

H B

294

COMMITTEE REPORT

HOUSE

5/12

FINANCE

(9)

FURTHER:

3/25/83

Date: 5/12/83

Mr. Speaker:

The Committee on TRANSPORTATION has had HB 294

"An Act establishing an Alaska Toll Bridge and Causeway Authority."

under consideration and reports it back as follows:

[] do pass [] do not pass

[] do pass with attached amendments(s)

[X] replace with CS for HB 294 (TRSP) [] same title [X] new title

and recommends DO PASS

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation [] Zero Fiscal Note Attached

[X] referred to the Finance subcommittee in Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

Handwritten signatures and names under 'MEMBERS SIGNING DO PASS' including Mike Wood, Mike... Miller - Do Pass, etc.

Handwritten signatures and names under 'MEMBERS HAVING OTHER RECOMMENDATIONS:' including Mike... NOLKE.

CHAIRMAN

Alaska State Legislature



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

VI
BETTYE FAHRENKAMP, CHAIRMAN
ALICE FISCHER, VICE-CHAIRMAN
BOB BRADLEY
BOB ELIASON
DON GILMAN
BOB MULCAHY
CARLIS STURGULEWSKI

Senate

Committee on Resources

April 6, 1983

Memo

To: Senator Bennett, Co-Chairman Finance Committee
Senator Sackett, Co-Chairman Finance Committee

From: Senator Bettye Fahrenkamp

Subject: CSSB 151, Regional Resource Development Authorities

As you know, the Finance Committee has recently received the above bill for consideration from the Resources Committee. This bill would authorize the establishment of authorities in the unorganized borough for the purpose of developing infrastructures for resource development projects. Funding for the developments would primarily come from the issuance of tax-exempt revenue bonds by the authority to be repaid with user fees from the developments.

In testimony and discussion before the Resources Committee several criticisms of the bill as originally drafted surfaced: 1) lack of guarantees of equal access to facilities which may be developed; 2) the possibility of proliferation of authorities throughout the unorganized borough; 3) the encouragement of less-than-sound economic projects by authorities; 4) the possibility that bonds issued by authorities may in some way create a liability to the state or add to the state's overall bond indebtedness; and 5) the possibility that the issuance of bonds by authorities might in some way affect the ability of the state or its political subdivisions to market their revenue bonds.

In response to these criticisms the Resources Committee adopted several major changes and additions to the bill including:

- 1) Page 2, lines 19-29, the Governor must make a positive finding that an authority's goals and projects would be economically advantageous to the region and state and that the authority is an appropriate and desirable method of accomplishing the goals and projects prior to establishment of an authority.
- 2) Page 2, lines 8-11, the ability to petition for establishment of an authority expires on July 1, 1986.
- 3) Page 2, lines 13-14, a petition to call for an election to establish an authority must be signed by 100 persons of a district.

In addition, several technical changes should be made in the bill. The following should be made to correct changes which were made by the Legal Division in the CS:

- 1) On page 5, lines 12-13, delete the phrase "at a meeting at which a quorum is present". This simply clarifies that a quorum constitutes a majority of the members of the board of governors,
- 2) On page 6, lines 16-17 delete the phrase "in accordance with the Administrative Procedure Act (AS 44.62)". This phrase was not contained in the CS which passed out of the Resources Committee and could be construed as evidence that authorities are somehow to be viewed as quasi-agencies of the state.
- 3) On page 8, line 25 delete "AS 30.13.060(f)(1)" and insert in lieu thereof "this subsection". There is no subsection (f)(1),
- 4) On page 15, line 18, add a comma after the words "rolling stock".

X [Finally, I would call your attention to the Letter of Intent which was passed out with the bill. This further clarifies that it is the intent that the bonds issued by the authorities not constitute any liability to the state or local governments or taxpayers in a successor government.

I would be happy to appear before your Committee to further explain this legislation and the actions of the Resource Committee. In addition, I have asked my staff to provide whatever assistance you may need on the bill. I remain convinced that this legislation could be of tremendous value in facilitating the development of resource projects in our state which would have tremendous economic and social benefits to regions as well as the state. I would hope the Finance Committee could expedite its consideration of this important legislation.

- ✓ 4) Page 4, lines 26-29, the Board of Governors of an authority shall consist of eight members, five elected locally and three Department heads appointed by the Governor.
- * ✓ 5) Page 8, subsection (f), Prior to issuance of bonds an authority must submit an independent economic analysis of a project and its revenues to the state bond committee. The committee must find that project revenues are adequate for payment of the bonds and that the issuance of bonds would not adversely affect the ability of the state or localities to market their bonds.
- ✓ 6) Page 11, subsection (b), bonds issued by an authority do not constitute any liability or indebtedness to the state or political subdivision, nor can an authority pledge the faith or credit of the state or local government.
- ✓ 7) Page 13, subsection (a), ensures fair and equal access and fee assessments for users of facilities.
- ✓ 8) Page 13-14, subsection (b), an authority must find that prior to issuance of bonds that a project would be economically advantageous to the state and general public welfare and that the project is economically viable.
- 9) Page 14, section 30.13.150 provides that an authority would be integrated into a local government should it be established, but that an indebtedness of an authority does not constitute an obligation of the new government.

I think that these provisions adequately address the concerns that were raised. However, several other possible amendments were suggested that might further clarify the intent of this legislation which were suggested too late to be properly integrated into the committee substitute. I would urge the Finance Committee to consider the following possible changes:

- ✓ 1) Changing the number of petitioners calling for an election to establish an authority from an absolute number of 100 to a percentage formula similar to other regional elections. (Attached is a possible formula suggested by the Division of Elections).
- ✓ 2) Any monies received by the state may not be used to satisfy bond obligations or collateral by an authority (attached are draft suggestions from the Department of Law).
- 3) Change a quorum of the Board from a majority to a majority plus one. (Suggested by the Alaska Environmental Lobby; see attached comments).
- 4) Ensure that proposed projects get fair and equal consideration within a district by an authority. (See attached language submitted by the Alaska Miners Association).

AMENDMENT

OFFERED IN THE HOUSE: Transportation By: Rep. Jerry Ward
To: _____ HOUSE BILL No. HB 294
SENATE BILL No. _____
PAGE: 1 LINE: 21

Amend to read:

Sec. 44.57.031 Membership of Authority. The authority shall consist of the Governor, the President of the Senate, the Speaker of the House, and the Mayor of each borough where the toll bridge or causeway is located. Each member of the authority may assign the duties, powers and privileges of membership to a designee. A delegation of membership must be in writing and is effective until the principal executive member revokes the delegation or is no longer qualified to be a member.

AMENDMENT

OFFERED IN THE HOUSE:

BY: Rep. Jerry Ward

TO: _____ HOUSE BILL No. HB 294

SENATE BILL No. _____

PAGE: 2

LINE: 2

Amend to read:

The authority by the affirmative vote of (AT LEAST FOUR) a majority of the members.

Introduced: 3/25/83
Referred: Transportation and Finance

Boilerplate language is Antiquated

BY HAYES, WARD, ADAMS, ABOOD, BARRES, BETTISWORTH, BUSSELL, CATO, COWDERY, FLOOD, FRITZ, FULLER, FURNACE, HURLBERT, LACHER, LARSON, LINDAUER, LISKA, MARTIN, M.W.MILLER, PESTINGER, PHILLIPS, RINGSTAD, SHULTZ, SZYMANSKI, TISCHER AND UEHLING

1 IN THE HOUSE

HOUSE BILL NO. 294

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

6 For an Act entitled: "An Act establishing an Alaska Toll Bridge and Causeway Authority."
7

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

9 * Section 1. AS 44 is amended by adding a new chapter to read:

10 CHAPTER 57. ALASKA TOLL BRIDGE AND CAUSEWAY AUTHORITY.

11 ARTICLE 1. ESTABLISHMENT AND ORGANIZATION.

12 Sec. 44.57.011. PURPOSE. The purpose of this chapter is to
13 develop, stimulate, and advance the economic welfare of the state and
14 further the development of public transportation systems in the vicin-
15 ity of toll bridges and causeways.

16 Sec. 44.57.021. ESTABLISHMENT OF AUTHORITY. There is estab-
17 lished the Alaska Toll Bridge and Causeway Authority. The authority
18 is a public corporation of the state in the Department of Transporta-
19 tion and Public Facilities but with separate and independent legal
20 existence.

21 Sec. 44.57.031. MEMBERSHIP OF AUTHORITY. The authority shall
22 consist of the ~~governor~~ the commissioners of transportation and
23 public facilities, commerce and economic development, labor, and
24 revenue; the president of the senate and the speaker of the house of
25 representatives, or their designees and ~~one~~ ³ public member of each
26 borough where the toll bridge or causeway is located.

27 Sec. 44.57.041. OFFICERS AND QUORUM. The members shall elect
28 officers they determine desirable. The powers of the authority are
29 vested in the members, and ~~four~~ ^{three} members of the authority constitute a

*Should be considered for Development
Housing project in Anch. will state otherwise*

SB 151

Pick tried to Responsibility

HB 377

*Plus
HB 377
Legislative power*

*8 members
city council
Cost Branches of Great
Band*

1 quorum. Action may be taken and motions and resolutions adopted by
2 the authority at a meeting by the affirmative vote of at least ~~four~~ ^{three}
3 members. The members of the authority serve without compensation, but
4 they are entitled to per diem and travel expenses authorized by law
5 under AS 39.20.180.

6 Sec. 44.57.051. STAFF. The authority shall employ an executive
7 director who may, with the approval of the authority, employ addition-
8 al staff as necessary. In addition to its staff of regular employees,
9 the authority may contract for and engage the services of legal and AG
10 bond counsel, consultants, experts, and financial and technical advi-
11 sors the authority considers necessary for the purpose of conducting
12 studies, investigations, hearings, or other proceedings. The members
13 of the authority shall establish the compensation of the executive
14 director, who is subject to the provisions of AS 39.25.

15 ARTICLE 2. POWERS AND DUTIES. *(copy of what)*

16 Sec. 44.57.111. POWERS AND DUTIES OF THE AUTHORITY. In further-
17 ance of its corporate purposes, the authority has the following powers
18 in addition to its other powers;

- 19 (1) to sue and be sued;
- 20 (2) to have a seal and alter it at pleasure;
- 21 (3) to make and alter bylaws for its organization and
22 internal management;
- 23 (4) to acquire, whether by construction, purchase, gift or
24 lease, and to improve, equip, operate, and maintain toll bridge and
25 causeway projects;
- 26 (5) to make regulations governing the exercise of its
27 corporate powers;
- 28 (6) to issue bonds to carry out any of its corporate pur-
29 poses and powers, including the acquisition, design or construction of

Bernie
 1. Unfortunate
 2. Does Not Help Bonds
 N.Y. Housing Auth.

*Moral obligation. Pledge
 Projects could be less paid
 but could be charged to
 Finance others,
 Subsidize boaters*

*No standards
 why should be
 sold*

Debit differentiation

*Revenue Bonding
 ad for Revenue Bonding*

*Legislative
 Approval
 Subj. Bill*

*Power Auth. borrowed
 200m from Govt. trust
 2yr ago. Now 200m
 Not
 Bondable*

1 a project to be owned or leased, as lessor or lessee, by the authori-
 2 ty, or the acquisition of any interest in a project or the establish-
 3 ment or increase of reserves to secure or to pay the bonds or interest
 4 on them, and the payment of all other costs or expenses of the author-
 5 ity incident to and necessary or convenient to carry out its corporate
 6 purposes and powers;

7 (7) to ^{buy, acquire} sell, lease as lessor or lessee, exchange, donate,
 8 convey or encumber in any manner by mortgage or by creation of any
 9 other security interest, real or personal property owned by it, or in
 10 which it has an interest, when, in the judgment of the authority, the
 11 action is in furtherance of its corporate purposes;

12 (8) to accept gifts, grants or loans from, and enter into
 13 contracts or other transactions regarding them, with any person;

14 (9) to deposit or invest its funds, subject to agreements
 15 with bondholders;

16 (10) to enter into contracts with the United States or any
 17 person and, subject to the laws of the United States and subject to
 18 concurrence of the legislature, with a foreign country or its
 19 agencies, for the financing, design, construction, acquisition, opera-
 20 tion, and maintenance of all or any part of a toll bridge or causeway,
 21 either inside or outside the state, and for the security of any bonds
 22 of the authority issued or to be issued for the project;

23 (11) to apply to the appropriate agencies of the state, the
 24 United States, and to a foreign country and any other proper agency
 25 for the permits, licenses, or approvals as may be necessary, and to
 26 design, construct, maintain and operate toll bridges and causeways in
 27 accordance with licenses and permits, and to obtain, hold and use the
 28 licenses and permits in the same manner as any other person;

29 (12) to perform reconnaissance studies, feasibility studies,

1 and engineering, survey and design with respect to toll bridges and
2 causeways;

3 (13) to enter into contracts or agreements with respect to
4 the exercise of any of its powers, and do all things necessary or
5 convenient to carry out its corporate purposes and exercise the powers
6 granted in this chapter;

7 *Wor* (14) to exercise the power of eminent domain in accordance
8 with AS 09.55.240 - 09.55.460;

9 (15) to maintain complete and separate financial account of
10 each toll bridge and causeway;

11 (16) to utilize a design and construction contract for
12 *Wor* projects over \$100,000,000; *Leg. auth after board agrees project but before*

13 (17) to establish, levy, and collect tolls and other charges *Revenue*
14 it considers necessary for a project sufficient to pay costs of opera- *board authorization based on feat*
15 tion, maintenance, rehabilitation and improvement; to pay the cost of *Study & Commission*
16 acquisition, design or construction, including the payment, amortiza- *P. 10 million full*
17 tion and retirement of bonds or other securities or obligations *Cost is given*
18 assumed, issued or incurred by the authority, together with interest;
19 and to provide reserves for those purposes;

20 (18) to pledge the tolls and other revenues, subject to
21 prior pledges, as security for the repayment with interest of money
22 borrowed by it or advanced to it for its authorized purposes and as
23 *Board Anticipation* security for the satisfaction of any other obligations assumed by it
24 in regard to loans or advances;

25 (19) to receive and accept funds from the state or the
26 federal government or a municipality upon a cooperative or other basis
27 for the design and construction of a toll bridge or causeway author-
28 ized under AS 44.57.011 - 44.57.331.

29 ARTICLE 3. FINANCIAL PROVISIONS.
(20.) New Acquire - Real personal

Check Regd

*Study & Commission
P. 10 million full
Cost is given
↓
Check of
Reg. Auth
Necessary for
Bond Sale?*

R → RB

1 Sec. 44.57.211. BONDS FOR THE AUTHORITY. The authority may
 2 borrow money and may issue its bonds on which the principal and inter-
 3 est are payable from money derived from the tolls, fees, charges and
 4 ^(st grants) other revenue from projects financed under AS 44.57.011 - 44.57.331 ^{only} (if)
 5 ~~appropriations are ^{when?} insufficient to cover the cost of~~
 6 ~~acquiring, designing, or constructing the project; and~~
 7 ~~the amount of interest the authority will pay on its~~
 8 ~~bonds is not more than alternative costs of securing money to pay for~~
 9 ~~the acquisition, design, or construction of the project.~~

10 Sec. 44.57.221. TRUST INDENTURES AND TRUST AGREEMENTS. (a) In
 11 the discretion of the authority, an issue of bonds may be secured by a
 12 trust indenture or trust agreement between the authority and a corpo-
 13 rate trustee (which may be a trust company, bank, or national banking
 14 association, with corporate trust powers, located inside or outside
 15 the state) or by a ^{Security with what? under Assets? Nothing owned yet.} secured loan agreement or other instrument or under
 16 a resolution giving powers to a corporate trustee by means of which
 17 the authority may

18 (1) make and enter into any and all the covenants and
 19 agreements with the trustee or the holders of the bonds which the
 20 authority may determine to be necessary or desirable, including,
 21 without limitation, covenants, provisions, limitations and agreements
 22 as to

23 (A) the application, investment, deposit, use and
 24 disposition of the proceeds of bonds of the authority or of money
 25 or other property of the authority or in which it has an inter-
 26 est;

27 (B) the fixing and collection of tolls, charges, fees
 28 or other consideration for, and the other terms to be incorporat-
 29 ed in, contracts with respect to a project;

Print 25 more pay
 more than limit 25
 Bonds
 what class
 this says 2

Limit by
 Law and
 Sale

*Premises bondholders
decide to call of New issue bonds*
*Bondholders interest Paramount over
State legal circumstances*

*(Bond owned
by) Perfect Bondholders*

1 (C) the assignment by the authority of its rights in
2 contracts with respect to a project or in a mortgage or other
3 security interest created with respect to a project to a trustee
4 for the benefit of bondholders;

5 *Call drafted
on effect of
Deletion?* (D) the terms and conditions upon which additional
6 bonds of the authority may be issued;

7 (E) the vesting in a trustee of rights, powers,
8 duties, funds or property in trust for the benefit of bondhold-
9 ers, including, without limitation, the right to enforce payment,
10 performance, and all other rights of the authority or of the
11 bondholders, under a lease, power of contract, contract of sale,
12 mortgage, security agreement, or trust agreement with respect to
13 a project by injunction or other proceeding or by taking posses-
14 sion of by agent or otherwise and operating a project and col-
15 lecting rents or other consideration and applying the same in
16 accordance with the trust agreement;

17 (2) pledge, mortgage or assign money, leases, agreements,
18 property or other rights or assets of the authority either presently
19 in hand or to be received in the future, or both; and

20 (3) provide for any other matters of like or different
21 character which in any way affect the security or protection of the
22 bonds.

23 (b) Notwithstanding any other provisions of this chapter, the
24 trust agreement shall contain a covenant by the authority that it will
25 at all times maintain rates, tolls, fees or charges sufficient to pay,
26 and that a contract entered into by the authority shall contain rates,
27 tolls, fees or charges sufficient to pay the costs of operation and
28 maintenance of the project, the principal of and interest on bonds
29 issued under the trust agreement as the same severally become due and

*OK
good
P → RB*

1 payable, to provide for debt service coverage as considered necessary
2 by the authority for the marketing of its bonds and to provide for
3 renewals, replacements and improvements of the project, and to main-
tain reserves required by the terms of the trust agreement.

