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COMMITTEE REPORT

SENATE

4/19/83

FURTHER: Finance

Date: May 5, 1983

Mr. President:

The Committee on State Affairs has had SB 266

Increasing the bond authorization for international airport revenue bonds to \$62,825,000; and eff. date.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

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

MEMBERS SIGNING
DO PASS

Tom Kelly

Arthur Stigliani

V. Fischer

MEMBERS HAVING
OTHER RECOMMENDATIONS:

V. Fischer *do pass*

CHAIRMAN

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES

DEPUTY COMMISSIONER

Bill Sheffield, Governor

4111 AVIATION AVENUE, POUCH 6900
ANCHORAGE 99502 (TELEX 25-185)
PHONE: 266-1440

May 12, 1983

The Honorable Vic Fischer
Senate State Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Senator Fischer:

After the Senate State Affairs Committee hearing on SB 266 last week, Senator Kelly requested information on Anchorage International Airport and Fairbanks International Airport revenues and expenses.

The following is provided for your information. Revenues and expenses listed below reflect only operating revenues and expenses. No capital costs have been included.

Anchorage International Airport

FY 1980	Revenues	\$18,886.2
	Expenses	<u>7,816.8</u>
	Net Revenues	\$11,069.4
FY 1981	Revenues	\$20,831.4
	Expenses	<u>8,631.0</u>
	Net Revenues	\$12,200.4
FY 1982	Revenues	\$24,485.9
	Expenses	<u>10,611.8</u>
	Net Revenues	\$13,874.1
Projected FY 1983	Revenues	\$22,354.0
	Expenses	<u>14,427.0</u>
	Net Revenues	\$ 7,927.0

Fairbanks International Airport

FY 1980	Revenues	\$3,065.7
	Expenses	<u>3,564.4</u>
	Net Revenues	\$(498.7)

Senator Vic Fischer

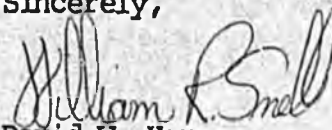
May 12, 1983

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FY 1981	Revenues	\$3,643.8
	Expenses	<u>4,097.9</u>
	Net Revenues	\$(454.1)
FY 1982	Revenues	\$3,605.4
	Expenses	<u>4,811.2</u>
	Net Revenues	(1,205.8)
Projected FY 1983	Revenues	\$5,052.9
	Expenses	<u>5,924.1</u>
	Net Revenues	\$(871.2)

If you need further information, please let me know.

Sincerely,


David W. Haugen,
Deputy Commissioner
Central Region

DH:WS:GL/cn

cc: Senator Tim Kelly
William Snell, Central
Gina Lindsey, Central

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

TREASURY DIVISION

ELEVENTH FLOOR
STATE OFFICE BUILDING
POUCH SB
JUNEAU, ALASKA 99811
PHC

May 6, 1983

The Honorable Vic Fischer
Senator
Chairman State Affairs Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Fisher:

This letter is to answer a few questions asked by the State Affairs Committee on April 26 concerning Senate Bill 266, "An Act Increasing the Bond Authorization for International Airport Revenue Bonds to \$62,825,000."

Question 1: What is the total amount of International Airport Revenue bonds currently outstanding and what is the payback period on these bonds?

Total Principal Outstanding as of 6/30/83	\$17,490,000
Total Interest Payable as of 6/30/83	<u>9,344,510</u>
Total Debt Outstanding	<u>\$26,834,510</u>

All bonds currently outstanding will be paid in full in 15 years (1998). Bond payments by year are listed below. Bond reserve accounts total \$1,960,435 and will be used to make the last principal and interest payments in 1997 and 1998.

FY		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
64		845,000	1,101,605	1,946,605
85		895,000	1,049,795	1,944,795
86		945,000	995,430	1,940,430
87		1,005,000	940,300	1,945,300
88		1,065,000	882,075	1,947,075
89		1,140,000	820,435	1,960,435
90		1,210,000	745,240	1,955,240
91		1,275,000	666,520	1,941,520
92		1,340,000	583,470	1,923,470
93		1,410,000	496,090	1,906,090
94		1,485,000	404,020	1,889,020
95		1,560,000	306,900	1,866,900
96		1,640,000	204,730	1,844,730
97		800,000	97,150	897,150
98		<u>875,000</u>	<u>50,750</u>	<u>925,750</u>
		<u>\$17,490,000</u>	<u>\$9,344,510</u>	<u>\$26,834,510</u>

The Honorable Vic Fischer
May 6, 1983
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Question 2: Why is the authorization being raised?
According to AS 37.15.410 the total amount of bonds authorized to be sold for the International Airport Construction Fund is limited to \$34,825,000. This amount has already been issued and thus SB 266 is needed to raise this ceiling. A schedule of the principal amount of bonds which have been issued is included below.

