

HB

294



Alaska State Legislature House of Representatives

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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 hole 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 Karon, 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 selenity 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 crowded 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 childrens 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 that 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 Knik 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 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 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 take 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 doesn'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 Mat-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 with 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 increasing 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 occupancy 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 monorai 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 induscry 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 neck 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, that's about 1 employee for every 23 people in this state. That's 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 don't 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, 13, 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 it's 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 to 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.

Number 163

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.



Anchorage Daily News/Paul Brown

Dave Ring, president of the Knik Boosters Club, maneuvers his skiff between Point MacKenzie and Anchorage.

Bridge to future

By TOM KIZZIA
Daily News reporter
First in a series

The enduring dream of a bridge across Knik Arm has been revived this year with new advocates in Juneau, a new economic feasibility study, and a whole new rationale.

No longer touted as a shortcut to Wasilla and Fairbanks, the Knik Arm crossing is now being sold as a way for Anchorage to expand into new, undeveloped territory. State planners envision a suburban city at Point MacKenzie of 17,000 people — the largest in the Matanuska-Susitna Borough — within 11 years of completion of a crossing from Anchorage.

See Back Page, KNIK ARM

Knik Arm crossing now being touted as way to ease population pressure

KNIK ARM CROSSING

part I

dreamers: comeback of the knik arm crossing

"If it isn't built we're going to wind up stacked on top of each other under 10 stories of steel and concrete," says Rep. Jerry Ward of Anchorage, the crossing's most outspoken promoter in the legislature. "We can't go through the mountains so let's go across a little water . . . Why don't we let people go across the way and live like Alaskans?"

Schemes for crossing Knik Arm have been alternately promoted and hooted down for more than 30 years. The big obstacle always has been the cost of the crossing: more than \$500 million for a bridge and highway approaches, according to a recent state study.

Even some long-time boosters say past disappointment has tempered their optimism during the current revival.

"Overconfidence is one of our biggest problems," says Dave Ring, a Point MacKenzie homesteader who is president of the Knik Boosters Club. "I've been up to bat before and struck out."

Today state officials say the rising cost of building lots in the Anchorage bowl is shifting the economic equation in favor of the crossing. Gov. Bill Sheffield has even said he thinks a world-class construction company may be willing to build a \$334 million bridge and pay itself back with \$2 tolls collected from the new commuters.

"The whole focus of this administration on this project is to make it go," says Commissioner of Transportation Dan Casey.

The far-reaching implications of a new sister city to the north are only beginning to dawn on political leaders.

"This would have a major potential impact on Anchorage, but there has been surprisingly little dialogue or debate before the local government," says Sen. Arliss Sturgulewski, a former member of the Anchorage Assembly.

Still, an April 15 state study of a four-lane highway bridge gave the project a preliminary green light. Says Dave Haugen, deputy commissioner of transportation: "It has gotten to be a question of when, not if."

The Knik Arm Crossing has become a legend before its time.

In 1955, a study commissioned by the Anchorage Chamber of Commerce stressed the military benefits of a bridge or causeway north of Anchorage. A decade later, a tramway was promoted as part of a short-lived attempt by the Tandy Corp. to build a domed city named Seward's Success.

There were studies of a bridge leading to a new International Airport in the muskeg forest to the north, and studies showing a causeway generating electricity from the Knik Arm tides.

Engineering visionaries were drawn south to Turnagain Arm when oil was found in Kenai, but the discovery of oil on the North Slope turned attention back to Fairbanks. A 1972 state study touted the Knik Arm crossing as a 50-mile shortcut to the interior.

Politicians never have been persuaded that the potential benefits would outweigh the costs. But the April 15 state study concluded that a crossing would be worth five times the estimated \$513 million construction cost.

The projected savings in travel time under the newest study are surprisingly slight. Commuters driving from Wasilla to Anchorage would have a longer drive across the Knik Arm bridge route studied by the state than down the Glenn Highway, and the bridge would shave only 20 minutes off a seven-hour drive to Fairbanks.

The big benefit of a Knik Arm crossing, the state study said, would be a development boom north of Point MacKenzie,

where roughly one-third of the land is owned by the state, one-third by the Mat-Su Borough, and one-third by homesteaders, speculators, and Native corporations.

Benefits would accrue largely to private landholders and vehicle owners, according to the study, which was prepared by EMPS-Sverdrup. "That is why the toll bridge concept has such merit," says Haugen. "We would be applying a tax to the users."

The long-term benefits included higher prices for land at Point MacKenzie — some \$399 million, a benefit to private landholders calculated at \$21,000 for every one-acre lot.

The study predicted a \$1.7 billion savings due to shorter trips and reduced vehicle wear and tear over the next 45 years if a bridge is built. Two-thirds of the bridge's users would be commuters, who would otherwise clog city streets, the study contended.

