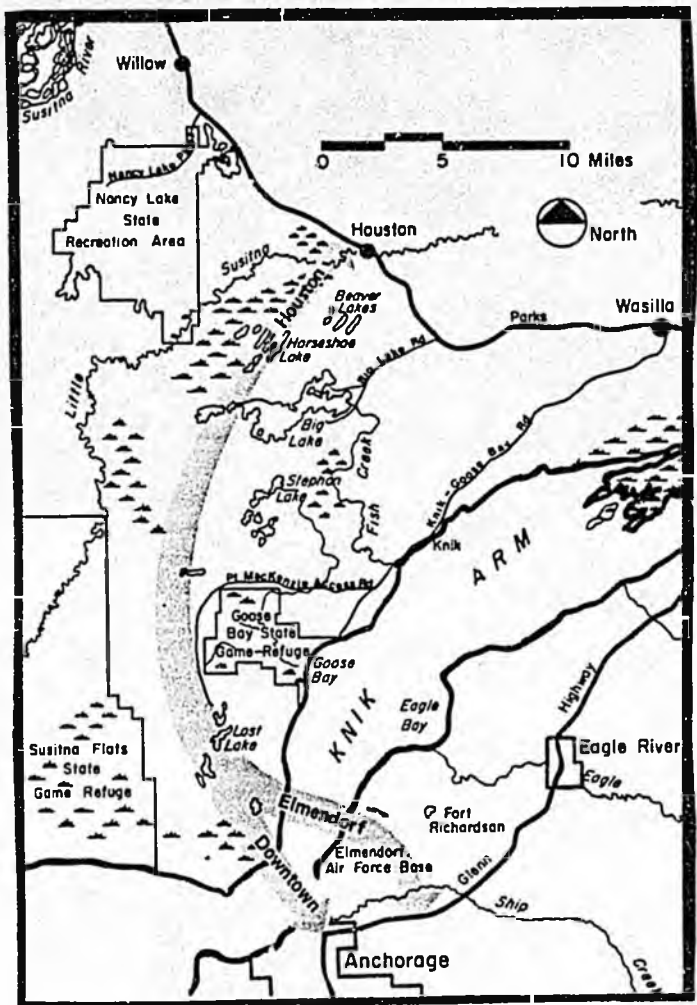
KNIK ARM CROSSING

KEY DATES

1984

DEIS	JUNE
PUBLIC HEARINGS	JULY
GEOTECHNICAL EXPLORATION DRILLING	AUGUST - SEPTEMBER
IMPLEMENTATION PLAN	OCTOBER
FEIS PUBLISHED	NOVEMBER
FEIS REVIEW & RECORD OF DECISION	DECEMBER
PRESENTATION TO LEGISLATURE: IMPLEMENTATION	JANUARY

FIGURE 1 RECOMMENDED CORRIDORS





KNIK ARM CROSSING

Newsletter

CROSSING ALIGNMENTS IDENTIFIED

The corridor alternatives analysis, completed in November 1983, identified two reasonable corridors for the location of a Knik Arm Crossing and its approach roads—Downtown/Houston and Elmendorf/Houston. Alignments within these corridors have now been developed for analysis in the Environmental Impact Statement (EIS). These alignments are based on additional engineering work and public comment on the "representative" alignments used for corridor analysis.

Navigation clearance 1,000 feet wide and 140 feet above MHHW (Mean Higher High Water) would be provided under the main span for vessels entering or leaving the Port of Anchorage. The two towers supporting the stayed-girder spans would project about 30 feet into the aviation clear zone for Merrill Field.

The estimated initial cost for the Crossing is \$549.7 million and annual maintenance cost is estimated to be \$1.1 million. Construction of the Crossing would take six years, including design time; the at-grade roadway can be built independently of the bridge and would take less time.