	SERIES	RATE	PRINCIPAL
6/1/68	Series A (20 yr.)	5.69	7,000,000
6/1/69	Series B (20 yr.)	6.39	2,225,000
6/1/69	Series B (25 yr.)	7.23	6,500,000
6/1/73	Series C (25 yr.)	5.85	8,500,000
6/1/75	Series E - defeased	7.48	<u>10,600,000</u>
			<u>\$34,825,000</u>

If you have any questions, I would be glad to answer them.

Sincerely,



Cathy A. Poe
Assistant Comptroller

CAP:fm

APR 25 1983

RECEIVED

APR 12 1983

DOT/PE
APR 17 1983
COMMISSIONER'S OFFICE

*Barb
file with
the bill on
IAR Bonds*

CENTRAL REGION

Mr. Robert O. Yeasting
Foster & Marshall/American Express
205 Columbia
Seattle, Washington 98104

Dear Mr. Yeasting:

Enclosed is a description of the airport project that the Department of Transportation and Public Facilities (DOT&P) plans to finance through sale of airport revenue bonds. Also enclosed is a terminal drawing showing existing terminal area and designating renovation and new construction.

As you know, legislation authorizing the sale of \$28 million revenue bonds through the International Airport Revenue Fund has been introduced for approval by the Alaska Legislature. The bills have not yet been approved, however, I understand you are formulating a preliminary schedule of events required in preparing the bond sale for the State of Alaska.

I trust this information will be of use to you. I have not included a breakdown of rentable vs. public space because a few areas in the proposed new construction are still in question. I can have that information for you within the next week if it would be helpful.

Please let me know if any other type of information is necessary. I will be glad to forward a set of the design plans if they would be of any use.

Thank you for your assistance.

Sincerely,

William R. Snell
Director

WRS:GML/sjg

Enclosures: Description of Airport Project
Existing Terminal Drawing

cc w/Enclosures: ~~Ron Lind~~
Milt Barker
Cathy Poe

**Anchorage International Airport
Domestic Terminal Expansion & Renovation**

The proposed project involves construction of approximately 65,000 square feet of new terminal area and remodeling and renovation of approximately 96,000 square feet of existing terminal area. The estimated cost is \$23.1 million calculated at 1983 construction costs and includes the following:

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

Construct a new two-level computer concourse providing passenger waiting space, equipment storage, crew lounge area, rest-room facilities, snack bar, baggage makeup, baggage claim, and 8 gates.

Preliminary engineering and construction for remodeling Concourse B to accommodate domestic carrier operations. Remodeling includes electrical system upgrades, installation of a fire suppression system and conversion of customs area to office lease space.

Purchase and installation of a backup emergency power system.

Preliminary engineering and construction of apron utility work required with the terminal remodeling such as construction of hardstands, relocation of fire hydrants, water supply, air start and guidance systems.

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF TRANSPORTATION
and PUBLIC FACILITIES
CENTRAL REGION PLANNING & PROGRAMMING
Director's Office

4111 AVIATION AVENUE, POUCH 6900
ANCHORAGE 99502 (TELEX 25-185)
PHONE: 266-1462

May 4, 1983

Senator Vic Fischer, Chairman
Senate State Affairs Committee
Pouch V
Juneau, AK 99811

Dear Senator Fischer:

During the Senate State Affairs Committee hearings on Senate Bill 266 you and several other Committee members raised questions regarding the existing bond indebtedness of the International Airport Revenue Fund (IARF). I trust the following information will answer the Committee's questions.

As of the end of fiscal year 1983 on June 30, 1983, the IARF will have total outstanding principal debt of \$17,485,000. Interest payments in the amount of \$10,539,900 bring the total outstanding indebtedness to \$28,024,900. The existing bonds will be maturing through 1998.

Preliminary analysis indicates that the IARF will have revenues sufficient to cover the annual bond indebtedness by more than the required 130% even if the State Bond Committee selects a relatively short term bond life (15 years rather than 30 years).

The project to be financed by the bond sale will effect the following improvements at Anchorage International Airport:

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

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

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

Senator Fischer

May 4, 1983

Page 2

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

This project is the first of three phases of an overall, comprehensive terminal improvement plan envisioned by DOT&PF if aviation activity continues to grow in line with current forecasts.

The Phase I project is estimated to cost approximately \$23.1 million. DOT&PF has requested authority to sell revenue bonds in the amount of \$28 million because of estimated bond sale costs (3% = \$840,000) and a required bond reserve deposit in the amount of one year's maximum principal and interest (estimated at \$3 million).

I trust this information answers the questions posed at the April 28 hearing. In case there are additional questions, a DOT&PF airport planner and Department of Revenue personnel will be available at tomorrow's hearing on SB 266.

Thank you for your consideration of this matter.

Sincerely,


William R. Snell, Director
Division of Planning & Programming

WS:GL/cn

cc: Gina Lindsey, Central Region
Cathy Poe, Assistant Comptroller, Department of Revenue

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS COMMITTEE

SENATOR VIC FISCHER, CHAIRMAN

POUCH V, JUNEAU 99811

(907) 465-4954



May 5, 1983
3:00 p.m.

Butrovich Room
Capitol Bldg.