4
5 (c) For the purpose of securing any one or more issues of its
6 bonds, the authority may establish one or more special funds, called
7 "capital reserve funds", and shall pay into those capital reserve
8 funds the proceeds of the sale of its bonds and any other money which
9 may be made available to the authority for the purposes of those funds
10 from any other source. The funds shall be established only if the

11 authority determines that the establishment would enhance the market-
12 ability of the bonds. All money held in a capital reserve fund,
13 except as provided in this section, shall be used as required, solely
14 for (1) the payment of the principal of, and interest on, bonds or of
15 the sinking fund payments with respect to those bonds, ^{or} (2) the pur-
16 chase or redemption of bonds, or ^{or} (3) the payment of a redemption
17 premium required to be paid when those bonds are redeemed before
18 maturity; however, money in a fund may not be withdrawn from it at any
19 time in an amount which would reduce the amount of that fund to less
20 than the capital reserve requirement set out in (2) of this subsec-
21 tion, except for the purpose of making, with respect to those bonds,
22 payment, when due, of principal, interest, redemption premiums and the
23 sinking fund payments for the payment of which other money of the
24 authority is not available. | Income or interest earned by, or incre-
25 ment to, a capital reserve fund, due to the investment of the fund or
26 any other amounts in it, may be transferred by the authority to other
27 funds or accounts of the authority to the extent that the transfer
28 does not reduce the amount of the capital reserve fund below the
29 capital reserve fund requirement. | use of "slush"

Moral obligation

*will be used
to the case*

*5,000,000
27%
500,000*

*used for
redemption of -2-
debt. (Mingle
funding costs)*

AKFC - reappropriated - How the solution?

1 (d) If the authority decides to issue bonds secured by a capital
2 reserve fund, the bonds may not be issued if the amount in the capital
3 reserve fund is less than the amount that may be established by reso-
4 lution of the authority (called the "capital reserve fund require-
5 ment"), unless the authority, at the time of issuance of the obliga-
6 tions, deposits in the capital reserve fund from the proceeds of the
7 obligations to be issued or from other sources, an amount which,
8 together with the amount then in the fund, will not be less than the
9 capital reserve fund requirement.

10 (e) In computing the amount of a capital reserve fund for the
11 purpose of this section, securities in which all or a portion of the
12 funds are invested shall be valued by some reasonable method estab-
13 lished by the authority by resolution. Valuation on a particular date
14 shall include the amount of any interest earned or accrued to that
15 date.

16 (f) The chairman of the authority shall annually, no later than
17 January 2, make and deliver to the governor and the legislature a
18 certificate stating the sum, if any, required to restore any capital
19 reserve fund to the capital reserve fund requirement. The legislature
20 may appropriate a sum, and all sums appropriated during the then
21 current fiscal year by the legislature for restoration shall be depos-
22 ited by the authority in the proper capital reserve fund. Nothing in
23 this section creates a debt or liability of the state.

24 (g) When the authority has created and established a capital
25 reserve fund, the commissioner of revenue may lend surplus money in
26 the general fund to the authority for deposit in a capital reserve
27 fund in an amount equal to the capital reserve fund requirement. The
28 loans shall be made on the terms and conditions that may be agreed
29 upon by the commissioner of revenue and the authority, including

Commissioner of Revenue with the Authority

*\$31M
to
CFAB
Pay back in 10 years
you want up to interest*

OK
30

J. Rodde

1 without limitation terms and conditions providing that the loans need
2 not be repaid until the obligations of the authority secured and to be
3 secured by the capital reserve fund are no longer outstanding.

4 (h) If the authority decides to covenant to issue or to issue
5 bonds secured by a capital reserve fund, the bonds may not be issued
6 until 10 days after the authority has mailed notification to the State
7 Bond Committee and the Legislative Budget and Audit Committee by
8 certified mail of its intention to establish a capital reserve fund to
9 secure the bond issue. The notification shall include the amount of
10 the capital reserve fund to be established, the amount of bonds pro-
11 posed to be issued, and the total cost of the project for which the
12 bonds are to be issued. The notification shall be accompanied by an
13 estimate by the authority of the need to withdraw money from the
14 capital reserve fund during the term of the bond issue, the amount
15 that it may be necessary to withdraw, and the time at which withdraw-
16 als are estimated to be needed. The authority shall annually prepare
17 a revised estimate, considering the same factors, and a statement of
18 all withdrawals that have occurred from the date of issuance of the
19 bonds to the end of the calendar year. The revised estimate and
20 statement shall be submitted to the State Bond Committee and the
21 Legislative Budget and Audit Committee by January 30 of the succeeding
22 year.

23 ARTICLE 4. GENERAL PROVISIONS.

24 Sec. 44.57.311. DEFINITIONS. In this chapter

- 25 (1) "authority" means the Alaska Toll Bridge and Causeway
26 Authority;
- 27 (2) "design and construction contract" means one contract
28 for both design and construction of a toll bridge or causeway;
- 29 (3) "toll bridge or causeway" or "project" means a bridge

why?
Turn Key

No change order

1 or causeway constructed or acquired under this chapter on which tolls
2 are charged, together with all appurtenances, additions, alterations,
3 improvements, and replacements, and approaches, and lands and inter-
4 ests therein used, and buildings and improvements as may be determined
5 by the authority.

6 Sec. 44.57.321. STATE APPROPRIATIONS FOR TOLL BRIDGES AND CAUSE-
7 WAYS NOT AFFECTED. This chapter does not prevent the state from
8 making appropriations from time to time in aid of the acquisition,
9 design, or construction under this chapter of a toll bridge or cause-
10 way or property, franchise, or right appurtenant to it, or the trans-
11 portation facilities of it, or for the purpose of making preliminary
12 surveys, plans, and estimates of the cost of it, and meeting other
13 preliminary expenses the legislature considers proper.

14 Sec. 44.57.331. CITATION OF CHAPTER. This chapter may be cited
15 as the Alaska Toll Bridge and Causeway Authority Act.

Folta
5/12/83

Original sponsors: Hayes, Ward,
Adams, et al

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE BILL NO. 294 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing an Alaska Toll Bridge and Cause-
7 way Authority; and providing for an effective date."

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

9 * Section 1. AS 44 is amended by adding a new chapter to read:

10 CHAPTER 57. ALASKA TOLL BRIDGE AND CAUSEWAY AUTHORITY.

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18 is a public corporation of the state in the Department of Transporta-
19 tion and Public Facilities but with separate and independent legal
20 existence.

21 Sec. 44.57.031. MEMBERSHIP OF AUTHORITY. The authority shall
22 consist of the commissioners of transportation and public facilities,
23 commerce and economic development, and revenue, or their designees and
24 ~~three~~⁴ state residents appointed by the governor.

25 Sec. 44.57.041. OFFICERS AND QUORUM. The members shall elect
26 officers they determine desirable. The powers of the authority are
27 vested in the members, and ~~three~~^{four} members of the authority constitute a
28 quorum. Action may be taken and motions and resolutions adopted by
29 the authority at a meeting by the affirmative vote of at least four

*Check for
Provisions
US. Citizens
Also
Lacked
Continuity
Abroad of
Board.
Logan*

Continuity Slagger Items

*Consider Compfa
Public Market*

1 members. The members of the authority serve without compensation, but
2 they are entitled to per diem and travel expenses authorized by law
3 under AS 39.20.180.

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20 internal management;

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22 chase, gift, lease or exchange where in the judgement of the authority
23 the action is in furtherance of its corporate purposes;

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25 corporate powers;

26 (6) to issue bonds to carry out any of its corporate pur-
27 poses and powers, including the acquisition, design or construction of
28 a project to be owned or leased, as lessor or lessee, by the authori-
29 ty, or the acquisition of an interest in a project or the

1 establishment or increase of reserves to secure or to pay the bonds or
2 interest on them, and the payment of all other costs or expenses of
3 the authority incident to and necessary or convenient to carry out its
4 corporate purposes and powers;

5 (7) to sell, lease as lessor or lessee, exchange, donate,
6 convey or encumber in any manner by mortgage or by creation of any
7 other security interest, real or personal property owned by it, or in
8 which it has an interest, when, in the judgment of the authority, the
9 action is in furtherance of its corporate purposes;

10 (8) to accept gifts or grants ^{(loan) Safety} and enter into contracts or
11 other transactions regarding them with any person;

12 (9) to deposit or invest its funds, subject to agreements
13 with bondholders;

14 *Deleted*
Commerce
15 (10) to enter into contracts with the United States or a
16 person and, subject to the laws of the United States, with a foreign
17 country or its agencies, for the financing, design, construction,
18 acquisition, operation, and maintenance of all or any part of a toll
19 bridge or causeway, either inside or outside the state, and for the
20 security of any bonds of the authority issued or to be issued for the
21 project;

22 (11) to apply to the appropriate agencies of the state, the
23 United States, and to a foreign country and any other proper agency
24 for the permits, licenses, or approvals as may be necessary, and to
25 design, construct, maintain and operate toll bridges and causeways in
26 accordance with licenses and permits, and to obtain, hold and use the
27 licenses and permits in the same manner as any other person;

28 (12) to perform reconnaissance studies, feasibility studies,
29 and engineering, survey and design with respect to toll bridges and
causeways;

*Deleted
Emmet domain*

1 (13) to enter into contracts or agreements with respect to
2 the exercise of any of its powers, and do all things necessary or
3 convenient to carry out its corporate purposes and exercise the powers
4 granted in this chapter;

5 (14) to maintain complete and separate financial account of
6 each toll bridge and causeway;

7 (15) to utilize a design and construction contract for
8 projects over \$100,000,000;

9 (16) to establish, levy, and collect tolls and other charges
10 it considers necessary for a project sufficient to pay costs of opera-
11 tion, maintenance, rehabilitation and improvement; to pay the cost of
12 acquisition, design or construction, including the payment, amortiza-
13 tion and retirement of bonds or other securities or obligations
14 assumed, issued or incurred by the authority, together with interest;
15 and to provide reserves for those purposes;

16 (17) to pledge the tolls and other revenues, subject to
17 prior pledges, as security for the repayment with interest of money
18 borrowed by it or advanced to it for its authorized purposes and as
19 security for the satisfaction of any other obligations assumed by it
20 in regard to loans or advances;

21 (18) to receive and accept funds from the state or the
22 federal government or a municipality upon a cooperative or other basis
23 for the design and construction of a toll bridge or causeway author-
24 ized under AS 44.57.011 - 44.57.331.

25 *New* Sec. 44.57.121. LIMITATION ON POWERS. An authority has only
26 those powers expressly granted in this chapter, reasonably implied
27 from this chapter, or reasonably necessary or convenient to carry out
28 its corporate purposes and to exercise the powers expressly granted in
29 or reasonably implied from this chapter. An authority does not have

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Revenue → Revenue Bonds

1 powers of eminent domain, taxation, land use planning, zoning, permit-
2 ting, or other similar governmental powers.

3 ARTICLE 3. FINANCIAL PROVISIONS.

4 Sec. 44.57.211. BONDS FOR THE AUTHORITY. The authority may
5 borrow money and may issue its bonds on which the principal and inter-
6 est are payable from money derived from the tolls, fees, charges and
7 other revenue from projects financed under AS ~~44.57.011 - 44.57.331~~.
8 Before issuing bonds for a project under this chapter an authority
9 shall submit to the state bond committee a description of the bond
10 issue and an independent economic feasibility analysis of the project
11 and expected revenues. This information may be contained in a pre-
12 liminary prospectus, offering circular or official statement relating
13 to the bond issue. Bonds may not be issued unless the state bond
14 committee finds, based upon the information submitted by the authority
15 under this subsection and other information that is reasonably avail-
16 able to it, that the project revenues can be reasonably expected to be
17 adequate for payment of the principal and interest on the bonds to be
18 issued, and that issuance of the bonds by the authority would not be
19 expected to adversely affect the ability of the state or its political
20 subdivisions to market bonds.

21 Sec. 44.57.221. TRUST INDENTURES AND TRUST AGREEMENTS. (a) In
22 the discretion of the authority, an issue of bonds may be secured by a
23 trust indenture or trust agreement between the authority and a corpo-
24 rate trustee (which may be a trust company, bank, or national banking
25 association, with corporate trust powers, located inside or outside
26 the state) or by a secured loan agreement or other instrument or under
27 a resolution giving powers to a corporate trustee by means of which
28 the authority may

29 (1) make and enter into any and all the covenants and

1 agreements with the trustee or the holders of the bonds which the
2 authority may determine to be necessary or desirable, including,
3 without limitation, covenants, provisions, limitations and agreements
4 as to

5 (A) the application, investment, deposit, use and
6 disposition of the proceeds of bonds of the authority or of money
7 or other property of the authority or in which it has an inter-
8 est;

9 (B) the fixing and collection of tolls, charges, fees
10 or other consideration for, and the other terms to be incorporat-
11 ed in, contracts with respect to a project;

12 (C) the assignment by the authority of its rights in
13 contracts with respect to a project or in a mortgage or other
14 security interest created with respect to a project to a trustee
15 for the benefit of bondholders;

16 (D) the terms and conditions upon which additional
17 bonds of the authority may be issued;

18 (E) the vesting in a trustee of rights, powers,
19 duties, funds or property in trust for the benefit of bondhold-
20 ers, including, without limitation, the right to enforce payment,
21 performance, and all other rights of the authority or of the
22 bondholders, under a lease, power of contract, contract of sale,
23 mortgage, security agreement, or trust agreement with respect to
24 a project by injunction or other proceeding or by taking posses-
25 sion of by agent or otherwise and operating a project and col-
26 lecting rents or other consideration and applying the same in
27 accordance with the trust agreement;

28 (2) pledge, mortgage or assign money, leases, agreements,
29 property or other rights or assets of the authority either presently

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in hand or to be received in the future, or both; and

(3) provide for any other matters of like or different character which in any way affect the security or protection of the bonds.

(b) Notwithstanding any other provisions of this chapter, the trust agreement shall contain a covenant by the authority that it will at all times maintain rates, tolls, fees or charges sufficient to pay, and that a contract entered into by the authority shall contain rates, tolls, fees or charges sufficient to pay the costs of operation and maintenance of the project, the principal of and interest on bonds issued under the trust agreement as the same severally become due and payable, to provide for debt service coverage as considered necessary by the authority for the marketing of its bonds and to provide for renewals, replacements and improvements of the project, and to maintain reserves required by the terms of the trust agreement.

(c) For the purpose of securing any one or more issues of its bonds, the authority may establish one or more special funds, called "capital reserve funds", and shall pay into those capital reserve funds the proceeds of the sale of its bonds and any other money which may be made available to the authority for the purposes of those funds from any other source. The funds shall be established only if the authority determines that the establishment would enhance the marketability of the bonds. All money held in a capital reserve fund, except as provided in this section, shall be used as required, solely for (1) the payment of the principal of, and interest on, bonds or of the sinking fund payments with respect to those bonds, (2) the purchase or redemption of bonds, or (3) the payment of a redemption premium required to be paid when those bonds are redeemed before maturity; however, money in a fund may not be withdrawn from it at any

1 time in an amount which would reduce the amount of that fund to less
2 than the capital reserve requirement set out in (2) of this subsec-
3 tion, except for the purpose of making, with respect to those bonds,
4 payment, when due, of principal, interest, redemption premiums and the
5 sinking fund payments for the payment of which other money of the
6 authority is not available. Income or interest earned by, or incre-
7 ment to, a capital reserve fund, due to the investment of the fund or
8 any other amounts in it, may be transferred by the authority to other
9 funds or accounts of the authority to the extent that the transfer
10 does not reduce the amount of the capital reserve fund below the
11 capital reserve fund requirement.

12 (d) If the authority decides to issue bonds secured by a capital
13 reserve fund, the bonds may not be issued if the amount in the capital
14 reserve fund is less than the amount that may be established by reso-
15 lution of the authority (called the "capital reserve fund require-
16 ment"), unless the authority, at the time of issuance of the obliga-
17 tions, deposits in the capital reserve fund from the proceeds of the
18 obligations to be issued or from other sources, an amount which,
19 together with the amount then in the fund, will not be less than the
20 capital reserve fund requirement.

21 (e) In computing the amount of a capital reserve fund for the
22 purpose of this section, securities in which all or a portion of the
23 funds are invested shall be valued by some reasonable method estab-
24 lished by the authority by resolution. Valuation on a particular date
25 shall include the amount of any interest earned or accrued to that
26 date.

27 (f) The chairman of the authority shall annually, no later than
28 January 2, make and deliver to the governor and the legislature a
29 certificate stating the sum, if any, required to restore any capital

1 reserve fund to the capital reserve fund requirement. The legislature
2 may appropriate a sum, and all sums appropriated during the then
3 current fiscal year by the legislature for restoration shall be depos-
4 ited by the authority in the proper capital reserve fund. Nothing in
5 this section creates a debt or liability of the state.

6 (g) If the authority decides to covenant to issue or to issue
7 bonds secured by a capital reserve fund, the bonds may not be issued
8 until 30 days after the authority has mailed notification to the State
9 Bond Committee and the Legislative Budget and Audit Committee by
10 certified mail of its intention to establish a capital reserve fund to
11 secure the bond issue. The notification shall include the amount of
12 the capital reserve fund to be established, the amount of bonds pro-
13 posed to be issued, and the total cost of the project for which the
14 bonds are to be issued. The notification shall be accompanied by an
15 estimate by the authority of the need to withdraw money from the
16 capital reserve fund during the term of the bond issue, the amount
17 that it may be necessary to withdraw, and the time at which withdraw-
18 als are estimated to be needed. The authority shall annually prepare
19 a revised estimate, considering the same factors, and a statement of
20 all withdrawals that have occurred from the date of issuance of the
21 bonds to the end of the calendar year. The revised estimate and
22 statement shall be submitted to the State Bond Committee and the
23 Legislative Budget and Audit Committee by January 30 of the succeeding
24 year.