Each alignment is divided into three parts including a "Crossing," an Anchorage "Connector," and a Mat-Su "Connector." This has been done to reflect possible project staging and different financing schemes. The "Crossing" includes a bridge structure over the Arm and short roadways to bring bridge traffic to the existing road system in Anchorage and to a planned road in the Mat-Su Borough. The "Connectors" are roads which provide additional crossing access.

Seward Connector

This portion of the Downtown Project would be a 1.5-mile four-lane bridge connecting the Crossing to the Ingra-Gambell couplet at 3rd Avenue. Vehicular access to the Port of Anchorage would be provided from the Crossing by means of two ramps on the west side of the Alaska Railroad mainline track. The bridge would be high enough to allow clearance underneath for railroad traffic, but low enough to pass under the existing C Street viaduct.

The estimated initial cost of the Seward Connector is \$94.0 million and annual maintenance cost is estimated to be \$40,000. It is anticipated that construction would be completed in two years with much of the work continuing through the winter.

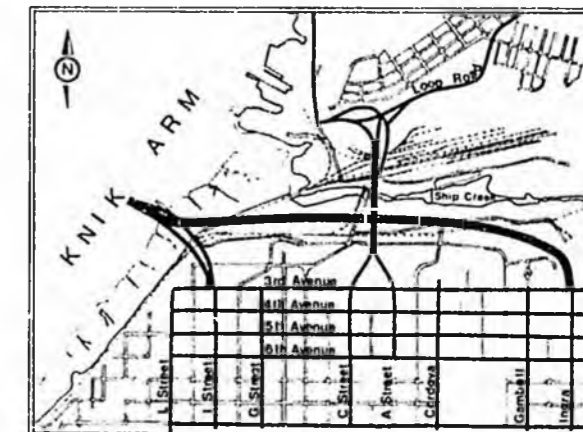
(continued)

THE DOWNTOWN PROJECT INCLUDES THE FOLLOWING:

- Crossing (access ramps from I and L Streets in downtown Anchorage, a bridge across Knik Arm, and a road connecting to a planned extension of the Point McKenzie Access Road).
- Seward Connector (road connecting the crossing with the Seward Highway and access ramps for the Port of Anchorage).
- Houston Connector
 - Segment 1 (road between crossing and east-west segment of Point McKenzie Access Road).
 - Segment 2 (road between end of Segment 1 and Parks Highway at Houston).

Downtown Crossing

The crossing, about 5.5 miles long, would begin at the intersection of I Street and 3rd Avenue, cross the Arm, and proceed north for about two miles to Lake Lorraine. Its central feature would be the 2.9-mile-long bridge over Knik Arm, which would include a single level four-lane stayed-girder structure. The bridge would accommodate installation of utilities, but there would be no provisions for use by non-motorized vehicles or pedestrians.



Downtown Crossing & Seward Connector

BULK RATE
US POSTAGE PAID
PERMIT NO. 783
ANCHORAGE, AK

KNIK ARM CROSSING
430 "C" Street Suite 200 Anchorage, Alaska 99501

either water or land. Docking facilities would consist of large on-shore pads on each side of the Arm. Hovercraft are relatively unconstrained by ice and tides and would have greater operating speed, flexibility, and reliability than conventional ferry boats. Departures from one side of the Arm or the other would occur every 30 to 40 minutes. Hovercraft, access roads, and terminals would cost about \$156.0 million; the annual operating cost would be about \$7.0 million.

Glenn/Parks Improvement

This alternative would widen the Glenn Highway to six lanes between Eagle River and the Parks Highway near Palmer, and widen the Parks Highway to four lanes between the Glenn Highway and Big Lake Road costing approximately \$65 million. These improvements would increase the efficiency of future vehicle operations between outlying communities and Anchorage.

PROJECT STATUS

Progress continues toward completion of a Draft EIS for presentation at public hearings this summer. The transportation and other benefits of each alternative as well as adverse transportation, social and economic, natural resource, and cultural resource impacts are now being determined and compared.