MEMBERS PRESENT

Senator Vic Fischer, Chair
Senator Bill Ray, Vice-Chair
Senator Arliss Sturgulewski
Senator Tim Kelly
Senator Pat Rodey

ALSO PRESENT

Representative Mitch Abood

AGENDA

SB 266 International airport revenue bonds
Drunk driving and related issues
(SB 61, SB 226, HB 17)

SB 226 International airport revenue bonds

Gina Lindsey, Department of Transportation and Public Facilities testified that the committee had been sent a letter containing information requested about outstanding indebtedness of the International Airport Revenue Fund at the last hearing.

Senator Kelly moved and asked unanimous consent to pass the bill from committee with individual recommendations. There was no objection.

Drunk driving and related issues (SB 61, SB 226, HB 17)

Representative Terry Martin, prime sponsor of HB 17 spoke for that bill. He is opposed to holding an advisory vote on raising the drinking age.

Senator Kelly discussed a number of amendments he proposed to HB 17 including provisions to phase in a 21 year old drinking age.

Senator Ray said he favors having a statewide vote on raising the drinking age. He thinks this is more appropriate than legislative action.

Senator Kelly does not favor an advisory vote.

Don Kubley, representing the Alaska Cabaret and Restaurant Association (CHAR), testified that that organization does not have a position on raising the drinking age but thinks that Senator Kelly's amendments improve the bill. He said that the committee should not be swayed by emotional arguments and slogans on these issues. He argued that the majority of young people are law abiding moderate drinkers and should not be punished for the transgressions of a small minority.

Senator Ray said that Alaska currently has a dram shop law in response to an observation to the contrary by a committee member.

Charlie Smith, Director of Highway Safety, said he favors the bills in committee as a comprehensive program aimed at addressing the drunk driving problem.

Lt. Col. Jim Vaden, Department of Public Safety, testified in favor of the bills. He showed the committee a hand held breathalyzer which the Department of Public Safety will be using in the near future. He said that the average blood alcohol content for persons arrested for DWI in Alaska is 0.17% [0.10 is legally drunk].

Senator Ray asked if the incidence of DWI is especially high for 19-20 year olds. Col. Vaden responded "not really" but he added that he thinks that the judgment of persons in this age group is more easily impaired by alcohol.

Senator Fischer asked if Col. Vaden favors selective roadblocks to catch drunk drivers. Col. Vaden replied affirmatively.

Senator Fischer asked if Col. Vaden favors mandatory breathalyzer tests for anyone stopped for any moving violation. Col. Vaden answered affirmatively.

Gail Horetski, Criminal Division, Department of Law, discussed a letter (attached) she wrote to Chair Fischer in response to questions posed about the constitutionality of selective roadblocks and mandatory breathalyzer tests for any moving violation and other possible

sanctions. She thinks that automobile forfeiture and sobriety checkpoint laws might pass constitutional muster if carefully drawn. She stressed that laws which were valid under the constitution of other states may not be so in Alaska. She was also of the opinion that mandatory breathalyzer tests for all moving violations has dubious constitutionality but that it might be possible to narrowly draft a law which would be constitutional.

Lawton Paddock, a student from the Juneau Christian School, testified in favor of HB 17 (raising the drinking age to 21).

The meeting adjourned at 4:45 p.m.

by
David Dye
Committee Aide

STATE OF ALASKA
FISCAL NOTE

I. REQUEST

Bill/Resolution No.: SB 266
 Title: Increasing Bond Authorization
 Sponsor: Senate Transportation
 Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: DOT&PF
 Program Category Affected: Anch. Intn'l Airport
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

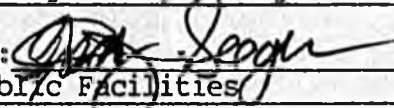
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Approval of this Bill authorizes an increased bond ceiling and has no fiscal impact until appropriated. (See SB 264 and Fiscal Note attached)

IV. ANALYSIS: (Fiscal Note for SB 264 attached)

Prepared By: Gina Marie Lindsey Phone: 266-1497
 Division: Central Region, Planning & Programming Date: 5/5/83
 Approved by Deputy Commissioner:  Date: 5/5/83
 Department: Transportation & Public Facilities

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

STATE OF ALASKA
FISCAL NOTE

I. REQUEST

Bill/Resolution No.: SB 264
 Title: Anch Int'l. Terminals Improvements
 Sponsor: Senate Transportation Committee
 Requestor: Governor Sheffield

II. FISCAL DETAIL

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

*International Airport Revenue Fund

POSITIONS:

FULL-TIME				8.0	8.0	8.0
PART-TIME						
TEMPORARY						

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

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

IV. ANALYSIS: Attached.

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

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

Approved by Commissioner: *W. Snell*
 Department: Transportation and Public Facilities

Date: 3/31/83

S

PROJECT NEED:

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

PROJECT DESCRIPTION:

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

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

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

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

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

PROJECT COST:

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

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

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

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

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

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

OPERATING COSTS:

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

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

1983 cost \$726.0

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

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