25 *New* Sec. 44.57.231. VALIDITY OF PLEDGE. It is the intention of the
26 legislature that a pledge made in respect of bonds shall be perfected
27 and shall be valid and binding from the time the pledge is made; that
28 the money or property so pledged and thereafter received by the
29 authority shall immediately be subject to the lien of the pledge

1 without physical delivery or further act; and that the lien of the
2 pledge shall be valid and binding against all parties having claims of
3 any kind in tort, contract, or otherwise against the authority ir-
4 respective of whether the parties have notice. Neither the resolu-
5 tion, trust agreement or any other instrument by which a pledge is
6 created need be recorded or filed under the provisions of the Uniform
7 Commercial Code to be perfected or to be valid, binding, or effective
8 against the parties. This section does not affect title to or convey-
9 ances of real property, and does not limit the applicability of
10 AS 34.15.290.

11 *New* Sec. 44.57.241. NONLIABILITY ON BONDS.. (a) Neither the members
12 of the authority nor a person executing the bonds are liable person-
13 ally on the bonds or are subject to personal liability or accountabil-
14 ity by reason of the issuance of the bonds.

15 (b) The bonds issued by the authority do not constitute an in-
16 debtedness or other liability of the state or of a political subdivi-
17 sion of the state, but shall be payable solely from the income and
18 receipts or other funds or property of the authority. The authority
19 may not pledge the faith or credit of the state or of a political
20 subdivision of the state, except the authority, to the payment of a
21 bond, and the issuance of a bond by the authority does not directly or
22 indirectly or contingently obligate the state or a political subdivi-
23 sion of the state to apply money from, levy or pledge any form of
24 taxation to the payment of the bond.

25 *New* Sec. 44.57.251. FLEDGE OF THE STATE. The state pledges to and
26 agrees with the holders of bonds issued under this chapter and with
27 the federal agency which loans or contributes funds in respect to a
28 project, that the state will not limit or alter the rights and powers
29 vested in the authority by this chapter to fulfill the terms of a

1 contract made by the authority with the holders or federal agency, or
2 in any way impair the rights and remedies of the holders until the
3 bonds, together with the interest on them with interest on unpaid
4 installments of interest, and all costs and expenses in connection
5 with an action or proceeding by or on behalf of the holders, are fully
6 met and discharged. The authority is authorized to include this
7 pledge and agreement of the state, insofar as it refers to holders of
8 bonds of the authority, in a contract with the holders, and insofar as
9 it relates to a federal agency, in a contract with the federal agency.

New 10 Sec. 44.57.261. EXEMPTION FROM TAXATION: The real and personal
11 property of the authority and its assets, income and receipts are
12 declared to be the property of a political subdivision of the state
13 and, together with any project financed under this chapter are exempt
14 from all taxes and special assessments of the state or a political
15 subdivision of the state. All bonds of the authority are declared to
16 be issued by a political subdivision of the state and for an essential
17 public and governmental purpose and to be a public instrumentality,
18 and the bonds, and the interest on them, the income from them and the
19 transfer of the bonds, and all assets, income and receipts pledged to
20 pay or secure the payment of the bonds, or interest on them, shall at
21 all times be exempt from taxation by or under the authority of the
22 state, except for inheritance and estate taxes and taxes on transfers
23 by or in contemplation of death. Nothing in this section affects or
24 limits an exemption from license fees, property taxes, or excise,
25 income, or other taxes, provided under any other law, nor does it
26 create a tax exemption with respect to the interest of any business
27 enterprise or other person, other than the authority, in any property,
28 assets, income, receipts, project or lease whether or not financed
29 under this chapter.

1 *New* Sec. 44.57.271. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
 2 bonds of the authority are securities in which all public officers and
 3 bodies of the state and all municipalities and municipal subdivisions,
 4 all insurance companies and associations and other persons carrying on
 5 an insurance business, all banks, bankers, trust companies, savings
 6 banks, savings associations, including without limitation savings and
 7 loan associations and building and loan associations, investment
 8 companies and other persons carrying on banking business, all adminis-
 9 trators, guardians, executors, trustees and other fiduciaries, and all
 10 other persons who are now or may afterward be authorized to invest in
 11 bonds or other obligations of the state, may properly and legally
 12 invest money including capital in their control or belonging to them.
 13 Notwithstanding any other provisions of law, the bonds of the author-
 14 ity are also securities that may be deposited with and may be received
 15 by all public officers and bodies of the state and all municipalities
 16 and municipal subdivisions for any purpose for which the deposit of
 17 bonds or other obligations of the state is now or may afterward be
 18 authorized.

19 *New* Sec. 44.57.281. AUDIT. The legislative auditor shall audit or
 20 shall cause to have audited annually the financial records of the
 21 authority. The legislative auditor may prescribe the form and content
 22 of the financial records of the authority and shall have access to
 23 these records at any reasonable time.

24 ARTICLE 4. GENERAL PROVISIONS.

25 Sec. 44.57.311. DEFINITIONS. In this chapter

- 26 (1) "authority" means the Alaska Toll Bridge and Causeway
 27 Authority;
- 28 (2) "design and construction contract" means one contract
 29 for both design and construction of a toll bridge or causeway;

1 (3) "toll bridge or causeway" or "project" means a bridge
2 or causeway constructed or acquired under this chapter on which tolls
3 are charged, together with all appurtenances, additions, alterations,
4 improvements, and replacements, and approaches, and lands and inter-
5 ests therein used, and buildings and improvements as may be determined
6 by the authority.

7 Sec. 44.57.321. STATE APPROPRIATIONS FOR TOLL BRIDGES AND CAUSE-
8 WAYS NOT AFFECTED. This chapter does not prevent the state from
9 making appropriations from time to time in aid of the acquisition,
10 design, or construction under this chapter of a toll bridge or cause-
11 way or property, franchise, or right appurtenant to it, or the trans-
12 portation facilities of it, or for the purpose of making preliminary
13 surveys, plans, and estimates of the cost of it, and meeting other
14 preliminary expenses the legislature considers proper.

15 Sec. 44.57.331. CITATION OF CHAPTER. This chapter may be cited
16 as the Alaska Toll Bridge and Causeway Authority Act.

17 *New* * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).
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Knik Arm crossing

IN A PERIOD when state revenues are decreasing and the byword is conserve rather than spend, the Knik Arm crossing could easily be one of those forgotten dreams of yesterday, not to see the light of day again for decades. State officials several years ago pronounced the project dead.

The fact is that the crossing makes more sense now than it ever has. So it was encouraging to hear that the president of the Senate and the speaker of the House were offering it once again for consideration in the legislature.

A causeway from Anchorage across Knik Arm to the Matanuska Valley has been talked about since the 1950s. Two years ago, the legislature appropriated \$5 million to finance a preliminary study. That study is still under way.

THERE ARE obvious reasons that make a crossing desirable. More and more people who work in the Anchorage area are making their homes in the valley. The weekend exodus to Palmer and beyond is heavy in the summertime, when the city folks go that direction to enjoy the natural

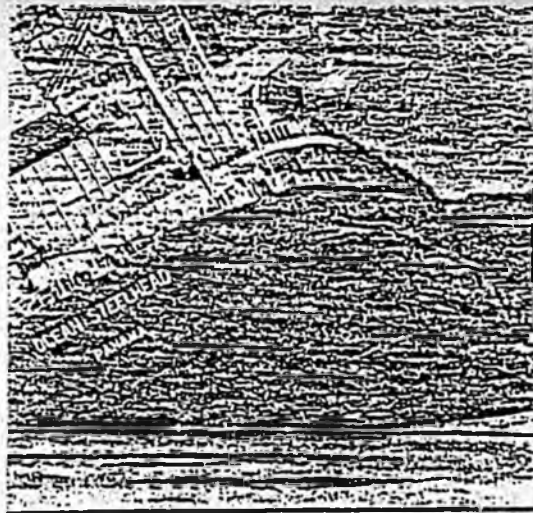
wonders the valleys offer. Anchorage is running out of space, and the Point MacKenzie area across the arm is the logical area to accommodate future growth both in population and industry. A bridge across the arm would drastically reduce travel time between the two points.

But there are many grounds other than recreational and living opportunities across the arm that make the bridge attractive. There are rich coal deposits at Beluga and there is significant farming at Point MacKenzie, which also has been discussed as the tidewater terminus for an all-Alaska natural gas pipeline.

THE TWO LAWMAKERS who introduced the Knik Arm crossing bills this year would create an Alaska Toll Bridge and Causeway Authority with a \$50 million budget. The legislation would have the authority oversee the construction of the Knik span as well as one later across Turnagain Arm southward to the Kenai Peninsula.

If nothing else, the bills introduced in the 1983 session are keeping the matter alive.

Anchorage Journal 3-29-83



Boat lists in Tacoma's industrial area Thursday as a fireboat stands by.



Chains hold tons of logs in place as the boat lists at the dock.

claims troops with invaders

...soldiers were involved
...ing on each side.
...cale of the fighting was
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...into the fighting zone to
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...onduran Foreign Minis-
...Thursday night, "At no
...is the Honduran army at-
...Nicaraguan terri-

...Foreign Minister



seek knik bridge funds

by Bill White

Juneau — The top two legislative leaders today proposed spending \$50 million as seed money to build the long-awaited bridges across Knik and Turnagain arms near Anchorage.

"The projects have been studied for years. We have the resources to go forward with these projects now which will benefit all of Southcentral Alaska," said Senate President Jay Kerrula, D-Palmer, and House Speaker Joe Hayes, R-Anchorage, in a statement released jointly.

"The major emphasis would be, first, on the Knik Arm crossing, with the Turnagain crossing to follow as soon as possible," they said.

Two bills were introduced in each house on the crossings.

One bill would create an eight-member Alaska Toll Bridge and Causeway Authority. This agency would fund and oversee construction of the crossings.

The other bill would give the authority \$50 million once it's created.

The bills will overcome formidable obstacles if they pass before the end of next year's session.

Lawmakers are wary of creating any independent "authorities" that might start projects they can't afford, and then require a state bailout.

And dwindling oil revenue is putting a squeeze on the money available for state spending. Bush lawmakers especially are uneasy about funding huge projects for the Anchorage area because of the hundreds of millions of dollars already spent or proposed for the Project 80s development effort and the Susitna dams energy project.

Under the proposal, the causeway authority would be empowered to sell bonds, which would be paid off from tolls placed on vehicles using the bridges.

Proposals for the 2.9 mile Knik Arm crossing that would link Anchorage and the Susitna and Matanuska valleys have been debated by lawmakers for two decades.

Anchorage-area leaders look to Point MacKenzie area as the logical site to handle the booming growth in Anchorage.

Kerrula this week compared the Knik Arm crossing with the bridges in San Francisco that link bay-area communities.

This crossing would provide access to the Beluga coal fields, the MacKenzie farm development and residential areas, the two legislators said. The Turnagain crossing would provide a shortcut to popular recreation areas.

Lawmakers appropriated \$1.2 million two years ago for prelim-

inary design and environmental studies for the Knik Arm crossing. Those studies should be done next year.

"The completion of these projects would be one of the greatest economic factors for the future of all Southcentral Alaska," Kerrula and Hayes said in their statement.

"The entire state would benefit as well from the resources which would be developed by improving access to these areas. The likely acquisition of the Alaska Railroad by the state gives the projects even greater urgency than previously, as does the continuing effort to build the Susitna hydro project."

Judge says Exxon must repay public

Associated Press

Washington — A federal judge ruled today that Exxon Corp. overcharged the public \$395.5 million for crude oil produced from a Texas field and ordered the company to reimburse the public through state-run energy conservation programs.

U.S. District Judge Thomas Flannery ordered the money put into an escrow account in the Treasury Department. From there it will be distributed to the governments of all 50 states.

"Each state must then use the funds under one or more existing federal energy conservation programs," Flannery said in the 90-page ruling.

One program that would help the elderly and disabled come and elderly people second assists them in energy bills.

The other program provides money to develop conservation programs, energy consumption and hospitals and preservation in small businesses.

"The broad scattering of effects of Exxon's overcharges renders impossible the identification of the victims and the calculation of damages."

**YOU CAN HELP
BUILD THE BRIDGE!
KNIK ARM BRIDGE**

**JOIN THE
KNIK BOOSTER'S CLUB**

**AT CENTRAL JUNIOR HIGH
7 P.M. WED., MARCH 30
BAND ROOM (USE GYM DOOR)**

**FOR MORE INFORMATION
CALL DAVE RING 243-4005**

TIMES 3/28/83

**KNIK ARM
BRIDGE**

★
KNIK ARM TUBE

★
**KNIK ARM
TUNNEL**

★
**KNIK ARM
CAUSEWAY**

Where? Your Choice.
When? Your Choice.
What? Your Choice.

Only if you make your
choice known.

Join the
**KNIK CROSSING
BOOSTERS**

at Central Jr. High School

Wed., March 2

7:00 p.m. - Room 67/68

Dave Ring

243-4005

Called 3/4 left message.

*TIMES
2/28/83*

Arm bridge funds asked

Turnagain, Knik Arm causeways proposed

JUNEAU (AP) — House Speaker Joe Hayes and Senate President Jay Kerttula on Friday introduced legislation to create an Alaska Toll Bridge and Causeway Authority and appropriate \$50 million for design and construction of the Knik and Turnagain Arm causeways.

"The projects have been studied for years," said Hayes, R-Anchorage. "We have the resources to go forward with these projects now which will benefit all of southcentral Alaska," he said.

"The major emphasis would be, first, on the Knik Arm Crossing with the Turnagain crossing to follow as soon as possible," Hayes said.

The legislation is HB294-295 in the House and SB211-212 in the Senate.

According to a press release from Hayes' office, the legislation aims "to develop, stimulate and advance the economic welfare of the state and to further development of public transportation systems.

The authority would be a public corporation of the state within the Department of Transportation. It would have the power

to acquire, construct, improve, operate and maintain toll bridge and causeway projects.

The authority would be empowered to collect levies on projects and to pledge them as security or hold them as reserves.

The authority, according to the legislation, also would have the power to borrow money and issue bonds and to establish capital reserve funds.

The Knik Arm Crossing, now undergoing engineering studies, would reach into the Mantanuska-Susitna Borough from Anchorage, and provide access to the Beluga coal fields, the MacKenzie agricultural reserve, and land for recreation, industrial and recreational development, the two lawmakers said.

The Turnagain Crossing would reach the northern Kenai Peninsula and would improve access to the communities of Kenai, oil and gas fields of western Kenai, ports that circle the peninsula and popular recreation areas, the sponsors said.

The measures were sent to the Finance and Transportation committees of each house.

Intertie contract ruling told

ANCHORAGE (AP) — An administrative hearing officer says the contract to provide towers for a power line linking Anchorage and Fairbanks electrical grids should be broken into two parts and awarded to two

previously unsuccessful bidders.

Julian Mason recommended Thursday that the Alaska Power Authority give part of the work to International Telephone & Telegraph and part to Com-

bustion Engineering of Houston.

Mason was appointed by the APA to review the contract after questions were raised about the apparent low bidder, Hyundai USA, Inc. He ruled Wednesday that the Korean firm made mistakes on its bid and lacked the experience required by bid specifications.

Federal cost of living pay will rise in Alaska

Knik Arm crossing study may fall with revenues

By STEVE SEPLOCHA
Daily News business editor

Declining oil revenues will mean that most of the projects on municipal priority lists won't be fully funded by the state, says Dan Casey, commissioner of the Alaska Department of Transportation and Public Facilities.

Early casualties could include environmental studies of the proposed Knik Arm crossing in Anchorage.

Casey, in an interview Monday, said legislators and municipal officials in the state must come to grips with

the economic realities that face the state and start thinking of other ways to finance needed projects.

Casey said a recent "wish list" prepared by state and municipal officials totalled \$6 billion. That, he said, illustrates the gap between what projected state needs and projected state revenues.

"The question is how do we optimize what we have left," he said. "The first thing we have to do is team up with the legislature and municipal officials so that our perceptions of the situation are the

same."

He suggested that alternative financing methods, such as a gasoline tax and tolls for road projects, are under consideration. Though the administration is not prepared to recommend such alternatives immediately, Casey said they probably will play a role in projects in the future.

The bright spots in the financing picture include road projects that qualify for federal funding, Casey said. Such projects are primarily funded with federal money with the state kicking in a small per-

centage.

The A-C couplet, which will make A and C Streets one-way, is fully funded and work will begin this summer, he said. Cost to the state will be \$2.3 million and the U.S. Department of Transportation will provide the remaining \$27 million.

Casey said the department has stopped a \$5 million environmental impact study on the proposed Knik Arm crossing until it is determined how much the project would cost

See Back Page, REVENUES

Revenues

Continued from Page A-1

and whether the state can afford it. He said cost estimates should be available by the end of April and his department plans to meet with legislative leaders to determine whether to go ahead with the study.

Cost alone should not be the determining factor, he said, because there are benefits that would accrue by opening the west side of Cook Inlet that may justify such a major project.

Bill to fund arm crossings proposed

The Associated Press

JUNEAU — House Speaker Joe Hayes and Senate President Jay Kerttula on Friday introduced legislation to create an Alaska Toll Bridge and Causeway Authority and appropriate \$50 million for design and construction of the Knik and Turnagain Arm causeways.

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The Turnagain Crossing would reach the northern Kenai Peninsula and would improve access to the communities of Kenai, oil and gas fields of western Kenai, ports that circle the peninsula and popular recreation areas.

Lawmaker pushes for action on Knik, Turnagain crossings

By BETSY BRENNEMAN
Daily News reporter

JUNEAU — Anchorage needs Knik Arm and Turnagain Arm crossings to avoid urban congestion and air pollution, Rep. Jerry Ward, R-Anchorage, told a bipartisan gathering of Southcentral representatives late Friday.

Ward, in calling for immediate construction of the crossings, said time has run out for more studies on the best way to shorten the distances between Anchorage and the surrounding area.

Ward told the caucus that it's time to use unspent planning money to begin building the

crossings that he said would cost about \$200 million.

For the first time, Ward said, the Southcentral delegation has enough clout in the legislature to force action on the crossings. He said each member should be willing to give up some smaller projects for their district to fund the construction.

"I personally would be proud to forego all projects in my area for the sake of this one," Ward said in his written proposal.

He encouraged the delegation to act aggressively to secure at least \$300 million this year that he calculated would be less than 40

percent of the Southcentral share of the \$1.5 billion dollar capital budget for 1984.