KNIK ARM CROSSING PROJECT SPONSOR: Alaska Department of Transportation & Public Facilities.
PROJECT CONSULTANTS: EMPS-Sverdrup, Prime Consultant; De Leuw Cather & Company, Associate Consultant; Tryck, Nyman & Hayes, Associate Consultant.

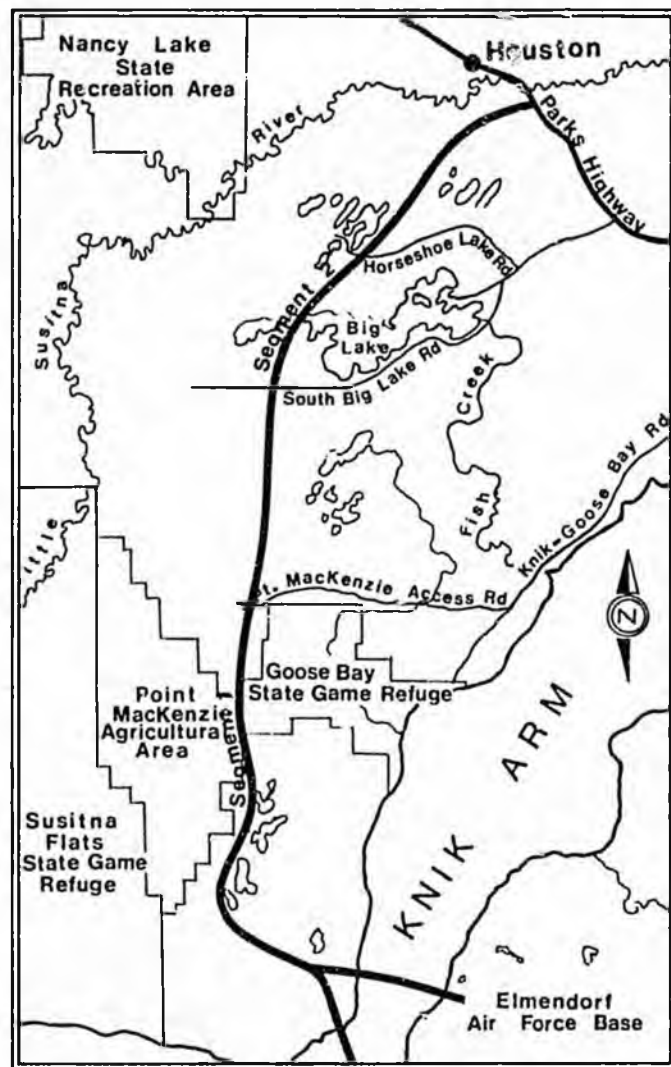
Houston Connector

This Connector joins either the Downtown or Elmendorf Crossing to the Parks Highway.

Segment 1 of the Houston Connector, a four-lane road within a 400-ft. right-of-way, starts at the north terminus of the Crossing south of Lake Lorraine and ends where the Point MacKenzie Access Road turns east. Segment 2 of the Connector, a two-lane road within a 400-ft. right-of-way, would continue north and terminate at the Parks Highway about .25 miles south of the Alaska Railroad grade crossing near Houston. A bridge would be required for the water crossing of the narrows between Mirror Lake and Big Lake.

Access to the Connector would be limited to intersections at two- to five-mile intervals along the route. There would be no provisions for use by non-motorized vehicles or pedestrians except crossing of the road by users of the Iditarod Trail.

The estimated initial costs for the Connector are: Segment 1, \$25.8 million; Segment 2, \$27.0 million. Annual



Houston Connector

maintenance costs are estimated to be \$400,000 for Segment 1 and \$300,000 for Segment 2. Construction would occur during the final four years of project construction.

THE ELMENDORF PROJECT INCLUDES THE FOLLOWING:

- Crossing (road in Anchorage, a bridge across Knik Arm, and a road connecting to a planned extension of the Point MacKenzie Access Road).
- Glenn Connector (additional interchange ramps at Muldoon Road and Glenn Highway).
- Houston Connector (same as with Downtown Project).