Other suggested benefits are harder to quantify. To Ward, the crossing offers a solution to nearly all of Anchorage's problems: high prices, traffic congestion, crime, water shortages, air pollution. It is, he says, an environmental cor-ern.

"The reason we have high crime rates is that people are crammed together," Ward says. "The only way we can fix this is with some kind of escape valve."

Put simply, the need is for more buildable land, Ward says. Even opening military land to settlement would only be a temporary solution, he says.

The limitless horizon of the Susitna Valley would be another matter, Ward says: "This could cure the problem forever."

Engineers now studying the proposal for the state say technical problems posed by tides, ice, winds, and earthquakes can be overcome, but other considerations and political objections remain:

- The Sheffield administration says the project is going to have to prove itself economically by attracting a private builder. Many legislators also are withholding commitment. "There's a lot of interest in the Senate, especially if it might be self-supporting," Sturgulewski says. "But the backup data to show that it could be economically viable aren't available yet."

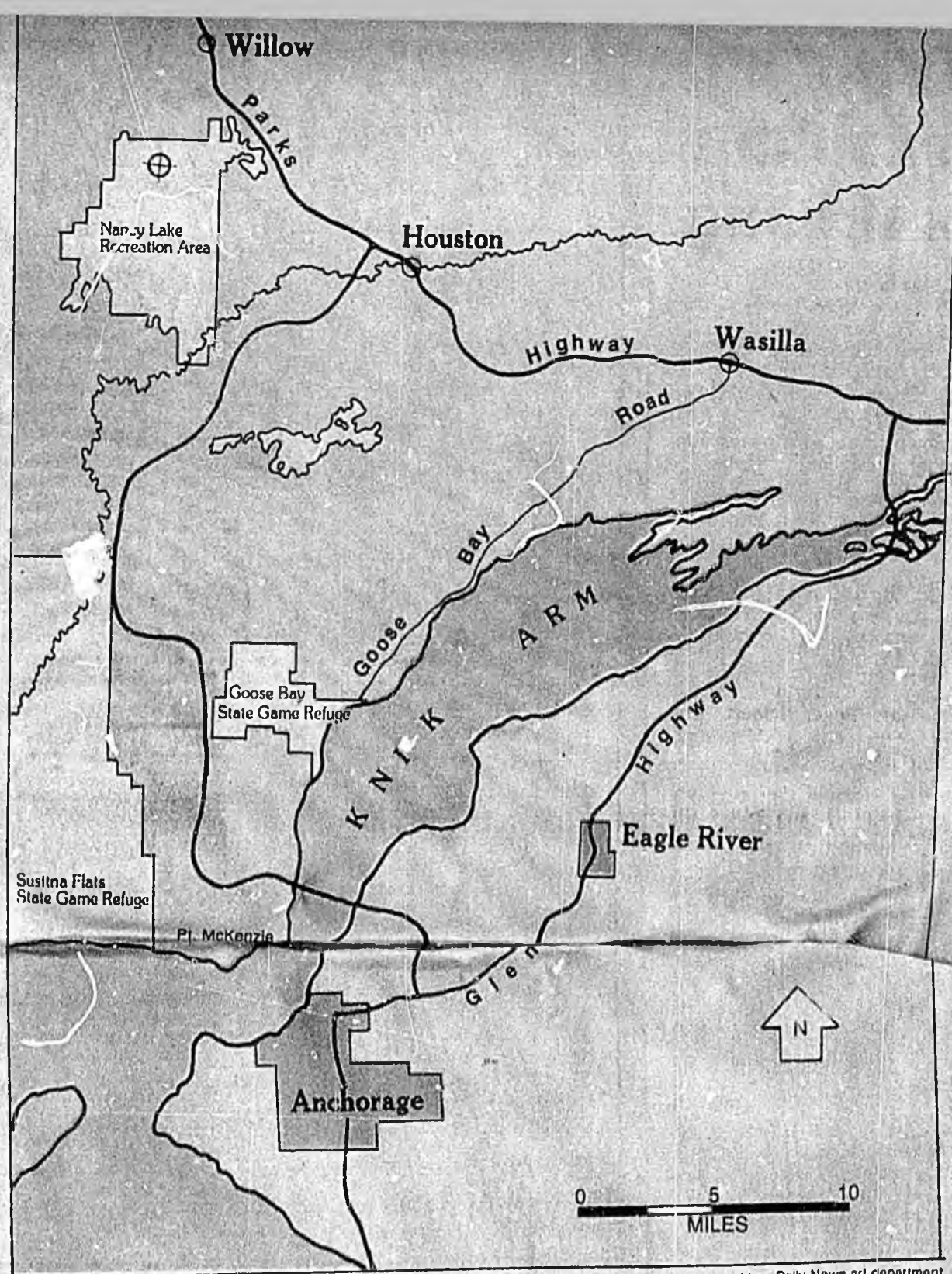
- The notion that the Anchorage bowl has run out of land is "not entirely true," says Bruce Phelps, municipal physical planning manager. The bowl still has close to 21,000 acres of undeveloped land classified residential, Phelps says.