Ward also said Commissioner of Transportation Dan Casey had agreed to freeze about \$3.5 million in unspent planning funds and was waiting for legislative direction before deciding how that money would be spent.

Ward said Casey is willing to renegotiate the planning contract and use the money for construction.

Casey could not be reached Friday for comment.

Ward's proposal includes constructing:

- Causeways from Isle to Cape across Tur-

nagain Arm and from Eagle Bay to Goose Bay across Knik Arm;

- Two freshwater lakes above the causeways, one of which, the 100 square mile Knik lake, could eliminate the need for the municipal Eklutna water project;

- Fish ladders for migrating salmon in stalled in spillways from the lake and spanned by conventional bridges; and

- Toll booths that would charge less than it currently costs to drive around each arm, but would help pay off the construction costs.

Ward said suitable bases for causeways are already in place and additional rock and sand is readily available.

Although bridges have been included in most past proposals for the crossings, Ward said it is cheaper to run railroad tracks over causeways. The tracks also would last longer and are better able to withstand earthquakes, he said.

The Anchorage freshman said both projects should be paid for now with cash, but he said he will go along with House Speaker Joe Hayes' preference for using bonds to pay off the balance of the project cost.

Ward said he has the support of 60 percent of the caucus. He wasn't sure about the Senate, but said President Jay Kerttula, D-Palmer, favors the idea.

The Southcentral caucus will debate Ward's proposal at a second meeting this afternoon.

Kenai Peninsula Clarion Feb. 14, 1983

Turnagain Arm causeway idea taken up in House

An idea spawned by Rep. Milo Fritz, R-Anchorage, 17 years ago and which has been talked about a number of times since has resurfaced in the state legislature: A Turnagain Arm causeway.

Freshman representative Jerry Ward, R-Anchorage, informed a bipartisan meeting of Southcentral Alaska representatives Saturday of his intentions to introduce legislation for the construction of crossings of Turnagain and Knik Arms.

Ward said Anchorage needs the crossings to reduce congestion and pollution in the Anchorage bowl, according to a story in the An-

chorage Daily News. Fritz, who introduced legislation for studying the crossings in 1968 and 1972, endorses Ward's proposal.

"Both are feasible and extremely useful," said Fritz Sunday. Construction of both crossings is estimated at \$200 million.

Ward said he would prefer the state build the crossings with cash, but Fritz said it would be better if voters approved the sale of revenue bonds to be paid off with tolls charged at the crossings.

In the Daily News story, Ward said Commissioner of Transportation Dan Casey had agreed to freeze \$3.5 million in unspent planning funds until the legislature

directed how the money should be spent.

"Starting them simultaneously makes sense," said Fritz. In that way, construction equipment would not have to be moved very far from project to project.

Both projects would consist of extending the land on both sides of the arms with elevated causeways but leaving open areas to be spanned with bridges to allow for fish migration.

Fritz said the Turnagain crossing would be from the Potter area on the Anchorage side and would parallel the gas pipeline across the Kenai National Wildlife Refuge. Such a route would shorten the drive to

Anchorage by about 75 miles.

"We would preserve the moose range, of course," said Fritz. "There wouldn't be a bedroom community sprawled out between the peninsula and Anchorage because it would cross federal lands."

He said the Knik Arm crossing would allow the Anchorage population "to spill over into the Ft. MacKenzie area."

Fritz said he expects there would be opposition from Anchorage realtors because "it wouldn't allow the value of property to increase meteorically."

He also said there would be opposition from people in the Kenai-

Soldotna area who wouldn't like to see it because it could encourage further industrial development.

"It would be very practical for the peninsula," he said. "The development of a causeway would help us if we want to see a gas pipeline to Nikiski."

He said supplies could be transported more easily to Nikiski with the new route "rather than that goat trail we have now with snow slides in the winter, mud slides in the summer and construction going on all the time."

The Alaska Railroad could be

...State

Continued from Page 1

easily extended to the west side of the peninsula along the Turnagain Arm crossing, he said, as well as additional pipelines and a coal slurry line from the Beluga coal field.

"This is something I've been dreaming about for a long time," said Fritz. "It wasn't cockeyed then and it isn't now."

Studies would indicate that causeways across both Turnagain Arm from Isle to Cape and Knik Arm from Eagle Bay to Goose Bay can be constructed to serve both highway and railroad traffic.

The continued growth of the Mat-Su, Anchorage, Kenai area as the economic hub of Alaska makes the crossings not only desirable but necessary.

The oil, gas, and coal fields and related petro-chemical industries would be drawn together to form a much stronger financial and supply center for Alaska.

The growing population in this area and the increased needs and desire for recreational areas would be best served by causeways which would create an 85 square mile lake above the Turnagain causeway and a 100 square mile lake above the Knik causeway.

Also, the dollars and time savings to Alaskans by cutting 50 miles off a trip to the Mat-Su Valley and over 100 miles off a trip to Kenai for over 10,000 vehicles per day cannot be over emphasized.

For the safety and health of future generations of Alaskans, the Anchorage municipal area must be allowed to expand to the west side of Knik Arm. Pollution and over-crowding cannot be compacted much beyond the present point.

All reports indicate that railroad crossings can be added to the causeways at a fraction of the cost of adding them to bridges. Causeways provide greater stability and safety against earthquakes than a bridge.

The studies indicate that suitable bases are in place for causeways and that rock and sand are readily available. Through the use of barges, end dumps, and cables, these materials could be put in place and a spillway would allow for the over flow of fresh water from the man-made lakes above the causeways. The spillways would be spanned by conventional steel and concrete bridges with fish ladders installed to permit migration of salmon. This type of construction has been carried out in Holland, Canada, Russia, New Zealand, Australia, France and Egypt in the past 50 years. With the advent of larger and more powerful equipment and the experience of Alaskan construction companies gained by building the north slope haul road, we should be able to complete the causeways in 3 years at a cost of 6 to 800 million.

From discussing this with the Department of Transportation I understand that Turnkey projects have been issued in the past to private enterprise in which the concept, architectural design, construction and completion of projects such as this are the total responsibility of the contractor, who is paid only upon successful completion of the project. I believe that there are construction companies who would be willing to build these causeways at a breakeven point for the recognition and enhanced worldwide reputation of successfully building such a showpiece project.

We could finance the project by funding 1/3 or up to 300 million with less than 40% of our share of the Capital Improvement Fund of 1.5 billion of which 53%

or 795 million rightfully belongs to the people of the Mat-Su, Anchorage, and Kenai boroughs. This coalition represents those people and I suggest that we should not agree to fund any projects in our separate districts unless agreed upon by a majority of this coalition. Object being to keep the money for this project. I personally would be proud to forego all projects in my area for the sake of this one. The balance could be funded by General Obligation Bonds. These bonds could be paid off in 20-25 years by tolls charges for the use of the causeway which would amount to less than half the cost of driving around the Knik and Turnagain Arms.

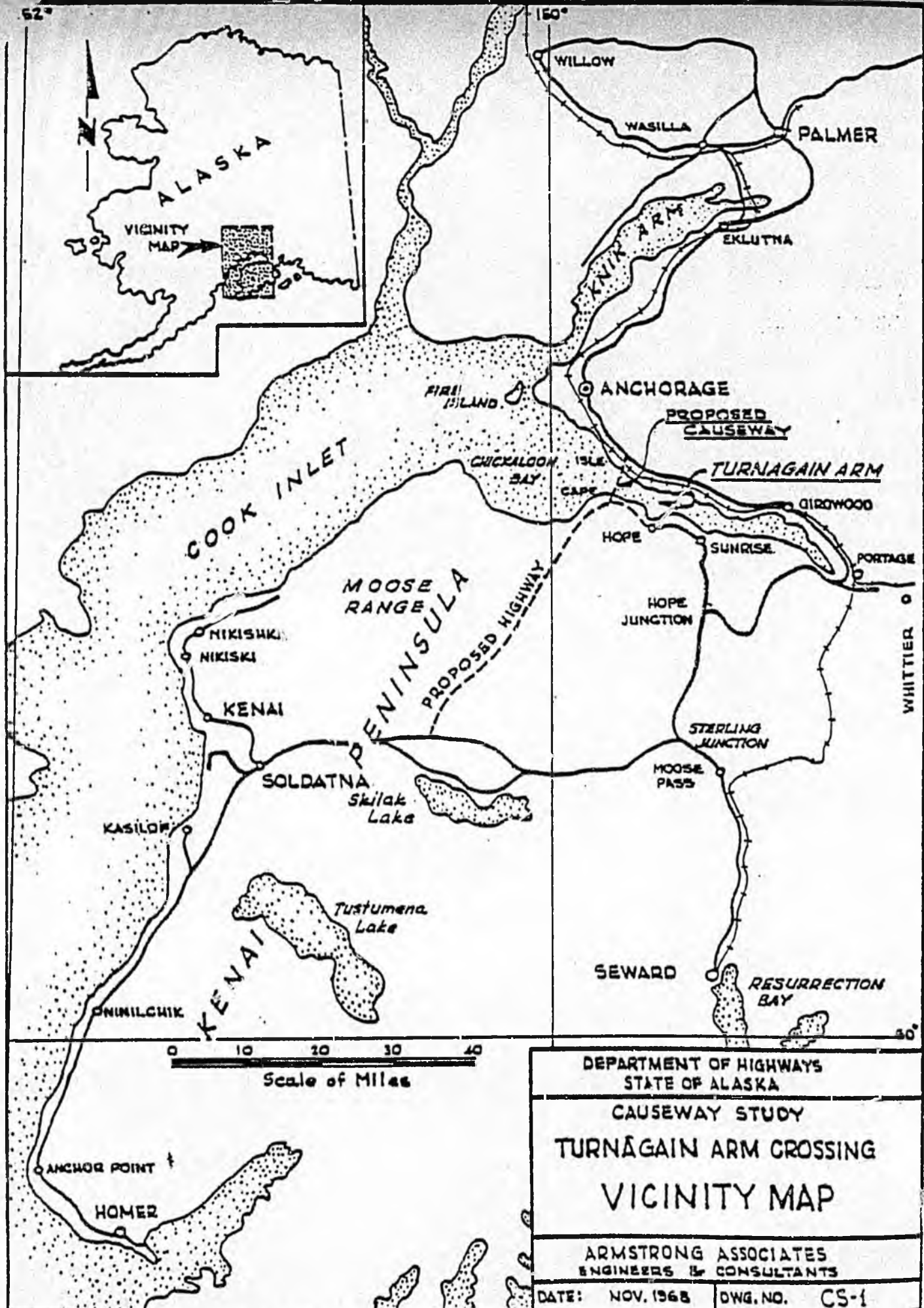


Fig. No. 1—Vicinity map of Cook Inlet area showing Turnagain Arm and proposed Causeway site.

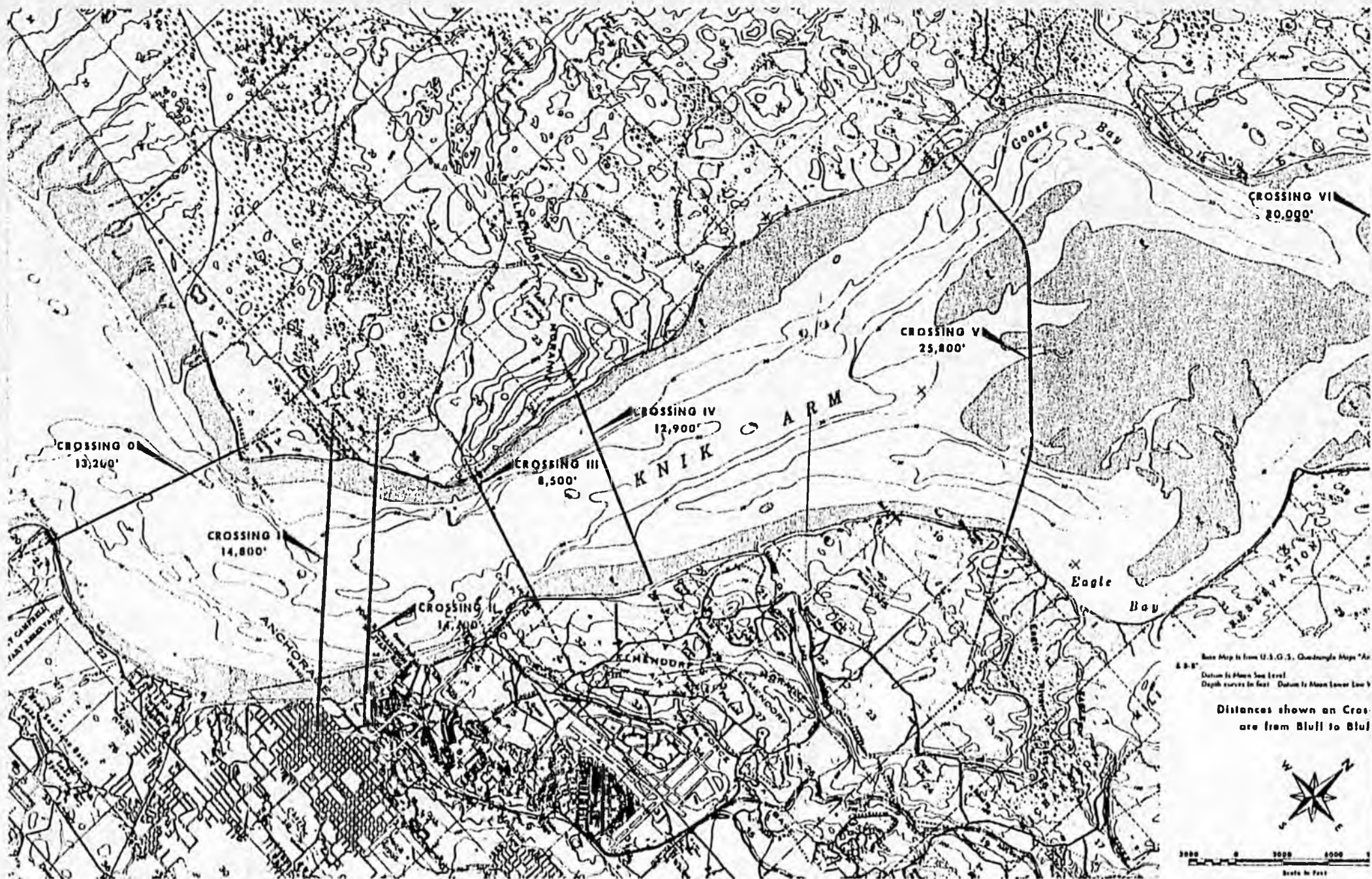


Figure II-1

\$631 million Knik crossing plan unveiled

4-16-83

by Bill White
Times Juneau Bureau

Juneau — Gov. Bill Sheffield Friday unveiled a \$631 million proposal for a 3-mile bridge across Knik Arm linking Anchorage to the Matanuska and Susitna valleys.

Sheffield gave the go-ahead for the state to explore building the long-awaited crossing with a blend of state and federal money.

Dan Casey, commissioner of transportation, said the state will use a \$5.5 million appropriation made two years ago to conduct engineering — including final route selection — and environmental studies for the project over the next year.

If the project is found to be viable, bids could be let as early as next year with actual construction between 1986 and 1989, Casey said.

The proposal drew the tentative endorsements of Senate President Jay Kerttula, D-Palmer, and House Speaker Joe Hayes, R-Anchorage. The two lawmakers have backed the

crossing for decades. This year they sponsored identical legislation that would take a different approach to building the crossing.

But, as Kerttula said, "If there's a better mousetrap, I will support it."

The proposal is contained in a 73-page report by EMPS-Sverdrup on the economic feasibility of the project.

The engineering firm looked at 11 crossings of Knik Arm — with accesses to the bridge ranging from downtown Anchorage to Eagle River — to come up with the \$631 million proposal that appears to be the best "concept."

The preferred route for the bridge calls for a 43.7-mile highway to be built starting at the junction of the Glenn Highway and Boniface Parkway, and connecting north to the Parks Highway near Houston.

A four-lane, double-deck bridge would cross Knik Arm five miles north of downtown Anchorage.

See Governor, page A-4

Governor reveals bridge plan

Continued from page A-1

The bridge itself would cost about \$339 million and would be built by a private firm, Casey said. That firm would make back its construction cost by charging a toll of about \$2 per car, he said. Once the builder has recovered its investment, the state would own the bridge, under the proposal.

The state would provide the financing for the highway and bridge approaches, estimated at \$180 million. Another \$64 million

would be needed to relocate facilities at Elmendorf Air Force Base, including an ammunition dump. Inflation would bring the project cost up to about \$631 million.

"This approach is very simple," Casey said, "and it's the most cost effective." The options examined included tunneling under the arm, building a causeway and building a suspension bridge.

The bridge should be able to withstand intense pressure from tremendous tidal actions, siltation and ice buildup, Casey said.

EMPS-Sverdrup estimated the Point Mackenzie area would have about 9,000 households 11 years after the crossing is completed. The figure would double within 20 years, the study said.

About 29,000 vehicles would cross the bridge daily in the year 2001 and an estimated 46,000 a day would cross by 2030.

The bridge would cut driving time from Point Mackenzie to downtown Anchorage from about two hours to about 30 minutes, according to the study.



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Alaska State Legislature House of Representatives

REPRESENTATIVE JERRY WARD
DISTRICT 13

MEMBER FINANCE COMMITTEE
CHAIRMAN OF SUBCOMMITTEE ON
COMMERCE & ECONOMIC DEVELOPMENT
CHAIRMAN OF SUBCOMMITTEE ON LABOR
MEMBER OF SUBCOMMITTEE ON STATE LOANS

A-6 The Anchorage Times, Monday, May 9, 1983

The Anchorage Times

Editorials

Crossing Knik Arm

THERE ARE some events and some projects which seem to develop a momentum all their own. The Knik Arm crossing may be one of those projects.

It has been a matter of discussion for decades, along with a similar proposal for a crossing over Turnagain Arm. Over the years, both of the proposals have blown hot and cold — seemingly almost ready to move ahead, only to be shifted to the back burner.