Elmendorf Crossing

The Crossing, approximately 10 miles long, would begin at the Glenn Highway near Muldoon Road, cross Elmendorf AFB and Fort Richardson, cross Knik Arm, and reach the Mat-Su bluff about four miles northeast of the tip of Point MacKenzie. The Crossing would proceed west for about one mile before ending near Lake Lorraine.

The portion of the Crossing passing through Elmendorf AFB and Fort Richardson would be a fully access-controlled four-lane divided highway; 16 bridges would be needed including two over the Alaska Railroad. Except for Ship Creek, this portion of the highway would not cross any major streams or lakes.

A 300-foot-wide right-of-way would be required through military property, approximately 2,200 acres. The Air Force is preparing to commission an independent study to determine their best location for an Elmendorf Crossing segment from the perspective of the military's mission and operating requirements.

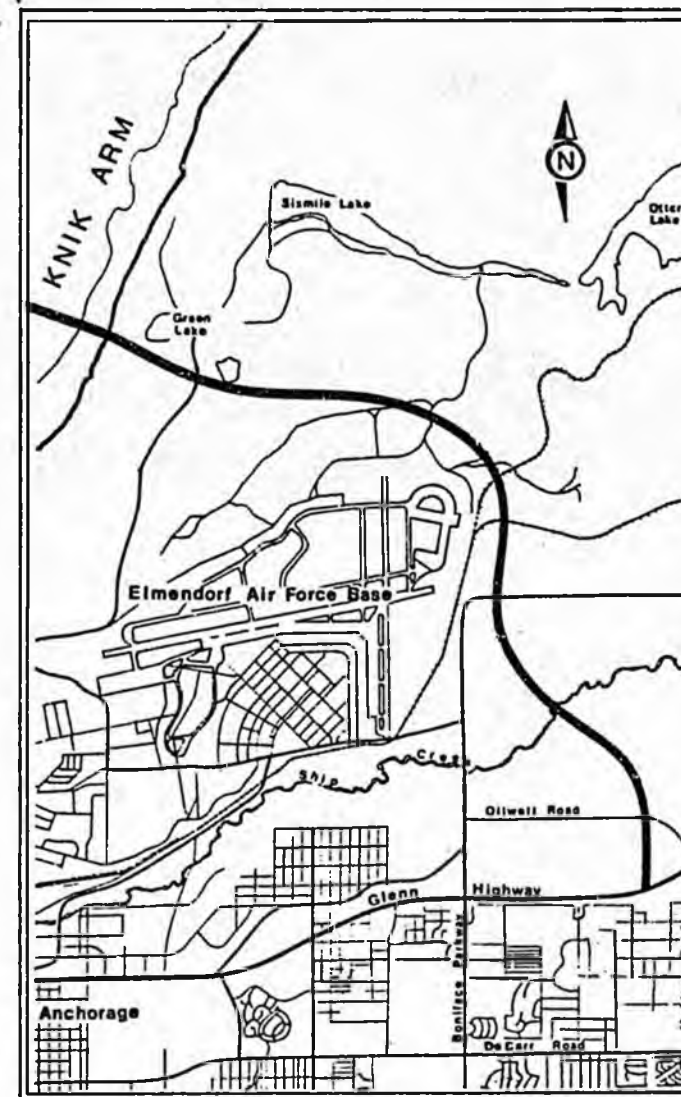
A four-lane double-level bridge, 2.5 miles long, would cross Knik Arm. Navigation clearance for large boats would not be provided. However, there would be clearance for small craft. Provisions could be made to allow for the installation of utility lines.

On the Mat-Su side of the Arm, the Crossing would be a four-lane at-grade roadway within a 400-foot right-of-way. No provisions would be made for use by pedestrians or non-motorized vehicles.

The estimated initial cost for the Crossing is \$373.8 million and annual maintenance cost is estimated to be \$1.1 million. Construction would take five years, taking into account design time, the effects of site conditions, and winter shutdown. The at-grade roadway can be built independently of the Arm bridge and would take about two years.