The Knik Arm crossing would mean a "re-allocation of urban growth," not new growth for the area, the state study predicts. Shifting growth to the north could leave new water and sewer lines in Anchorage without customers and "depress the land market in the Anchorage bowl," according to Phelps.

- The crossing has been described as a "consolation prize" to the Mat-Su Borough for losing the capital, but politicians in the valley have mixed feelings about the project. "There's a lot of support, but it could promote our area to be even more of a bedroom community, and the assembly isn't so sure that's a good idea," says Borough Mayor Edna Anderson.

The borough already is close to its bonding limit for building new schools, and suburbs don't pay for schools the way industry can, Anderson says. For that reason, the borough is "very unlikely" to dispose of its extensive landholdings around Point MacKenzie, preferring to hold them as a lure to industry, Anderson says.

- Municipal officials in Anchorage are concerned that money for the bridge would be drawn from funding for other, more immediate road needs. "Would it mean we



Map: Daily News art department

Map shows proposed location of Knik Arm crossing and road that joins the Parks Highway just north of Houston.

don't get money for the Dimond Boulevard expansion?" asks Community Affairs Director Cathy Allen.

"It's not going to be a gravy train for our borough," Anderson says. "If it's going to come out of our piece of the pie in Juneau, we might have other priorities instead."

• Right now, the city-in-waiting has no zoning. Questions of land use and population density should be taken up in the borough's comprehensive plan, still a year from adoption, Anderson says. But if the borough does much to anticipate the growth it may stir a fuss. "The people in this borough have practically gone into a riot stage if we even mention zoning," Anderson says.

- The likeliest route under study cuts through Elmendorf Air Force Base, and the U.S. Air Force says relocation of antennae and other facilities could cost \$69 million. In addition, it would run uncomfortably close to the east end of the base runway and leave the base split by a fenced-in freeway.

- The route runs counter to a land use

plan for the Willow-Point MacKenzie area prepared by the Department of Natural Resources. The land use plan proposed a longer road, which would open more country for settlement and more rivers to road access. The transportation department route goes across land identified as swamp by the natural resources department. But the transportation route is shorter and probably less expensive, and as one engineer working on the project put it, "The Willow Sub-basin plan isn't a Knik Arm crossing plan."

- Environmentalists are paying attention to alternative routes, concerned not so much with the new city as with the wild country beyond.

- Not every property owner in the Point MacKenzie area looks forward to being overrun by suburbs. "I built a log cabin on the bluff looking back at the city in 1950," says Great Lander publisher Herb Rhodes. "It's been a utopia for us in that it's been inaccessible. If the Knik Arm crossing goes that wilderness retreat would end . . . We realize we're there on borrowed time."

Continued from Page A-1

nel and built a span across the Columbia River Gorge, says the combination of technical problems can be solved. The 1972 state study agreed, and added: "The world-wide recognition which would accompany the construction of this unique and monumental project would certainly be valuable to the state of Alaska."

Crossing advocates have in the past proposed a dam-causeway or a tunnel running through a tube suspended from above. Today the state is inclined toward a bridge, but Deputy Commissioner of Transportation Dave Haugen says no options will be ruled out until later this summer.