Now up front and bubbling again is the Knik Arm cross-

ing concept, and this time it appears to have a chance. It would be a good sized project, of course, both from a financial and an engineering standpoint.

But the time now appears ripe. The population has grown to the point where the economics seem feasible, the need to open new land across the Inlet is apparent, and the opportunity looks to be at hand.

The project seems inevitable. The question is simply when.

LETS
BUILD
IT!

Jerry

State Public Corporations
A guide for decision making

By Annmarie Walsh
and David Mannen
March 1983

Institute
of Public
Administration
New York City • Washington, D.C.

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 Exercising legislative oversight

Public corporations are bodies authorized by legislative action to function outside of the regular structure of state government in order to finance, construct and usually to operate revenue-producing public enterprises. Public corporations have proliferated in the United States; by the late 1970s, at least 6,000 local and regional authorities and 1,000 state and interstate corporations were operating. By 1981 the total was estimated to be close to 10,000, and the revenue bond market, which lends primarily to public corporations, was raising almost twice as much capital as all general obligation state and local bonds in the nation. Expanding from traditional public service toll facilities into increasingly complex lending, investment and enterprise functions, public corporations are consuming larger portions of total public borrowing and having greater impact on regional economies.

As the growth in the use of the public corporation demonstrates, the arguments for their use have been convincing. The single purpose public corporation seems a simple and clear cut solution to many complex government problems. The advantages are relatively easy to list; the disadvantages appear only over time and with experience.

The Institute of Public Administration (IPA) has pioneered research on government corporations and bond markets. In recent years IPA has been asked to apply its research methodologies and findings to public corporations, joint action agencies, and federal, state and local governments operating in many different settings. Our research and our client experience have convinced us that each state must be prepared to take a close look at the implications of its corporations for state government, for state political priorities, and for state finances.

In many states expansion in the number, the activities and the outstanding debt of government corporations or public authorities is reaching a critical threshold at which these implications warrant serious review and continuing attention. Several responses are called for:

- Legislators need better information and assessment of the benefits and risks when judging proposals to create new corporations or to alter the mandates or financial resources of existing corporations;
- Budget officers and financial planners should develop means of monitoring investment and debt transactions, of compiling profiles of revenue backed debt, of tracking contingent liabilities and potential budget impacts and of

providing early warning of impending problems emerging from the public corporations;

- State governments need to devise methods for increasing the responsiveness of public corporations to government priorities — including finance for maintenance and replacement of infrastructure — without losing the advantages of flexible management and revenue bonding;
- Public corporations should be subject periodically to management and financial audits. The resources of the boards of directors must be strengthened so that they can provide policy leadership and oversee corporate performance.

The measures described above require special consideration of the context and objectives of corporate activity, which vary from state to state and from corporation to corporation. This Guide provides a checklist of some of the common issues and questions that need to be addressed when decisions are made concerning public corporations. We believe it will be a valuable tool when proposals for new public corporations are being considered. We hope it will be equally useful to those responsible for reviewing and overseeing existing corporations.

The Guide is organized in three sections. Section 1 describes the characteristics of public corporations and authorities. Section 2, 'Selecting the Corporate Form', discusses the advantages that are sought from the corporate form and the potential pitfalls to be avoided. Some alternatives to the corporation are also described. Section 3, 'Designing the Public Corporation', examines specific components of corporations and their relationship to state government.

1. The Characteristics of Public Corporations

Public corporations are government instrumentalities established by legislative statute or charter to operate to some extent outside the regular structure of executive departments, usually to finance, construct or operate revenue producing enterprises. As corporations, they have separate legal existence (to sue, to be sued, and to assume credit obligations in their own name). They are variously called corporations, public authorities, commissions, banks, services or agencies.

Public corporations differ from government itself in these ways:

- Public corporations do not have general government police or reserve powers or powers to tax;
- Public corporations can exercise only those powers and conduct only those activities specifically authorized in their charters or statutes.

Public corporations differ from line agencies of the executive branch of government in the following ways:

- They have separate legal identity (corporate personality);
- They may be exempt from many of the administrative procedures and regulations that apply to line agencies, such as civil service and other personnel regulations, procurement and other administrative procedures, rules and controls by central executive staff agencies;
- Their powers and structure can usually be changed only by statutory amendment (not by executive order), and such changes may be limited by legal covenants entered into by the corporation for borrowing and other contracts;
- They are generally permitted business-type budgets without line item or expenditure period limitations, and may be permitted to retain their own earnings, rather than channeling them through Treasury and appropriations processes;
- Public corporations usually have independent borrowing capacities and credit ratings.

2. Selecting the Corporate Form

The advantages sought

The advantages sought from public corporations include the following:

- Managerial and budgetary flexibility for enterprise-type activities that need to be continually adapted to changes in consumer demand, construction contingencies, and other market factors;
- Speed and efficiency of large scale construction using planned funding schedules, flexible contract administration, and non-controlling, multi-year construction budgets;
- Increased access to bond markets;
- Protected, earmarked funding for priority projects and long term debt service, subject to dedicated fund prohibitions;
- Business-like and self supporting management, particularly where the benefits produced go primarily to the persons or organizations who use and can pay for the service;
- Insulation from political influence, for philosophical or other reasons;
- Use of an agency with mixed ownership, with the potential for transfer to the private sector, or with a jurisdiction that spans several government units.

None of the advantages described above can be achieved only through use of public corporations, and none of them are automatically achieved by use of public corporations. The record of public corporations throughout the nation includes examples of political corruption, financial debacle, and construction failure as well as numerous success stories. It is important therefore to keep in mind some of the potential disadvantages when making the initial decision.

The pitfalls to be avoided

Potential disadvantages include the following:

- The accumulation of independent debt burden and other financial obligations and potential claims against future taxes and taxpayers without control, financial planning or early warning. Two facts affect this potential problem. First, high volumes of borrowing through corporate revenue bonds do tend to tighten the market for general obligation borrowing by state and local governments, particularly from the same state. Second, even when the state clearly has no legal obligation for the

debt of its corporations, if those corporations get into financial difficulty the state or units within it will be under severe pressure to help them—by channeling appropriations into corporate reserve funds, by offsetting their operating deficits through subsidies or rate increases, by helping to refinance debt or otherwise avoid default. The credit standing of the state and participating local governments is affected by the credit record of the corporations. Unforeseen changes in interest rates, in economic conditions or in revenues have caused problems with even the seemingly strongest corporations in some states.

- The separation of important development decisions (such as distribution and pricing of transportation, energy, industrial investment and housing) from legitimate political institutions based upon voter support and executive leadership. Conflicts over social, environmental and economic impacts may arise too late, after the corporation has made decisions to which the people's representatives did not have access, even when there are public hearing requirements. Similarly, lack of consistency between corporate programs and departmental programs and plans can increase the costs and reduce the effectiveness of government as a whole.
- Undermining government procedures established for desirable purposes of accountability and legitimacy, including appropriations and budgeting, equitable job classification and salary scales, merit recruitment and promotion, standardized accounting and auditing procedures, and contracting and procurement controls. There is often a temptation to bypass regular government agencies when these procedures seem too rigid and cumbersome for good management. However, reform of procedures is preferable to progressively cutting chunks of government activity out of them altogether.
- Creating pockets of public activity susceptible to narrow special interest control.
- The potential for "creaming", or removing revenue producing activities from government budgets, leaving deficit operations to fall more heavily on taxpayers or appropriations. Many states have tried unsuccessfully, for example, to tap the revenues from successful corporation toll facilities to help finance public roads or transit.

The alternatives

Not all of the differences between public corporations and line agencies are necessary. Indeed, some of the characteristics of public corporations can be given to line agencies in order to allow them to undertake enterprise-type activities efficiently without giving up executive and legislative controls. For example, some of the legislative alternatives to the full blown corporation are the following:

- A separate executive agency or administration, headed by an administrator reporting to the governor (or mayor), with special powers designated by statute but without independent corporate status. This arrangement has been used for enterprises that are funded by appropriations and state bond issues (e.g., transportation bond issues).
- A revolving fund or corporate loan fund within an executive department. This is used for loan and subsidy programs that require protected financial integrity, revenue bonding powers and separate credit obligations, but which do not require separate administrative bureaucracies and which benefit by policy coordination with related programs. Such arrangements have provided revenue streams which are identifiable and protected, allowing for accounting separate from the general agency budget in order to maintain credit ratings for revenue bonds.
- Regional or local enterprises run by representative commissions or intergovernmental boards

In summary, the selection of the corporate form should be based upon consideration of four basic questions:

- What characteristics for financing and management are implied by the mission of the proposed agency?
- What alternative forms of organization can provide these characteristics with minimal loss of democratic control?
- How important is it to relate these activities to political representation? To community preferences? To departmental policies?
- How can a corporation be effectively monitored in terms of financial and administrative impacts on state and local government?

3. Designing the Public Corporation

Careful design of each public corporation to meet the needs of the particular mission, financing situation, and desired patterns of leadership and oversight is crucial if the agency is to live up to the expectations for it, and not prove to be a source of future problems. There are many different ways to organize a public corporation, and the form appropriate for a loan fund may not be appropriate for a power authority, transit system or a local port. This section of the Guide provides a check list of questions and legislative issues to be considered when drafting or amending corporate charters.

Legislative intent and oversight

The corporate mission should be stated clearly enough to provide policy guidelines to the corporation and to provide standards for subsequent legislative oversight. Goals, priorities and performance targets should be expressed clearly so that performance can be judged against them. (For example, are services to be self supporting from revenues? Is the aim to increase production of some unit such as ship maintenance, passenger trips, or kilowatt capacity? To aid or subsidize certain groups?)

The most effective way to hold an enterprise accountable is to measure its performance against targets for that performance. Without targets or priorities, oversight tends to consist of random interchanges between legislators and corporate managers that are frustrating to both sides. If legislative statements of corporate mission are ambiguous or shift from year to year, there is little that the supervising executive officials can do except try to assure that the corporation is acting prudently. It is always difficult to express clear goals and priorities for public programs because the nature of the democratic process is such that they are often the product of shifting compromise. Nevertheless, the exercise of trying to develop coherent statements of mission for each corporation and related departmental programs — however imperfect — can clarify the issues that are relevant to audit and to budget review, and can provide a framework within which requests for statutory amendment can be judged.

- What are the goals and the policy guidelines that the legislature intends for the corporation?
- Are goals and guidelines sufficiently clear and consistent to judge the performance of the corporation in the future?

- Should legislative authorization be required for each major capital project or program expansion? For major project planning efforts? For administrative and public affairs budgets? For salary scales? For fare and rate structures?

The relationship of the corporation to state government

Coordination calls for clarification of the relationship between corporations and the departments of state government.

- What role should the related department play?
- How should departmental programs and policy plans relate to corporate activities?

The use of a governing board for public corporations is derived from the structure developed to represent stockholders in investor owned companies. But experience in federal and state government generally has shown that the ability of part-time boards to provide policy leadership to public corporations is limited, and ex-officio appointment of busy government officials does little to overcome those limitations. Experience has shown that it is difficult for cabinet members to serve both as supervisors of the corporation from general perspectives and be part of corporate management on the board of directors. Problems are compounded if board meetings must cope with managerial detail, or if board members lack timely information on policy and performance.

Other alternatives should be examined. One is to have the corporation headed by a single administrator who reports to a departmental commissioner and who is aided, not by a governing board but by an advisory board that draws primarily from the private sector. This is particularly appropriate for enterprises closely linked to other state services (transit agencies, equipment maintenance agencies, revolving loan funds related to specific economic programs). Advisory boards without direct responsibility for management can be larger and draw on a broader range of expertise and objective opinion. By reporting their assessment of the corporation to the related state department and to the legislature, they can often provide for better accountability than can governing boards that get bogged down in details.

Another alternative, one suitable for regional enterprises, uses a policy council representing local groups or

elected officials together with a strong executive director (see, for example, the public utility districts of the Pacific Northwest).

- If a governing board is to be used, who shall appoint the members? The governor or mayor? The head of an executive department when the corporation is subsidiary to one department? Local representatives? Should the board be representative? Should it be large enough to use special committees (e.g., audit and finance committees typical of the private sector)? If it is large, will it have problems scheduling meetings or assembling a quorum to conduct business?
- Should terms of members be staggered (giving the board added stability and some political insulation, but making it somewhat less responsive to elected leaders in the short run)? Or should their terms coincide with those of the appointing authorities, making them political executives like department heads?
- Has provision been made for removing board members for conflict of interest violations, for non attendance, or for malfeasance?
- Who shall appoint the executive director? The board? The governor? The department head (corporation subsidiary of one department)? Will the executive director serve by contract, or at the pleasure of the appointing authority? What provision has been made for removal?
- Have means of improving the effectiveness of boards been explored? (e.g., use of working and advisory committees or staff to the board.)

In addition to careful design of the corporate governing structure, three other considerations are important to produce good corporate management with state government leadership.

First, the powers and responsibilities of the general manager, the board or council (if there is one) and of the appropriate government officials must be sorted out clearly and sensibly. The manager should have full responsibility to manage, and can then be held responsible for corporate performance. (See below) The board should not be burdened with detailed decisions and personnel choices below that of the manager. The board should focus on continuing evaluation of what is going on in the corporation. And state officials should have a clear role in decisions that have substantial impact on the public interest.

Second, state officials (including the legislature) need timely information concerning the corporation's programs and plans. Multi-year program and financial plans should be required. So should annual reports showing actual results. Statutes should specify the kinds of information and factors that should be included in plans and reports. They should also specify who is to review those documents and approve them.

Third, statutes should specify key policy decisions by the corporation that will affect public welfare and costs. Shall the governor or a commissioner have certain veto powers, prior approval powers or power to give the corporation certain directions?

Impact on state budgets

There should be provided ongoing means of assessing and controlling the extent to which the corporation may burden the state with direct or indirect financial costs.

- Are the corporation's services likely to be self supporting out of operating revenues? At what price levels? Are services to be provided at below market prices? What interests will be served?
- If operating subsidies are to be provided by appropriations, should there be a ceiling imposed in statute? Absolute or percentage ceiling? What factors will effect the level of subsidies: interest rates, user charges, volume of use, costs? Should prices be regulated? By whom? By what formula?
- Should specific cost controls be imposed (e.g., salary ceilings; executive scale; administrative expense limitations; interest rate ceilings)? How can cost control and efficiency incentives by management be encouraged if deficits are to be absorbed by appropriations?

Impact on capital finance and debt

Corporate financial plans, debt burden, security arrangements and borrowing volume should be continuously monitored together with those of other state corporations and state and local government. Some orderly process should be established to analyse information on current and planned borrowing, lending, investments, and potential demands on capital appropriations, including impacts on the economy and on state credit given varying market trends.

- What security will underlie corporate borrowing? Is the estimated revenue stream adequate to secure the borrowing necessary to complete planned projects?
- What will borrowing costs do to revenue requirements (for example, costs of retail or wholesale electricity, railroad freight and passenger fares, costs of ship maintenance, home mortgage rates, etc.)? What are the fall back resources for debt repayment if the revenue stream diminishes?
- Does the state have a moral obligation (legislative option to keep corporate reserves up to specified levels)? Are earmarked taxes to be pledged to back up debt? Can the corporation's finances be leveraged by federal grants, by state loans or grants, or by other sources? Are lease payments by state or local government agencies pledged to back up debt?
- Where will the liability or risk fall in case of extraordinary circumstances (e.g., impacts of power plant failure, of earthquake or bankruptcies on mortgage and loan obligations, etc.)?
- How will the authorized debt and debt security affect the ratios of debt of and in the state, and the ratings and indices used by the financial community to assess and cost out state and local government borrowings?
- What arrangements have been made for payback of state capital appropriations or loans (interest, time period, enforcement and forgiveness provisions)?
- Regarding nonguaranteed borrowing authority, what ceiling shall be established by statute? What agency of state government shall approve issues after reviewing timing, volume, interest costs, and terms of bond resolutions or official statements?

The management capabilities of the corporation

To do its job well the corporation needs stable financing, concentrated management authority, marketing expertise, high quality labor force, and flexible procurement and contracting capabilities. Sometimes these require exemption from some of the provisions of state administrative law. If such exemptions are applied when they are not needed, however, the public purposes for which the corporations were established are undermined.

- Should the agency's personnel be part of the civil service? Should it have its own merit-based personnel system? Should it have salary comparability? Should it offer

no job security but provide full management prerogatives to hire and fire? If so, what protection from abuses should be provided? Will the agency assume labor agreements from predecessor organizations? Do collective bargaining provisions make civil service regulation unnecessary?

- Should regular provisions for equity, public participation and public information apply (freedom of information, sunshine laws, equal employment opportunity, community reviews, environmental impact statements, zoning approvals, and public notice and hearings, etc.)? In general these should not be waived without strong justification.
- Should regular procurement and contracting procedures be waived for the agency? Rigid competitive bidding requirements may slow down and raise the costs of large scale or repetitive construction projects, and slow procurement procedures are a problem in high technology activities.
- Should the corporation be permitted to promulgate regulations? If so, should all administrative procedures acts apply to it?
- Does the structure of top leadership for the agency assure strong management together with coordination with the executive branch? The full-time executive director is the key to corporate management. Will that position be clearly responsible (e.g., appoint other personnel, have duties clearly distinguished from the chairman of the board, be answerable for the performance of the agency, be subject to incentives and to dismissal by the board, the governor or department head, be expected to testify regularly before the legislature)?
- Should the corporation be required to have organization and management surveys at least once every five years? To have full engineering and economic feasibility studies of its major projects before their authorization? Receive financial advice independent of underwriters and project consultants?
- Should the corporation be required to have approved accounting systems, multi-year financial plans and capital budgets, and annual outside audit of its books? Conflict of interest restrictions should be applied by statute to corporate personnel.
- What kind of budget should the corporation be required to submit annually? Does the nature of its activity require more flexibility than a normal government line item budget? If so, should a business type budget be

specified? Budget estimates with freedom for the corporation to shift funds from category to category? Should Management by Objectives or Zero Based Budget documentation be required? What special provisions are needed for capital and construction budgets?