Glenn Connector

The Connector consists solely of the two one-way ramps connecting to the east on the Glenn Highway. The estimated initial cost for the Connector is \$17.3 million and



Elmendorf Crossing & Glenn Connector

annual maintenance cost is estimated to be \$20,000. Construction of the Connector can be delayed until traffic exceeds the capacity of a half-diamond interchange at Oilwell Road.

RAILROAD ON THE CROSSING

An option to be considered is modifying the crossing bridge design to accommodate the railroad at some future time. Conceptual designs, costs, and impacts of this option are yet to be identified.

BUS SERVICE IMPROVEMENTS

Bus service improvements are being evaluated as part of both the Crossing Alternatives and the No-Crossing Alternatives.

OTHER ALIGNMENTS EXAMINED BUT DETERMINED TO BE UNREASONABLE

The alignments to be analyzed in the EIS achieve project transportation objectives while minimizing environ-

mental impacts. Several other alignments within the reasonable corridors identified in the corridor alternatives analysis were examined and dropped from further consideration early in the EIS preparation process and include:

Downtown Crossing and Seward Connector

- Connect the Southbound Ramp in the Vicinity of the Ingra/Gambell Couplet Directly to Gambell Street. This alignment would pass through the Alaska Native Medical Center complex.
- Ramps Serving Downtown Anchorage on the "C" Street Viaduct. This route would cause congestion on the A/C couplet and throughout downtown.
- Ramps Connecting to "E" and "G" Streets. This route would not connect to a through street and would interfere with plans for a historic park.
- Connect the Southbound Ramp at the I/L Couplet Directly to "L" Street at 3rd Avenue. This alignment would encroach on Resolution Park.
- Connect the Southbound Ramp at the I/L Couplet to "L" Street at 6th Avenue. This route would disrupt the Bootlegger's Cove neighborhood.

Elmendorf Crossing and Glenn Connector with the alignment beginning at Boniface Parkway and crossing the Arm further north. This alignment would disrupt Elmendorf AFB access, buildings, hazardous waste disposal, munitions storage, and a costly antenna field.

Houston Connector with the northern part of the alignment further west. This route costs more and disrupts more wetlands and wildlife habitat.

NO-CROSSING ALTERNATIVES

No-Crossing Alternatives will also be examined in the EIS. They include No-Action, Hovercraft, and Glenn/Parks Improvements.

No-Action

The No-Action Alternative is defined as the existing road network in the Knik Arm crossing analysis area plus several improvements scheduled for completion with or without the proposed Crossing project.

Hovercraft (Air-Cushion Vehicle)

This alternative is the purchase of two 60-vehicle/418 passenger Hovercraft which have the ability to travel over

(continued)

Offered: 4/12/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE BILL NO. 661 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be con-
2 structed is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the

1 purpose of AS 19.05 - 19.25.

Introduced: 2/13/84
Referred: Transportation
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 661

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the acquisition, construction,
7 equipping, and maintenance of toll facilities funded
8 by revenue bonds and providing toll collection au-
9 thority."

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

11 * Section 1. AS 37.15 is amended by adding new sections to read:

12 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

13 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
14 ing part or all of the money to be used, with or without any grants or
15 other money that may become available, the issuance and sale of reve-
16 nue bonds of the state in the total principal sum of not to exceed
17 \$500,000,000 is authorized to acquire, construct, equip, and install
18 the additions, improvements, extensions, and facilities authorized in
19 AS 37.15.720. The principal of and interest on these bonds shall be
20 paid out of and secured by the gross revenues derived by the state
21 from the ownership, use, and operation of the toll facilities, and out
22 of any other revenues or money which the state legislature may provide
23 exclusive of any state tax or license.