- Should its entire budget be subject to annual approval, or only the appropriations requested by it? (If only the appropriations, what evidence of cost control and efficiency will be required in the documentation?) Should full budget review be required of all authorities with outstanding loans from the state?
- Who should review corporate budgets? Executive budget office? Legislative auditor? Comptroller? Legislative budget review or appropriations committees?
- What format and time span should be required for the capital budget of the corporation? What provision for depreciation (maintenance or sinking fund) should be made? How should the impact of interest obligations on operating budgets be reported and monitored? How should the borrowing requirements generated by short term debt be reported and monitored? Are there adequate provisions for coordination with other capital programs?

Exercising legislative oversight

- What procedures should the legislature use to monitor the agency's performance with respect to goals? Legislative performance audit? Periodic public hearings or committee investigations (special circumstances only)? Legislative veto of financial plans or budgets which will exceed debt or spending ceilings?

Legislative oversight should not involve intervention in specific management applications of policy (e.g., approval of specific loan applications, personnel actions, contractor selections, detailed budget lines.) If legislative judgment dominates these types of administrative action, the advantages sought from using the corporate form in the first place are lost.

In order for legislative oversight to be effective, legislative staff reviewing and dealing with the corporations must be adequate to keep up with the material coming to it, to analyse, to summarize, and to help distill out the policy implications. Investment in the capacity to continue to evaluate the public corporations would be small in comparison to the state appropriations supporting them.

Legislative oversight tools that have been used recently include public authority control boards, special investigations, assignment of a full-time performance auditor to individual corporations, and codified corporation control acts. In many states, recent initiatives concerning public corporations have been part of broader efforts to strengthen debt management policies generally.

In many cases, however, the initiatives have not provided timely information and in-depth analysis to those responsible for oversight. The future contributions of public corporations to public policy (and avoidance of unanticipated problems) depend in many cities and states on fresh review of the goals and design of these management tools of government.

About the authors

Annmarie Walsh is President of the Institute of Public Administration. She is a leading expert on government organization and public corporations. Dr. Walsh prepared a major study of public corporations in the mid-1970s, published as *The Public's Business: The Politics and Practices of Government Corporations* (MIT Press). She directed the Institute's reorganization study for the Washington Public Power Supply System in 1979—80, co-authored the report *Alaska's Public Corporations: A Framework for Assessment* in 1981, and served on a National Academy of Public Administration panel which studied federal government corporations for the U.S. Office of Management and Budget.

David Mammen is a senior staff member of the Institute. From 1979—1981 he was deputy director of a task force appointed to study and recommend improvements in regional planning for the New York metropolitan area. He conducted the field research for IPA's study of Alaska's public corporations in 1981, and co-authored the report. He recently conducted a three state conference on planning issues.

The Institute of Public Administration (IPA) is a private, nonprofit, educational organization that has provided research and low cost consulting services to governments for over seventy-five years. IPA is chartered under the education laws of New York State. All gifts and grants to IPA are tax deductible by rulings of federal, state and city tax authorities.

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LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

May 11, 1983

SUBJECT: Legislators serving on the Alaska Toll Bridge
and Causeway Authority

TO: Representative Bette Cato
Chairman. House Transportation Committee

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

You have asked whether legislators are constitutionally prohibited from serving on the Alaska Toll Bridge and Causeway Authority under HB 295. In my opinion they would be prohibited from so serving.

Two questions arise relating to the constitutionality of that provision. The first is whether the position is an office or position of profit which a legislator is prohibited from holding under section 5 of Article II of the Constitution of the State of Alaska. The second is whether the Authority exercises functions which are of such an executive nature that appointment would constitute a violation of the constitutional doctrine of separation of powers.

Section 5 of Article II reads:

Section 5. No legislator may hold any other office or position of profit under the United States or the State. During the term for which elected and for one year thereafter, no legislator may be nominated, elected, or appointed to any other office or position of profit which has been created, or the salary or emoluments of which have been increased, while he was a member. This section shall not prevent any person from seeking or holding the office of governor, secretary of state, or member of Congress. This section shall not apply to employment by or election to a constitutional convention.

This provision has been considered by our Supreme Court in Begich v. Jefferson, 441 P.2d 27 (Alaska 1968) where the issue was whether legislators were prohibited from holding positions as school teachers under the State of Alaska while serving as legislators, and Warwick v. State ex rel Chance, 548 P.2d 384 (Alaska 1976) concerning the appointment as Commissioner of Administration when less than one year from the end of his term had elapsed.

The purpose of the prohibition was stated in Warwick to be:

The terms of art. II, sec. 5 of the Alaska Constitution are clear and unambiguous. The purpose sought to be accomplished by that section is not merely to prevent an individual legislator from profiting by an action taken by him with bad motives, but to prevent all legislators from being influenced by either conscious or unconscious selfish motives.

Section 6 of Article III of the Constitution provides:

Section 6. The governor shall not hold any other office or position of profit under the United States, the State, or its political subdivisions.

The Court in Begich examined the intended meaning of the term "position of profit" in context of similar prohibitions on the governor and the judiciary saying:

"We have concluded that the trial court correctly determined that the provisions of article II, section 5 of the Alaska constitution are unambiguous. Upon a reading of the constitution as a whole, we deem it of paramount significance that the phrase 'position of profit,' in addition to restricting members of the legislature, has also been employed as a restriction upon members of the judicial council, justices of this court, superior court judges, and the chief executive officer of the State of Alaska. Use of the term 'position of profit' in these articles of Alaska's constitution illuminates the reach the framers of our constitution intended to impart to this term in article II, section 5. This usage, considered with the fact that the constitution itself provides only two exceptions to the scope of 'position of profit,' namely, Article II, section 5's proviso that the section itself be inapplicable 'to employment or

election to a constitutional convention,' and article XII, section 3's provision that 'service in the armed forces of the United States or of the State is not an office or position of profit as the term is used in this constitution,' indicates to us that the framers intended to prohibit members of the legislature, judiciary, judicial council, and the state's chief executive officer from holding any other salaried non-temporary employment under the United States or the State of Alaska.

* * *

"Our study has convinced us that the framer's choice of 'position of profit' in the various sections of the constitution to which we have referred reflects their intent to adopt a term which was broad in scope. This same analysis results in the conclusion that the phrase 'position of profit' was intended to bar members of the legislature, justices of this court, superior court judges, members of the judicial council, and the governor of the State of Alaska from concurrently holding any other salaried, non-temporary employment under the State of Alaska."

In my opinion membership on the authority by legislators or the governor constitutes dual office holding prohibited by the constitution.

Although the doctrine of separation of powers does not explicitly appear in our constitution, our Court has consistently held the doctrine as applicable in Alaska (e.g., Public Defender Agency v. Super. Ct. 3rd Jud. Dist., 534 P.2d 947 (Alaska 1975); and Bradner v. Hammond, 553 P.2d 1 (Alaska 1976).

There is a substantial body of case law holding that legislators may not serve on bodies performing executive functions because of the doctrine of separation of powers. Our Court has held that appointment of executive officers is an executive function saying in Bradner v. Hammond, 553 P.2d 1 (Alaska 1976):

Appellee [Hammond] contends that the appointment of executive officers is an executive function. We find appellee's contention most persuasive. In addition to vesting the executive power of the state in the

governor, Section 16 of Article III provides that "[t]he governor shall be responsible for the faithful execution of the laws." In view of the responsibilities imposed by Section 16, and the authority granted by Section 1, the governor is necessarily clothed with the power to appoint subordinate executive officers to aid him in carrying out the laws of Alaska. Thus we conclude that the appointment of executive officers is an executive function; for without such a power, the responsibility for executing executive duties would be diffused and the goal of separation of branches of government, avoiding too great a concentration of power in one branch, would be defeated.

The United States Supreme Court dealt with the separation of powers question in Buckley v. Valeo, 424 U.S. 1 (1976) which concerned the regulations and the constitutional status of the Federal Election Campaign Act's regulation of federal election campaigns. Among the questions considered was the constitutionality of the appointment of the members of the Federal Election Commission. The committee consisted of six members, four of whom were appointed by Congress.

The Court examined the powers of the commission and found the commission, in addition to record keeping, disclosure and investigative functions, had extensive rule-making and adjudication powers. It also found the commission's enforcement power is "both direct and wide ranging."

The Court stated:

Congress viewed these broad powers as essential to effective and impartial administration of the entire substantive framework of the Act. Yet each of these functions also represents the performance of a significant governmental duty exercised pursuant to a public law. While the President may not insist that such functions be delegated to an appointee of his removable at will, Humphrey's Executor v. United States, *supra*, none of them operates merely in aid of congressional authority to legislate or is sufficiently removed from the administration and enforcement of public law to allow it to be performed by the present Commission. These administrative functions may therefore be exercised only by persons who are "Officers of the United States".

The Court quoted from Myers v. United States, 272 U.S. 52 (1926). In that case the Court upheld the authority of the President to remove an officer he was initially authorized to appoint. The Court said:

The vesting of the executive power in the President was essentially a grant of power to execute the laws. But the President alone and unaided could not execute the laws. He must execute them under a system of subordinate . . . As he is charged specifically to take care that they be faithfully executed, the reasonable implication, even in the absence of express words, was that as part of executive power he should select those who were to act for him under his direction in the execution of laws.

The Court held the appointment requirement to be a violation of the doctrine of separation of powers.

The test to determine whether appointment of legislators to serve on a commission is a violation of the doctrine of separation of powers is whether the powers of the commission are executive or judicial in nature. This requires in each case examination of the powers granted to the commission.

Very broad executive authority is granted under Sec. 44.57.111.

In my opinion legislators are clearly prohibited from serving as officers of the authority as contemplated by this bill under the separation of powers doctrine and both legislators and the governor are prohibited from serving under the respective dual office holding provisions of the constitution.

BGB:ljb
19/022



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APR 18 1983

REPRESENTATIVE JERRY WARD
DISTRICT 13

MEMBER FINANCE COMMITTEE
CHAIRMAN OF SUBCOMMITTEE ON
COMMERCE & ECONOMIC DEVELOPMENT
CHAIRMAN OF SUBCOMMITTEE ON LABOR
MEMBER OF SUBCOMMITTEE ON STATE LOANS

MEMORANDUM

DATE: April 18, 1983

TO: All Legislators

FROM: Representative Jerry Ward *JW*

SUBJ: Knik Arm Teleconference

At the April 13 teleconference attended by Reps. Tischer, Larson and Ward and by Neil Phelps-Munson from Rep. Hayes' office, 35 people in Anchorage attended, of whom 11 testified, all in favor of the concept. I attach for your information a transcript of that teleconference.

Attachment

KNIK AND TURNAGAIN ARM CROSSING TELECONFERENCE

April 13, 1983

9:00 p.m.

Legislators Present:

Representative Jerry Ward
Representative Mae Tischer
Representative Ron Larson

Teleconference Agenda

The purpose of this teleconference was to discuss the proposed Knik and Turnagain Arm Crossings. HB 294 and HB 295.

Action Narrative

The Knik and Turnagain Arm Crossing Teleconference was called to order at 9:00 p.m. and Representative Ward introduced Representatives Mae Tischer and Ron Larson. The following is a verbatim transcript. (Tape begins here.)

Number 001

Representative Ward: I'm Representative Jerry Ward, I'm from Anchorage also here is Representative Mae Tischer from Spenard, AK and also Representative Ron Larson and we will be taking testimony concerning HB 294 and also 295 which are companion bills and the purpose of these bills are to establish a Alaska Toll Bridge and Causeway Authority for the purpose of building the Knik Arm Crossing. And at this time if the first person who would like to give testimony and ask questions, please step forward. The person I have on my list is Harold Galliett.

Number 027

Harold Galliett: My name is Harold Galliett, I live at 1616 Garden Street in Anchorage and I'd like to state that I favor the construction of the Knik Arm Crossing as far down Knik Arm as is feasible from an economic standpoint, because of the need to simplify traffic to and from Fairbanks and particularly to and from the large areas that can be developed in the Matanuska Valley. The present road and railroad, for that matter, pass along the base of the mountains and the area rapidly pinches out to the point where the amount of developable land is greatly limited. Whereas immediately across the inlet are thousands of acres that would serve for the expansion of Anchorage. It is not a bit too early to think about expanding the area in which Anchorage and its neighbors

can grow. We're becoming a sizable city that doesn't seem to be any signs of a decrease in our growth. Thank you.

Number 054

Representative Ward: Harold, thank you for your testimony, we will make that part of the testimony for tonight and it certainly was a pleasure hearing from you. Would the next person that would like to testify please come forward. I have Dave Ring down here.

Number 069

Dave Ring: This is Dave Ring in Anchorage and I appreciate the opportunity to talk to you folks on the other end about the Knik Arm Bridge. My particular interest has been for some time somewhat the same to get a crossing and I think that a couple of points that have been overlooked in plans that I've had access to and that's the development in Western Alaska. Most of the plans I've looked at have pretty adequately covered the need and the benefit for access to Fairbanks and points in between Anchorage and Fairbanks for the shorter distance that the studies I've had access to they don't emphasize Western Alaska, some don't even mention it. I think I'd like to suggest that we have a realistic possibility of coal development at Beluga that would be extremely enhanced with an access from Anchorage and that in itself might generate enough revenue to pay for a bridge by itself. Second way that this thing might advertise itself, as many people have discussed is a toll bridge. A third way that it might pay for itself and that's the sale of land within a half hours radius from Anchorage. In other words, a half hours driving time. Most of that land is under State ownership and some belongs to the University. Third way that I haven't heard anyone else expound on and that's the idea that gravel in the Anchorage area is becoming a pretty expensive commodity. The pits in the Sand Lake area have been closed, the only thing that's happening there now is a little moonlight and bootleg operation, extended permits perhaps, but the gravel that's in the Elmendorf Marain, which has the nature of some four or five thousand acres to it and it's a pretty high quality gravel according to my testing, some of that would almost meet military specks without further processing. But be that as it may, the sand and gravel in that area with the markets that

Anchorage presents in the next 30 years would be one means and by itself would very likely pay for any structure. That's about four ways to pay for a bridge, I don't know if we need to go a whole lot further than that, I'm sure that there are more ways but we have quite a few possibilities of where to put a crossing and some of them as much as 15 miles north from Anchorage up the Knik Arm. I think that crossings further up would be of less value to Western Alaska, they might have the same value in access to Fairbanks, Talkeetna and points along the existing route, but I think to give the best benefit to Western Alaska it must be as close to Anchorage as possible and if I had to suggest a location it would be in the immediate vicinity of the city docks, say a couple thousand feet north of the city docks but south of Point Karen, that would also keep it outside of the radar range for the military. I want to thank you for your time and your consideration and this is Dave Ring.

Number 158

Representative Larson: Yes, hi Dave, this is Representative Larson and I just wanted to mention one or two little things in relation to your comments. I think you are correct in your site location, the only concern that I have and I think that probably you and I have discussed this before that as we talk about the Knik Arm Crossing we also have to talk about a reason to make it economically feasible and some of the major reasons would be a port development at the Point McKensie area not to compete with the Anchorage port but to facilitate it. One being of course an importing area and the other a potential exporting area and therefore we would have to keep the bridge far enough north so that it would not interfere with the various shipping lanes that would be necessary to utilize both ports at Point McKensie and Anchorage. Do you have any comments on that.

Number 177

Dave Ring: Yes, I have. I've had access the studies conducted by the Mat-Su Borough groups on a location for a port site at Point McKensie. I've also been involved in hydrology work in Knik Arm for roughly six years, I've been involved occasionally in type flow and salinity content of the waters there, I've also been involved in soil sampling of the bottom in Knik Arm and based

on my study of the, or my exposure to these studies, I've haven't really done any formal study of my own, but I've been exposed to these studies as conducted by other people, I think that the choice of port locations has I know them to be by the Mat-Su Borough group is really a little to north for convenient landing of vessels in the winter months in the extreme ice flow conditions that develop there, plus that location has the possibility of continual necessity, like the port of Anchorage for dredging. I think a more southern point for a port site on the far side of the inlet could be located where no dredging would be necessary its more or less a self scouring area of 60 feet drop minus tide water. Over.

Number 205

Representative Larson: Thank you for your comments.

Number 207

Representative Ward: Yes, and the next person that I have on my list, this is Representative Ward, is Kristie Keele.

Number 212

Kristie Keele: This is Kristie Keele. I have a question. A lot has been said about the economic feasibility and affects of a crossing and what I'd like to know something about some of the aesthetic value as far as the pollution problems that any growing community will have and at the rate that Anchorage is growing and what this might do to alleviate or at least help those problems.

Number 221

Representative Ward: Yes, this is Representative Ward and before I start, I'd like to make notice that Neil Phelps-Munson, the Professional Assistant to Speaker Joe Hayes is here and he is also taking testimony with us at this time. But one of the things I think that people of Anchorage are acutely aware of is that we have pollution that has been growing at a alarming amount. There is a report that was just done and issued to the Anchorage Chamber of Commerce approximately six weeks ago, that report stated that there was going to be if the pollution, if an negotiated agreement between the Federal Government and the State and the City of Anchorage as far as the pollution level was not reached that there could be the possibly of a Federal ban on construction in the Anchorage area. This means that there would

be no more construction allowed because of the emissions of carbon monoxide. What we have is a situation where you have 200 people crammed into a little area. Its also been just computed out by the EPA on the State level that in 33 years what we're going to have with the growth of population if it continues at the same level in Anchorage, Alaska in 33 years from today anybody in that town will only live for approximately 30 minutes and then they will die. This sounds a little harsh but if you just look out of your windows tomorrow morning on a nice clear beautiful Alaska day you'll see this kind of a bluish blackish haze and this will continue to be there and I think that this is one of the things that needs to be addressed. Everybody is crowded in their neighborhoods, they're crowed at the 4 and 5 o'clock traffic jam. We can plan ourselves to death but until there is a release valve that lets the people go out of Anchorage and live outside of Anchorage, all we can do is stack up on top of each other and this is one of the major concerns because its the feeling of the body down here and the members I've talked to its time to plan farther ahead that just one budget to the next budget. We want to plan for not only our future but our chi'drens future and this seems like to reasonable way of doing it.

Number 261

Representative Larson: Yes, if I can just add a comment too. Southcentral Alaska is really the fastest growing area and the fastest growing state in the United States. One of the major benefits that I would see for the Knik Arm Crossing is that this would help us to have planned growth which would be very necessary and up realize that when you're in downtown Anchorage, you're less that 3 miles away from the Point McKensie area which basically at this time is uninhabited. We know that the potentials are there because with the Dahl-Shell Petrochemical Industry study we had to do samples for waste disposal, water supply, power potential and so forth. In other words, its just an area within 3 miles of downtown Anchorage thats really itching. And one of the methods of paying that we haven't really mentioned yet but I'm going to suggest to Representative Ward is something that we've used in many occasions in relation to capital

relocation. Once you establish the bridge there across the Knik Arm you have tremendous value added to the land prices on the other side. Most of those lands at this time are owned by the State of Alaska, and with the increased value of those lands, it could go a very long way in helping to offset the cost of the crossing itself. So those are just a couple of philosophical thoughts I had, but I do think they are worth bringing out at this time.

Number 290

Kristie Keele: Well, I would just like to say I am in favor of it and one of the reasons is expanded growth out of the Anchorage area and I do appreciate your comments. Thank you.

Number 293

Representative Ward: Yes, and the next person we have to testify is Jorge Hernandez.

Number 296

Jorge Hernandez: My name is Jorge Hernandez, I'm from Anchorage and one of the things that I would like to know is what is the approximate cost estimations at this point for the Knik Arm Crossing and what is approximately the growing cost of it or the percentage, 10, 15 or 20% eventually its going to have to built (undes.).

Number 308

Neil Phelps-Munson: This is Neil Phelps-Munson from the Speaker's office Mr. Hernandez. At the present time we don't have any current cost figures however, they are being produced by the Department of Transportation. You might recall a couple of years ago, Mr. Hayes was successful in getting 5½ million dollars put in the budget for preliminary work on the Knik Arm project and the Department is presently using part of that money for the purpose of preparing some cost estimates. We expect them very shortly. Now there doubtless are going to be higher prices than any of the previous estimates that have been done. We are encouraged to believe, however, that improvements in technology for this kind of work that have occurred in recent years will tend to hold down the cost more than the escalation that might normally be expected over estimates we've had in previous years. We do expect to have those figures in a fairly short period of time. I don't know precisely what we mean by short but hopefully before this summer.

Number 324

Jorge Hernandez: Another thing is what will be the estimated mileage saved by building the bridge or the approximate amount of time saved in driving distances.

Number 327

Neil Phelps-Munson: If I understand, first you are asking about the length of the crossing. There are, in previous studies that have been done, the most exhaustive study which was done slightly more than 10 years ago if I recall correctly, the block to block distance of the various crossings ranged from 8,500 feet in the shortest case to 25,800 in the longest case. The most likely probability, the one that seems most attractive for all of the reasons involved of these six studies is 12,900 feet long.

Number 339

Jorge Hernandez: I see. Thank you for your time.

Number 342

Representative Ward: Yes, Inez, this is Representative Jerry Ward would you put the next person on that would like to give testimony or ask questions.

Number 346

Ron Windeler: I'm Ron Windeler, I've lived in Alaska for 33 years. I'm very much in favor of the Knik Arm Crossing. My first question is what is the status of the Department of Transportation study that you just mentioned. I had heard recently that the Governor had cut off funding for that or in some way was slowing down that study.

Number 352

Neil Phelps-Munson: Mr. Windeler, what the Governor did instead of using the money to go ahead with the Environmental Impact Statement was make a decision with the concurrence of the leadership of the legislature to go ahead with a portion of that money for estimate work to determine if the project was fiscally feasible before spending the rather larger amount of money to go ahead with the EIS, that is the Environmental Impact Statement. And as I say, preliminary indications on that are that the project will be financially feasible, we don't have definite figures. Therefore, the EIS work will proceed. Now some of that has already been done, some of it is recoverable from previous years and the like. But that would be the next step and no, we don't have any indication that the

Administration is deliberately slowed the project, they have rather changed the direction for that short period of time for the purpose of being sure that we could confidently go ahead with it.

Number 367

Ron Windeler: So we actually just changed the order in which he was spending the money that was appropriated. Okay, my next question is what are the chances of passage of the new bills, I believe its Senate Bill 211 and 212, one of which establishes some kind of a authority to run a bridge and the other one appropriates a really substantial chunk of money to begin construction.

Number 374

Representative Ward: Yes, this is Representative Jerry Ward and it looks like, as they go through the committee process that it should be the Senate Bills, I don't believe, I can't really speak for the other body but I've talked to President Kerttula and he seems to feel very confident that it would go through. We have had a House Concurrent Resolution introduced by the bush delegation on the Senate side endorsing the concept of the Knife Arm Crossing and encouraging it. On the House side, we do have 27 signatures which it takes 21 to pass so we do have the support on the House side but we're still not rushing through the procedure because we want to make sure that the Toll Bridge Authority is set up properly so that has to go through the Committee process but we do have every intention of moving the bills through both bodies and to the desk of the Governor this session.

Number 388

Ron Windeler: Last of all, I have a suggestion, we talked a little bit earlier about paying for this bridge by the sale of State land across the inlet and somebody mentioned that land would increase in value tremendously if the bridge were completed. Unfortunately, it seems like its necessary to have money in advance to pay for the bridge rather that build it first and then realize its value and I was wondering if it would be possible for the State to dispose of some of the State land in the McKensie area in advance of the actual construction but after having announced an exact path and a timetable so that many people would be aware of the potential increased value and would be

willing to bid a great amount of money for land over there, nearly as great as they would be willing to pay at a later date when the bridge was complete. That sort of an approach might be able to raise many millions of dollars in advance to offset the cost of constructing the bridge.

Number 405

Representative Ward: Yes, this is Representative Ward. I have written in your comment and I certainly will put this into the consideration. One of the things that we have done since the Speaker and the President have filed a joint bill as the leadership of the House and the Senate, there have been several proposals come forward which I found, if I can just run those by you very quickly, the land one that Representative Larson and yourself have just brought up is an intriguing idea, the coal and gravel has been brought up several times, not to leave out the fact that it is a toll bridge so just paying from actual passenger traffic can be done in about 10 years, but besides that we also have got phone calls from the electrical utilities, Chugach Electric and Matanuska Electric both are going to be writing letters of support so they can take their underground cables and put those on the bridges. We understand that there is a figure floating around for replacement of 3 of the cables of some \$100 million which would go for offsetting the cost of the bridge. We also have had a proposal that has been introduced, at least for discussion purposes by Representative Cowdery for transporting water across the way for the Anchorage area which will be in need of water in about 3-3½ years if the population continues at its present rate. Everything I see says that this bridge should have been built about 10 years ago and the land idea that you have in very intriguing and I think that if my numbers worked in my head as I just added up the amount of State land available, I think we could build about 3 of these.

Number 437

Ron Windeler: Thank you very much, that's all I have to say.

Number 440

Ken Wardwell: Yes, my name is Ken Wardwell and I live at 1444 Hillcrest Drive, Anchorage, and I've lived here since about '66 and I'm also in favor of the Knik Arm

Crossing and I'd like to start with a question. What negative things have you encountered that would hold up the completion or even the beginning of building the bridge?

Number 446

Representative Ward: Yes, this is Representative Ward and I sure hate to be the one to give bad tidings, but the negative things seems to be at this point is I think people when we have been able to get response, it seems to be one way or the other, we should build it or we should not build this bridge because it hurts a program which is they have a feeling that there is a competition for money and that seems to be the overriding thing at this point. And there is a competition for money and thats why we are going on a usery type of basis and I think that this body, and the leadership is decided that if a project cannot stand upon its own, then we really don't want to get behind it and thats why we have gone on the Toll Bridge Authority and we're trying to find creative forms of financing and creative forms to pay for the project so that we can go forward, but the only thing that we have found, or that I have found on a negative note is the fact that people have felt that State government may not be giving out quite as many dollars and they did not want another, did not want any projects if it was going to affect their own personal project that they might have an interest in, so there has been a lot of comparing type of things. I'll turn it over to the other Representatives for there comments on negative.

Number 465

Representative Larson: Yes, this is Representative Larson. I guess I'm going to speak frankly here that the biggest negative isn't that I have seen over the years is been that we've had too many politicians and not enough statesmen. For example, in relation to the Point McKensie road, everyone always says to me why build a road there's nothing at Point McKensie. I say when you build a road there's going to be something at Point McKensie. When you build the bridge there's going to be a lot more.

Number 474

Ken Wardwell: Okay, I guess a comment I'd like to make is there's been some recent proposals to bring natural gas from the north slope to, well there's been several

proposals, one of them is to bring it to Kenai. Has anybody considered bringing it to the Point which would also have a deep water port and it would also be able to service potential users of the population of Southcentral Alaska?

Number 481

Neil Phelps-Munson: Yeah, Ken, this is Neil, good to see you, I haven't talked to you in a long time. The biggest negative as I think two members have expressed here is peoples lack of faith in the capability of the State to tackle a project of this magnitude and serve other needs of so many people or other wishes and needs so many people have at the present time. As far as gas is concerned, Jerry has just added that to his list of ways in which the crossing can be paid for. I've been wrestling with this thing myself for about a dozen years having worked in the Department of Highway some years ago. I've heard it said that if everyone studying the crossing had taken a rock with him, we'd have one by now. That may be a slight exaggeration, but probably not far from the truth. I think the introduction of this legislation is probably most important single step that has been taken in recent years. I think its more important than the \$5½ million that the Speaker managed to get into the budget 2 years ago, simply because it will test the public confidence and I think reassure the public confidence that this thing can be done. And of course people who are heartily in favor of the project like those of you there in the room can help a great deal too.

Number 496

Ken Wardwell: Yeah, it seems interesting that in public testimony like this and for several years it seems like everything that comes out seems to positive in favor of it to include newspaper articles and through those years we always see steady groups and little bits of money being put out in some kind of serious or semi-serious study one or another. And then, you know, in a place like LaTouche, where all public testimony comes out negative to building a facility there for boats, and you know, thats trying to go through, trying to put it through. I sell real estate here, have been a broker for several years and we're rapidly running out of property to service the needs of the community and I

think its probable that the bridge will have to be built, or a means to get to the other side to open up that land for the needs of the population of Southcentral Alaska. I think that should be a serious consideration rather than at the last moment say okay, and to just throw money at it, we ought to be prepared with good serious studies and good serious cost amounts and timetables to be able to do that.

Number 517.

Representative Mae Tischer: This is Representative Mae Tischer and I've got to throw my two cents worth in here. While you were talking, something just kind of flashed on me and I'd like to share a kind of correlation, a comparison. It has to do with when my kids and I were building our homestead in the Susitna Valley area and we were planning on building x number of square feet and so forth and so on and buying our logs instead of peeling them ourselves. One of the things that was told me, because neither I or my children ever really built a whole house by ourselves, which we ended up doing. What happened was the fellow that was telling me this gave me good advice, he said, "you know, the actual structure won't cost you that much but", he said "you can nickel and dime yourself right down into debt if you don't look out when you start on the interior of your home". And I compare that with what I see as a freshman here in the legislature in looking back in the previous budgets where the State has really nicked and dined themselves to death and placed themselves in a real funny position where they have funded little bits and pieces here and there and never really come up with anything really constructive as far as a viable long-range plan for development of the State. Instead, it kind of chips away the bulk of the money and pretty soon you're down to not enough to fund something that is really very important for our development and our progress to prepare for the massive amount of things the State can do for ourselves, in other words, if we build a road as Representative Larson says, there's going to be some productivity coming out of it, its not just for traffic running back and forth for recreation, there's resources to be developed, there's lands to be claimed and there are new horizons out there. This is the only State

in the union, yet, that offers that sort of opportunity and its a terrible, terrible problem in trying to convince people that once you put something out there that will give us a corridor to advance your economic base and broaden our economic base we will back a saddle in square one again like we were six to eight years ago. And this I see as probably the best thing that will happen out of the Knik Arm Crossing outside of saving the Anchorage area from pollution and such things as that, diminish our crime rate and all the things that go with overcrowding. Thank you.

Number 550

Ken Wardwell: Yes, thank you very much.

Number 557

Alfred Mangus: My name is Alfred Mangus and I live at 4805 Mills Drive. I've lived in Anchorage since 1962. I'm an unemployed civil engineer. I'm in favor of the project, certain it will have a great impact on the community, such as many famous bridges have. Brooklyn bridge will be 100 years old here in another month, the Golden Gate Bridge and the Oakland Bay Bridge were both built during the great American depression. They are both toll bridges. The Golden Gate Bridge has been paid off by the Toll Bridge Authority. I feel that if the State doesn't have the capital to directly fund the bridge the Toll Bridge Authority option should be looked at. It would be a means of funding the bridge, I think, and giving them a possibility of raising capital from outside sources. I think that the bridge will come about eventually, I hope that it will have a positive impact on the community and I'd just like to say again that I'm in favor of it.

Number 578

Representative Ward: Well, Alfred, thank you very much for your testimony. This is your Representative Jerry Ward and its sure a pleasure to hear from you. We do have the means to finance it and have it on the form of usury, whether it be people that own coal, gravel, land, gas or water or else the people that actually drive across it, we do have the opportunity to finance the bridge at this time and that's the way we are proceeding and we certainly appreciate your comments. Something that I'd like to make note of right now for any of you in the room and I sure want the next person to testify, but if you

could possibly, there's a phone number that's with the person that's the monitor there at the thing at your end of it and there's a system called public opinion messages. You'll be able to get that phone number and just pick up your telephone, call that phone number and give it to all legislators and state your opinions and this will move more mountains, I've seen it happen on three different issues down here and if 100 of these public opinion messages come in then the project goes. So I hope everybody in the room understands clearly what I'm saying. This is the way the public speaks, there is no charge to you, it is picked by the State, it is a telegram that is paid for through your tax dollars, although we don't pay taxes right now unless we're a corporation, but it's paid for by the State, and it is a public opinion message up to 50 words and I would encourage everybody there to please send those to all the Representatives and Senators so that we can compile those into the public input and I'll tell the next speaker at this time and then I'll look around for the phone number in case it isn't there.

Number 608:

Jack Spake: My name is Jack Spake and I feel sure that all you people down there on this board know me quite well. I started out working on this Knik study when I was a young man and I've reached the age, soon to be 73 this April and I see that we're not very much farther away from the first stage that we had initiated in 1972. This was quite a comprehensive study and I was also worked on the Chamber of Commerce Highways Board getting the \$5 million to continue this study. I think that the study of '72 would just merely have to be updated a little bit and I feel that we studied this thing to death. We have had all kinds of proposals. This first study we had gave you a location, gave you a design that was practical but needs updating a little bit but it just don't seem to be going forward like it should. I think we should make every effort to get the Knik Crossing going, if we don't it going to price us right out of the ball park. Had an estimate of \$125 million in '72, I think this wholly approaching estimate and the estimate of time given by this consultant that's being employed now, talking waggles about 1990-1992 before the thing could even

be under construction. You take the inflation rate at the present rate it is, maybe 10% you're talking about a billion dollars or more for the time of '88, '89 and '90, I think its going to price us right out of the ball park if we don't get on the ball and get this thing going. I think that it could be done by this bridge commission you're talking about and I think it could expedite the project as much as 3 or 4 years if the proper people were put on it. And another thing I think is that your legislators there have should assist the Mac-Su Borough, Mr. Larson especially has been a strong advocate of this project for many years getting the \$7 or 8 million he needs to complete the road out to Point McKensie, maybe this will stir a little more action on. But this is something it seems to me I spend all my 7 or 8 years when I was Division Engineer for the Department of Highways from '70 to '77 on this project and I just got myself so interested again I come out of the woods and I'm back working on it again and I just feel that every effort should be made by you legislators. Most of the legislators, especially the new ones, on their campaigns promises said more roads, Knik Crossing, Susitna Dam and so forth through the legislature I haven't seen anything in the papers or anything where any effort has made to get some supplemental funding for these projects and I think that it would behoove you and the rest of your legislators to get something going. I feel that you may have a couple of questions, I'll stop now because when I get started on highways, its pretty hard to shut me up.

Number 642

Representative Larson: Yes, this is Representative Larson and I'd like to thank you for your kind words but I'd also like to give due where due is given, Representative Ward has been very, very active on this and is doing a very fine job.

Number 645

Representative Tischer: Amen to that and amen to your comments. This is Mae Tischer speaking. I can't tell you how much I enjoyed listening to what you said about your involvement in the studying of Susitna or the Knik Arm Crossing. I remember when I first came up to Alaska 23 years ago, that's one of the first things I heard talk about and that

was 23 years ago and I agree with you that it has been studied to death and I believe that right now we've got stacks and stacks of actually parked right in front of us here and I agree that its time to move forward. One of the things I think that I recognize at least this year which is different from the last, oh say, 8 years is that we have a new administration and a Governor who is for development and is for this project, its one of his priorities at least to see to it that it is looked into to the point where it can be done or not done. I think he is taking steps to do that and I think he is right and I think the legislature as a whole especially on the House side with 27 sponsors of HB 294 and accompanying bill gives you an indication of how much support it really does have. When people down here put their name on a bill as a sponsor they're committed to that project or to that bill, provided the doggone bill doesn't get changed to a divert or the intent of the legislation remains the same. But anyway, I see this, I'm very excited about the probability of this being accomplished within a very short period of time. The fact that the State has had money in the past 4 years should have made this thing go a long time ago, and we've got a group of new legislators this year that really aren't afraid to step forward and take a stand on something like this and I for one did campaign on the Knik Arm Crossing and the Susitna Dam and roads and so forth and as far as I can see, things are moving along as well as can be expected at this point in time and I think that by the end of the session you'll see some real good action.