24 Sec. 37.15.620. CONSTRUCTION FUND. (a) There is a special fund
25 of the state known as the toll facilities construction fund, into
26 which shall be paid the proceeds of the sale of the bonds authorized
27 by AS 37.15.610 (except any accrued interest paid on the bonds by the
28 purchaser, which shall be paid into the bond redemption fund) and any
29 grant or other money that is legally provided for the same purposes

1 for which the bonds are authorized. The money in the construction
2 fund shall be used to pay the cost of acquiring, constructing, and
3 equipping facilities authorized in AS 37.15.720 and costs incidental
4 to those activities, including costs of the authorization, issuance,
5 and sale of the bonds. To the extent provided in the bond resolution,
6 money in the construction fund may also be used for the payment of
7 interest on the bonds during the period of actual construction, and
8 for any further period, not exceeding one year after the completion
9 period of construction, as may be provided in the bond resolution.
10 Money in the construction fund may also be transferred to the bond
11 redemption fund, to the extent provided in the bond resolution, to
12 establish a reserve for the payment of the principal and interest on
13 the bonds.

14 (b) The bond resolution may provide for the investment of money
15 in the construction fund in such manner as the committee may deter-
16 mine. The interest earned upon or any profits derived from the sale
17 of this investment shall be deposited in and become a part of the
18 construction fund.

19 Sec. 37.15.630. REVENUE FUND. (a) There is another special
20 fund of the state, known as the toll facilities revenue fund, which
21 shall be completely segregated and set apart from all other funds of
22 the state, which is a trust fund for the uses and purposes provided in
23 AS 37.15.610 -- 37.15.750, and into which shall be paid all revenues,
24 fees, tolls, charges, and rentals derived by the state from the owner-
25 ship, lease, use, and operation of the facilities authorized by
26 AS 37.15.720. These revenues, fees, tolls, charges, and rentals shall
27 not include the proceeds of any state tax or license. The money in
28 the revenue fund shall only be used for the purpose of (1) paying or
29 securing the payment of the principal of and interest on the toll

1 facilities bonds and principal of and interest on any other revenue
2 bonds issued by authorization of the legislature to provide funds to
3 acquire, construct, and equip facilities authorized by AS 37.15.720
4 and to be payable out of the revenue fund; (2) paying the normal and
5 necessary costs of maintaining and operating the facilities acquired,
6 constructed, or equipped under AS 37.15.610 -- 37.15.750; (3) paying
7 the costs of renewals, replacements, and extraordinary repairs to
8 facilities acquired, constructed, or equipped under AS 37.15.610 --
9 37.15.750; (4) redeeming before their fixed maturities any and all
10 revenue bonds issued for the purpose of acquiring, constructing, and
11 equipping facilities authorized by AS 37.15.720; (5) providing funds
12 to acquire, construct, and equip necessary additions and improvements
13 to facilities authorized by AS 37.15.720; and (6) providing funds to
14 pay any and all other costs relating to the ownership, use, and opera-
15 tion of the facilities.

16 (b) The investment of money in the revenue fund may be made in
17 such manner as the committee may determine. The interest earned upon
18 or any profits derived from the sale of this investment shall be
19 deposited in and become a part of the revenue fund.

20 Sec. 37.15.640. REDEMPTION FUND. There is another special fund
21 of the state, known as the toll facilities revenue bond redemption
22 fund, which is a trust fund for paying and securing the payment of
23 principal of and interest and redemption premium, if any, on bonds and
24 which shall be at all times completely segregated and set apart from
25 all other funds of the state. The committee, on behalf of the state,
26 shall obligate the state to set aside and pay into the bond redemption
27 fund from the revenue fund the amount of money sufficient to pay the
28 principal of and interest and redemption premium, if any, on the bonds
29 as the payments become due and, if it considers it necessary, to set

1 aside and maintain reserves for this purpose. The bond redemption
2 fund shall be drawn upon for the purpose of paying the principal of
3 and interest and redemption premium, if any, on the bonds, and the
4 bonds do not constitute a general obligation of the state.

5 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds
6 shall be sold in such amounts or series and at such time as determined
7 by the committee. Before selling a series of bonds, the committee
8 shall give notice inviting sealed bids in the manner it prescribes.
9 If satisfactory bids are received, the bonds offered for sale shall be
10 awarded to the highest responsible bidder. If the committee deter-
11 mines that the bids received are not satisfactory as to price or
12 responsibility of the bidders, it may reject all bids received. The
13 bonds, or each series of them, shall be sold at such a price that the
14 effective interest rate over the life of the bonds does not exceed 11
15 percent per year or that rate of interest which is 125 percent of the
16 rate of the Bond Buyer Index of 20 Municipal Bond Average Yields for
17 the week previous to the date of sale of the bonds, whichever is
18 higher. Interest is payable annually or semiannually.

19 (b) The bonds mature at the time fixed by the committee. The
20 bonds may be subject to redemption before their fixed maturities as
21 determined by the committee and with such premium or premiums as fixed
22 by the committee, but no bond may be subject to redemption before its
23 fixed maturity date unless the right so to redeem that bond is ex-
24 pressly mentioned on the face of the bond. The bonds (1) may be in
25 denominations determined by the committee; (2) may be issued in coupon
26 form or in fully registered form, and may be registrable as to princi-
27 pal or both principal and interest, all under regulations and condi-
28 tions the committee provides; (3) are payable as to principal and
29 interest at the place determined by the committee; (4) shall be signed

1 on behalf of the state by the governor and shall be attested by the
2 lieutenant governor, both of which signatures may be facsimile signa-
3 tures, and each of the interest coupons attached to them shall be
4 signed by the facsimile signatures of these officials; (5) shall have
5 the seal of the state impressed, printed, or lithographed on them, (6)
6 shall be issued under and subject to such terms, conditions, and
7 covenants, providing for the payment of the principal of them and
8 interest on them and such other terms, conditions, covenants, and
9 protective features safeguarding this payment and relating to the
10 maintenance, operation, and improvement of the toll facilities as
11 found necessary by the committee, which covenants may include a pro-
12 vision requiring the setting aside and maintenance of certain reserves
13 to secure the payment of this principal and interest.

14 (c) If found reasonably necessary, the committee may select a
15 trustee or trustees for the holders of the bonds or any series of
16 them, for the safeguarding and disbursement of any of the money in any
17 of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or for
18 such duties with respect to the authentication, delivery, and regis-
19 tration of the bonds as the committee may determine. The committee
20 shall also fix the rights, duties, powers, and obligations of the
21 trustee or trustees.

22 (d) In its determination of all of the matters and questions
23 relating to the issuance and sale of the bonds and the fixing of the
24 maturities, terms, conditions, and covenants of them as provided in
25 (a), (b), and (c) of this section, the decisions of the committee
26 shall be those found to be reasonably necessary for the best interests
27 of the state and its inhabitants, and those which will accomplish the
28 most advantageous sale of the bonds, with due regard, however, (1) to
29 necessary or normal costs of maintenance and operation; (2) to

1 renewals and replacements of and repairs to the toll facilities; (3)
2 to all improvements to them and facilities of them owned, used, op-
3 erated, or leased in connection with them; and (4) to the future
4 growth and expansion of all of the facilities and the possibility of
5 additional revenue bond financing for toll facilities purposes. Any
6 such decisions of the committee, as expressed in any bond resolution,
7 are final and conclusive when any bonds have been issued under the
8 bond resolution.

9 (e) A bond resolution may provide that the bonds issued contain
10 a recital that they are issued under AS 37.15.610 -- 37.15.750, and
11 any such bonds containing this recital are conclusively considered to
12 be valid and to have been issued in conformity with AS 37.15.610 --
13 37.15.750.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceedings for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contracts in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 -- 37.15.750 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by the bond resolution or
12 resolutions to be paid out of the revenue fund into the bond redemp-
13 tion fund and to be paid into and maintained in any reserve fund or
14 account or any other fund or account created by the bond resolution or
15 resolutions. The committee shall also certify to the commissioners
16 the last date or dates upon which payments may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 Act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 -- 37.15.750 applicable to revenue bonds are

1 applicable to the refunding bonds and to the issuance, sale, or ex-
2 change of them, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide funds for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of them or agreement
14 with the holders of them, and the premium, if any, necessary to be
15 paid in order to call or retire the outstanding bonds and the interest
16 accruing on them to the date of the call or retirement.