Number 673

Jack Spake: We are going through a new era where people are somewhat in favor of highway construction and projects of this size, where back in the 70's the favorite expression that they were given me at all the public hearings that I participated in were quite a few from the first one where we had a 1,000 people and 996 of them were against anything that we were proposing back in the 70's. I think this attitude is changing now toward these types of projects. I think everybody that I've talked to and I think that they are all in favor of this project and I think it would do a great benefit to the Beluga expansion, the coal, the lumber everything over there

and also get some of this traffic congestion out of Anchorage. It won't be too long before you're going to be walking on top of cars to and from work instead of driving them. Its just getting to be ridiculous, we're not doing any advance planning for large construction projects in Anchorage. We're all still working on a program that was conceived back from the (undes.) back in '74, '75 and '76 and they're just merely increas'ng their present widening the streets and things like this, some interchanges but we've got to come up with some large plans of highways above and highways below or we're certainly going to be in a position where we are going to have to eliminate a few automobiles. I have noticed since 1974 and 75 we had 94% one car occuparcy and we still got 94 and maybe 95% one car occupancies and the administration of the city and the state have both tried to get more than one person in a car, and I don't know just what to do. Buses are not going to be the complete answer, we're going to have a system, a monorail, maybe go back to electric cars, something that people really call me a dreamer, but you're going dream up something for Anchorage, you've got to help us. Thank you very much for listening to me, you'll probably here more from me now that I'm back in the saddle again.

Number 695

Representative Larson: You're going to have to listen to one of the things that I've been advocating as a possibility for years, but before I mention that, I do want to mention one more positive step here, and maybe it sounds strange coming from a member of the minority, but I think a positive step here is that the bills that are before us are sponsored by majority, excuse me, the Speaker of the House, Joe Hayes and its also supported, of course, on the Senate side by the President Jay Kerttula, so it does lead me to think that everyones serious down here about these bills this year. But I'll tell you about the monorail some other time.

Number 704

Representative Ward: Thank you very much, this is Representative Jerry Ward and for that phone number for you that were waiting there with the pencils in hand, its 278-3668 and all you need to do is call that number and you can send a 50 word telegram to all

legislators to legislative affairs and that's at no cost to yourself, that is picked up by the State and they are very, very influential to the decision process down here. Its 278-3668 and we would be glad to take the next person that would like to testify at this time.

Number 711

Pam Schlegel: Hi, my name is Pam Schlegel and I (undes.) believe in that. I think that Alaska been caught in a time where we believed in a boom and bust. We had a boom economy and then we bust and everybody (undes.) I believe I'm one of the first or about the second generation Alaskans other than the traditional Alaska native and I believe that there is a strong pull in this country, Alaska that we all are starting to settle, we're going to stay here, boom or bust, we're going to live here and I believe that the Crossing is a good thing, I think Alaska, Anchorage is a perfect example of boom and bust, it has been built, its design of the city is traditionally not well planned and we're constantly now having to redo things because we're outgrowing the area. I think the bridge is a wonderful idea to open up an area that is fresh and new and that we could maybe better plan for a good living for our families and have land to live on and that and as well as the economical basises for industry and growth. The only real true point I want to state is that I believe that the future you are going to see is that people are going to stick around and that they are going to believe in Alaska and possibly be more active politically and whatever in the growth of our state versus well just staying at home and you've got your cabin and as long as somebody doesn't intrude your land it doesn't bother you. As far as the crossing goes, I really hate to see that we've had 10 years to study and thats it. And we keep studying, and we keep studying and we keep studying and thats all that it goes to and I just think like its been pointed out that the cost keeps getting larger and all we do is study how much its going to cost one more time and I'd sure like to see something more positive go toward this move. And I hope that what I've been reading in the paper, that its not going to be funded is not true.

Number 764

Neil Phelps-Munson: Thanks Pam, this is Neil. We're glad you're in Alaska to stay. As you heard Jack Spake say a few minutes ago we do seem to be coming into an era when development of the kind we're talking about tonight is gathering more favor than it might have in the previous decade, that people are realizing that we can do things like this without destroying the entire countryside, and that we do need them badly. What we need right now, of course is a lot of public support from people like yourself among friends and neighbors to get things like this going because the people down here are required to vote for it and pony up the money for it we'll do what their constituency's tell them they want and we know it's possible but requires the public support to do it and I think any member of the legislature would agree with that opinion.

Number 780

Pam Schlegel: I concur too. Thank you.

Number 784

Representative Ward: Yes, if we could have the next speaker at this time. And Pam, thank you very much and also letters to the editor would help quite a bit to both newspapers.

Number 791

Scott Svendsen: My name is Scott Svendsen and I was born and raised in Anchorage. I'm 34 years old now, Jerry I know you know me down there. As I look around the people in this room, I notice that many people here are quite a bit older than I am, I'm 34 at the present time and I would venture to guess that many of the people sitting here who are older than I am have attended many such meetings as this and I would imagine that they have quite a few meetings left in them, but what I want to know is how many more meetings are we going to have to have before we can really get the ball rolling? Like I say, many people have attended a lot of meetings, but I'd really like to see something happen besides just the consultant studies that have been done. You know, I think that the Knik Arm Crossing is an expensive project, it has always been an expensive project and it will continue to be an expensive project but the way that the real estate is developing in Anchorage is that there really is a dwindling amount of land available and it seems to me only logical that we may have some up front

expense in getting that bridge across but for the welfare and the benefit of Alaska residents as well as Anchorage and Mat-Su area residents that this would be a good thing to do. I'm hoping that this is not just another bunch of lip service, that there will be an attempt a serious stride forward and I certainly would lend a hand on a volunteer basis to help this thing become more of a reality. I also have to state at this time that I am not a land owner in the Point McKensie area or anywhere near abouts, but I just feel so strongly that we need to go in this direction that I'm speaking to you today because of that. Jerry, goll darn it, lets get to work.

Number 840

Representative Ward: Well Scott, I sure thank you very much for the other people there, they might as well know my age too, its 34. I was born in Anchorage and grew up with Scott Svendsen and its been about 20 years since I've seen you. I guess our thoughts are running along the same ways from when you used to play down at the trestle and look across there and wonder when they were going to build that bridge. Now we're both 34 years old and I'm down here doing everything I can to get it built and so is the Speaker of the House and the other members that are here, the freshmen members and the other ones and we are going to get it built. We are here to do a job, we want it built we can only do it with public support and the volunteer work that you mentioned Scott, its good to hear your voice again and like I say the phone number is 278-3668 and I don't know other to emphasize that, I've seen it work on Student Loans, I saw it work on Displaced Homemakers, I've seen it work on almost everything and I'm asking anybody that wants that bridge built to get on, get off, get on the stick and send those things down here, I almost said something wrong there didn't I? Its all public opinion at this point. We need your public opinion in the form of some tangible pieces of paper through telegram system that the State has and we will build it. I hate to be, no I don't hate to be optimistic, but I look at this program and I turn key operation and we can not remove it from the Department of Transportation but maybe let them watch over it with a careful eye. I foresee that from

today 3 years from today, I think that we could be driving across there, I really do believe that.

Number 875

Representative Larson: Yes, Scott as long as we are all confessing our age, I might just, this is Representative Larson, I might just as well tell you that I'm 29. I've been stuck on that number for 19 years now.

Number 881

Scott Svendson: That's too many more meetings to go on this. Anyway, Jerry thank you very much and the rest of you down there thanks very much and I appreciate your efforts as well as everyone's there.

Number 885

Representative Larson: Scott, in relation to the number of meetings that we are going to have to attend, I guess my answer will be, we'll attend as many as it takes to get the job done soon.

Number 888

Scott Svendson: Okay, great I appreciate that, thanks. I'll be there too.

Number 889

Neil Phelps-Munson: Scott, this is Neil. I'm not going to tell you guys how old I am but I was born in New York and I've been in Alaska darn near as long as you have. Further on Jerry's remarks, public pressure and opinion can get things done. You'll recall three years ago you were paying personal income taxes to the State and today you're not, and it was strictly, believe me, the public outcry that brought that about. There was resistance in the legislature and the administration to the repeal of the personal income tax, but it got done and it was people like you that got it done.

Number 900

Representative Ward: Yes, if we could have the next speaker now.

Number 904

Ron Windeler: Ron Windeler again, we don't seem to have anybody else ready to speak at this time and while I was sitting there listening I was doing a little thinking and developing on the idea that I proposed to help finance this project. My new thought is that if it becomes very difficult or impossible to get the legislature to appropriate \$50 million at this time perhaps because our projections for income may slide even further and people may get desperate and

decide that they can't afford this project, would it be possible instead to have the state cede to this bridge authority title to a substantial section of the state land over there and allow the bridge authority to sell the land as they see fit to raise the money to pay for the bridge.

Number 922

Representative Jerry Ward: I have written that right next to your first proposal. I think that it is entirely possible, I don't see why not. The State, the people own the land anyway, its already theirs. I might as well make one thing clear, along with House Bill 295 and 294, there is a letter of intent that is accompanying it at this time and it does appropriate \$25 million from FY '83 and the additional \$25 million in FY '84. Which would mean \$25 million this year and \$25 million the following year. This has been proposed by the people that are in the bonding business that would be enough to get the program off the ground and to start the rolling, generatings of the revenue bonds to make it work. But your proposal does sound very interesting and all of these proposals are going to get consideration as this bill passes through the committees.

Number 937

Ron Windeler: Thank you.

Number 940

Representative Ward: Is there anybody else that would like to testify there.

Number 945

Dave Ring: I'm always good at afterthoughts. I don't think I covered this before and thats a matter of establishing priority on State spending. I'm pretty well aware and I'm sure everybody else is that we've got about 100 projects for every dollar laying around. I think it comes down to mentioning a few projects where I would willing put this project first. For one, I'd like to see this project undertaken and completed before we spend \$5 billion on a hydro project anywhere or Susitna. I would rather see this job undertaken and funded and built before I see the people of the State of Alaska take over an already operating railroad, and I don't really think that the State has demonstrated the ability to operate that much better than the people that are there. That would dry up a billion dollars worth of state money to buy the railroad. The third idea, I've heard a

couple of our former Governors kick around the idea of spending \$25 billion to build a gas line to somewhere. There is some merit in building a gas line all right, I don't deny that at all but I think for the State of Alaska to involve any money in that thing I'd vote for that just right after a Knik Arm Bridge. I don't think I'd want to put that project first. I wouldn't recommend that you put it first either. I think there's a good many projects throughout the state that while they do have some merit, they do have some worth, and they'll have a long term benefit I don't think there's any of them that's going to exceed this project. I would willing put education in this state ahead of the Knik Arm Bridge. I would willing see our schools and our colleges come first. I would willing see the health and welfare measures come first. I would like to see construction of a Knik Arm Bridge come right behind them. I wouldn't want to see any major projects in the state come ahead of the Knik Arm Bridge, if they did, I'd sure want to look at it quite a while to see if it really had the merit to give a dollar per dollar return that a Knik Arm Bridge might possess. Thank you.

Number 987

Representative Tischer: This is Representative Mae Tischer and I'd like to add to your comments by saying that its abhorable that the state of Alaska with just a little under 420,000 people have to spend \$1.7 billion just to operate state government. That's the first thing I think that surprised the heck right out of me. That's approximately, with state employees running something like 15,000 in total and right now nobody's been able to give us an exact figure of what number the state has in employees, thats about 1 employee for every 23 people in this state. Thats almost like a classroom teacher ratio. And to me, we're spending a lot of money on bureaucracy where we should be taking it and doing something like the Knik Arm Crossing. I believe that that should be looked at too.

Number 001

Dave Ring: Thanks a whole lot.

Number 005

Representative Larson: If I may, maybe I just found the \$50 million for us. I agree with Representative Tischer that the population of the State of Alaska is

somewhere in the neighborhood of 415 to 420,000. Yet we're paying out 471,000 dividend checks that means \$51 million in fraud. There we go.

Number 012

Representative Ward: Yes, Dave, I'd like to add this to you since you did bring up two things that I basically hold in high esteem because I think that they are worthwhile projects although I haven't had the opportunity to have that legislation in front of me and that is the Susitna and also the railroad, and when I look at those I also want the Knik Arm Crossing. As I look at the bill on the Knik Arm Crossing if it does not stand on its merits, meaning that it will not pay for itself, I will not vote for it, I will not allow it to pass, I'll do everything I can to stop it. I intend to do the same thing on Susitna Dam, I intend to do the same thing on the Alaska Railroad, and I think that is the general error of the peoples thinking down here and I'm sure that this has not always been the case. But the people that are in this room and the sponsors of this bill I would say at least have this fundamental basis philosophy and that is if the project is worthwhile and it will stand on its own merit, then we are going to support. If it isn't then we are going to call it what it is, an idea that its time has not and will come. But I intend to look at all of those things, the railroad, the Susitna and the Knik with that in mind and I do believe that the Knik Arm Crossing absolutely stands upon its own merits and it will pay for itself and it will be one of the generating, income producers for the city of Anchorage and for the State of Alaska much, much longer after I'm gone. I hope that the Alaska Railroad and Susitna Dam will also fit into that category although I do not have the proper numbers for it at this time.

Number 043

Dave Ring: I appreciate your comments. I think I could be more enthusiastic about a Susitna hydro development if it were scaled down, if it were say a billion dollar project I would probably be more enthusiastic about it. I look at a billion dollar project as needing to return about \$100 million a year in benefits. I look at a \$5 million project as needing to return \$500 million a year in benefits. So far, from what I can see it

doesn't make that promise. On the other hand the Knik Arm Bridge promises to return 4 times its cost in a 30 year period from about 4 different ways and if I messed up somewhere along the line there, excuse me for letting a little of my enthusiasm get in there. But I appreciate what you're doing and I appreciate the opportunity for everybody to have a whack at this. There's quite a few people in the crowd that do want to speak and I don't want to take more time hoping that somebody else has shown up that will. Thank you again for the opportunity and I hope that we can do this again in the future sometime and maybe involve a few more of the legislators at the same time. Thank you.

Number 067

Representative Ward: Thank you very much Dave, and just for clarification, your arithmetic is exactly the same as mine and I'm hoping that those are the numbers that I've been given and if those numbers remain and the projections remain on Susitna and the railroad, then yes they are in jeopardy at this time but being one that's an optimistic person I always see that the good things have a habit of turning out fine. May we have the next speaker now.

Number 078

Walt Corey: Yeah, this is Walt Corey here and I've been Alaska around 25-26 years and it seems like year after I got here somebody was talking about building a dam thing or something across the inlet but I wasn't too enthused about it then because I didn't know anything about it. However, the past few years last 10 or 12, 15, I have been quite enthused about it. I think it should have been just like you people said a few minutes ago, it should have been built 10 years ago. The rate things are going, it doesn't look like its going to get built for another 10 years. I'd like to see it finished in 3 but that's well, neither here or there. With the pollution, with the crowded conditions, with everything else that's been brought up here tonight, I am wondering if we have any choice but to build that thing as quickly as we can and that's about all I have to say.

Number 092

Representative Ward: We thank you very much and everybody in this room is shaking their heads, Walt and that is our feeling right now that we feel that it must be built for these

reasons and each person here has a separate reason as far as the economics of why its justifiable and also because of the crime and because of the pollution that you've mentioned and I'm glad that you spoke and you finally said it. Yes, we must build it and we'll be glad to take the next person at this time and we hope that people that are observing would gladly come forward. We work for you. At this time I will say my sign off and turn it over to the other Representatives and my name is Representative Jerry Ward and my sign off will be 278-3668 to send in the free public opinion message, 50 words or less 278-3668 or you can write letters to the editors of the Anchorage Times or News and if anybody wants to get on the 6:00 news and say that they want to build a bridge, that would be fine too. And we will do the work on this end, we're working for you and we're gonna get the project done and good night to you and I'll turn it over to Representative Larson at this time.

Number 115

Representative Larson: Yes, I just want to thank Representative Ward for the opportunity of taking part in this teleconference tonight and I guess if I had any words of wisdom I would say that probably one of our problems at this point is that we've been preaching to the Christians, its time we go out now and make a few converts.

Number 120

Representative Tischer: Thank you Ron, thats an excellent idea and that just spurred a little spark in my head also. Mae Tischer speaking, you know one of the things that I learned over a good number of years when I worked for the Muscular Distrophy Association was that enthusiasm breeds enthusiasm and one of the ways to do that is that you kind of carry the flag and then I learned that while campaigning in this last election myself that visibility has a great deal to do with the success of a job to get done and the visibility can be done in many ways, in a campaign you put yard signs up and bumper stickers out and put flyers out and so forth, some people parade up and down the street, some people have rally's and some people demonstrations. Well I've seen demonstrations down here on the capital steps for various and sundry causes and they're very effective. I've seen demonstrations

down at City Hall in Anchorage, I've seen them on the federal building steps, I've seen car rally's with signs all over them running up and down the street, up and down the highway and so forth and I'm so terribly enthusiastic about the support that so far we've heard and we haven't heard any negativeness coming out and of course, as Ron has said you know there are some converts out there that need some attention. The group that we are speaking to tonight and those that for this project and will favor it have now the opportunity with the enthusiasm that we have down here in the legislature, outside especially the support from the communities is a vital, vital portion of getting this job done and any means by which you can foster this project, by means of demonstrations, by the telephone calls and the letters and the public opinion messages and the bumper stickers and whatever else you can think of rally around the flag if you will, I encourage you to do that. It may sound rather light if you will but it has a tremendous impact and it certainly does get in the news and the news has a way of spreading, it has a way of influencing people. The more they hear about it the more they think and the more encouraged we will be than to feel that going ahead is the positiveness and the feeling of and concurrence with the constituents that we represent. So with that I would like very much to thank all of you for coming out tonight and to Jerry for getting this teleconference together and as Ron said earlier, as many meetings and as many things that we need to do we will be there to do it. Thank you and good night.

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Neil Phelps-Munson: And finally, this is Neil one more time for Speaker Joe Hayes and he asked me this evening to give each of you listening his word that he is certainly four square behind the project and has been for some years and as I mentioned earlier was instrumental in the most recent increment of money to be put forward for the project. I also know that he very clearly recognizes the value as the three members here have said, all public demonstrations behalf of something like this whether it be an actual demonstration in terms of marching on the legislative information office or as Mae,

Jerry and Mr. Larson have said, letters to the editor and practically any way you think of to attract public attention to the project in Juneau, there's no reason it can't be done, there's no reason the legislature cannot be encouraged to go for it this year and as I said the Speaker is certainly four square behind it. After all he is prime sponsor of the two bills before us right now. Again, on his behalf, thanks a lot for participating tonight, we hope you will continue to participate until you can drive across that cotton-pickin bridge.