17 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
18 bonds are legal investments for all banks, trust companies, savings
19 banks, savings and loan associations, and other persons carrying on a
20 banking business, all insurance companies and other persons carrying
21 on an insurance business, and all executors, administrators, trustees,
22 and other fiduciaries. The bonds may be accepted as security for
23 deposits of all funds of the state and its political subdivisions.

24 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
25 to acquire, construct, equip, and maintain toll bridges, highways,
26 roads, and causeways found to be necessary by the commissioner of
27 transportation and public facilities.

28 Sec. 37.15.730. TOLL FACILITY CHARGES. The commissioner of
29 transportation and public facilities shall fix and collect such fees,

1 charges, tolls, and rentals derived by the state from the ownership,
2 lease, use, and operation of the facilities authorized by AS 37.15.720
3 and improvements of them as will provide revenues sufficient to comply
4 with all of the covenants of the bond resolution.

5 Sec. 37.15.740. STATUTORY CONSTRUCTION. AS 37.15.610 -- 37.15.-
6 750 shall be liberally construed, in order to carry out the purposes
7 for which they were enacted, and all existing laws in conflict with
8 any of these sections are superseded insofar as necessary to accom-
9 plish the purposes of and carry out the provisions of these sections.

10 Sec. 37.15.750. DEFINITIONS. As used in AS 37.15.610 -- 37.15.-
11 750, unless the context requires otherwise:

12 (1) "bond redemption fund" means the toll facilities reve-
13 nue bond redemption fund created by AS 37.15.640, including any ac-
14 counts which are created in that fund after the effective date of this
15 Act;

16 (2) "bond resolution" means the resolution authorizing the
17 issuance of bonds, adopted by the committee under AS 37.15.660;

18 (3) "bonds" means the toll facilities revenue bonds autho-
19 rized by AS 37.15.610 -- 37.15.750;

20 (4) "committee" means the state bond committee created by
21 AS 37.15.110, or any other committee, body, department, or officer of
22 the state which or who succeeds to the rights, powers, duties, and
23 obligations of the state bond committee by lawful Act of the legisla-
24 ture;

25 (5) "construction fund" means the toll facilities construc-
26 tion fund created by AS 37.15.620;

27 (6) "revenue fund" means the toll facilities revenue fund
28 created by AS 37.15.630;

29 (7) "toll facilities" means highways, roads, bridges, and

1 causeways upon which tolls, charges, rentals, or other user fees are
2 placed by the commissioner of transportation and public facilities.

3 * Sec. 2. AS 19.05.040 is amended to read:

4 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 5 (1) acquire property;
- 6 (2) exercise the power of eminent domain;
- 7 (3) take immediate possession of real property, or any
8 interest in it under a declaration of taking or by other lawful means;
- 9 (4) acquire rights-of-way for present or future use;
- 10 (5) control access to highways;
- 11 (6) regulate roadside development;
- 12 (7) preserve and maintain the scenic beauty along state
13 highways;
- 14 (8) dispose of property acquired for highway purposes;
- 15 (9) accept and dispose of federal funds or property avail-
16 able for highway construction, maintenance, or equipment;
- 17 (10) enter into contracts or agreements relating to highways
18 with the federal government, municipalities, a political subdivision,
19 or with a foreign government, if the contract is approved by the
20 federal government; [AND]
- 21 (11) establish, levy, and collect tolls, fees, charges, and
22 rentals for the use of state roads, highways, bridges, and causeways;
- 23 (12) exercise any other power necessary to carry out the
24 purpose of AS 19.05 -- 19.25.