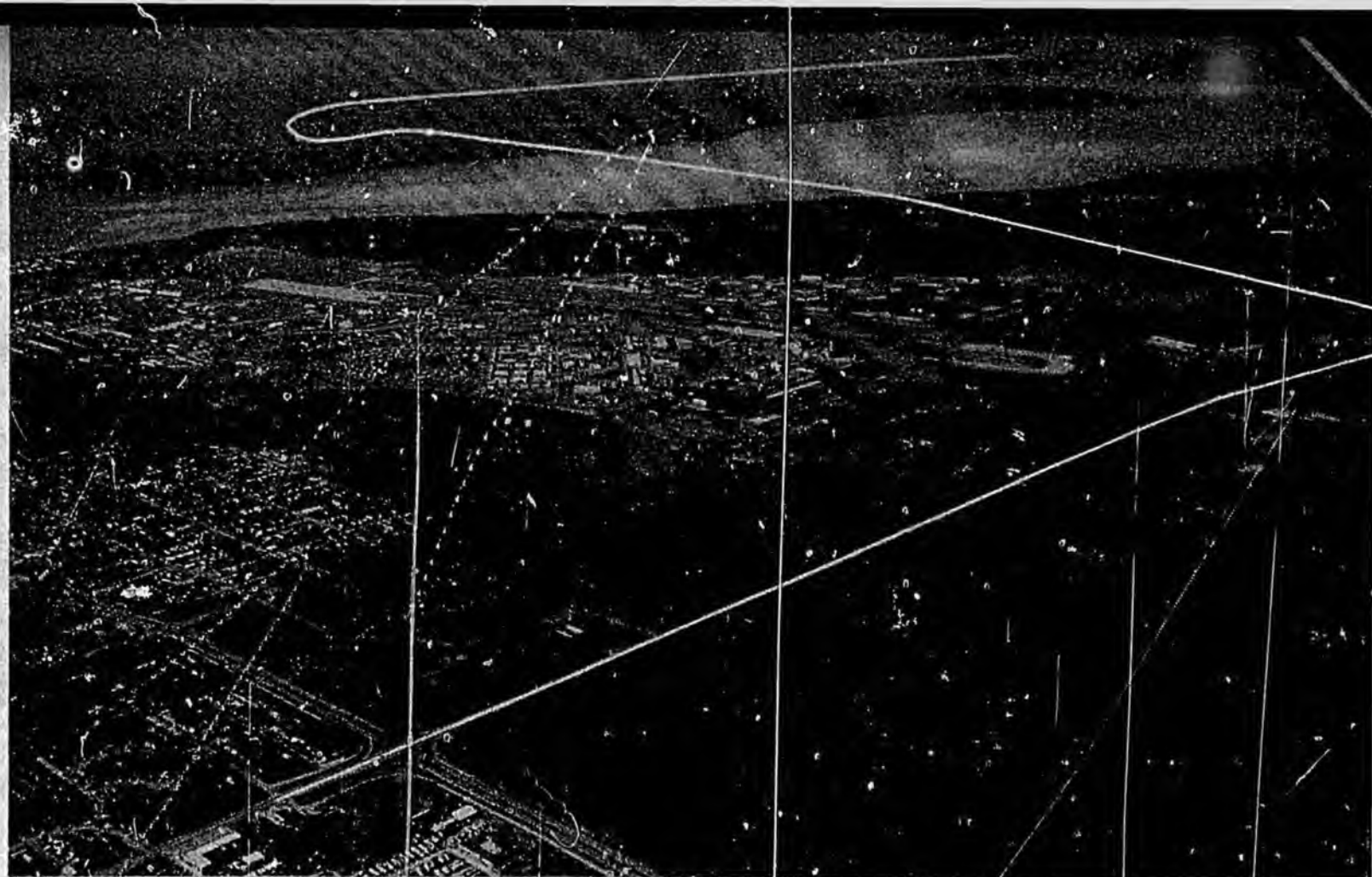
A causeway would have some intriguing possibilities, principally use of the passing tide to generate electric power. A \$250,000 tidal power study in 1980 found tidal generation would work despite silting problems and would cost no more than power currently generated by gas, said Acres American engineer Jim Landman.

Knik causeway boosters also suggested a dam might help reduce siltation and icing in Cook Inlet. However, as Allen observes, in such engineering problems "intuition is dangerous."

A 1973 Army Corps of Engineers study cautioned that a dam might increase Susitna River silt deposits at the port, since they could no longer be flushed up the arm, Allen says. Another concern was that behind the dam Knik Arm might ice over all winter, creating a frozen lake that could drop winter temperatures in the Matanuska Valley.

State Department of Transportation planners have paid most attention to the bridge alternative and have come up with a double-decker design that would carry two lanes of traffic in each direction. A railroad track, power lines, oil and water pipelines could be designed into the structure later, says Commissioner of Transportation Dan Casey.

"I told them to strip away all the other nice things that came with this crossing to find out how much the simple bridge cost," Casey says. "I stopped the environmental impact statement process and



Aerial photograph shows the route of the proposed Knik Arm crossing, linking Anchorage with the north shore of the arm.

told them to cost out an exemplary crossing. People were talking about costs from \$200 million to \$1.5 billion, and I told them if we have a billion-dollar project here, we don't have a project."

The resulting April 15 economic feasibility study estimated a bridge and highway project would cost \$513 million. Department of Transportation consultants detailed a route that takes off from Boniface Parkway, slips past the end of an Elmendorf runway (a detail opposed by the military; "The Air Force position is we'd rather it not go through the base," says Col. Don R. Conway, vice commander of the Alaskan Air Command), crosses the arm 1 1/2 miles north of Cairn Point, and drives into the Susitna Valley to the Parks Highway at Houston, passing through a swampy area between Nancy Lake and Big Lake.

The state would like to recommend a final corridor by August, hold hearings, and have bid documents ready by December 1984, Haugen says.

The bridge could be open for traffic in 1989.

If private funding for bridge construction could be found, the whole project could go through without going to the legislature for funding, Casey says.

Some legislators don't trust the state planners to see the project through, and this spring the state House passed a bill to create an independent toll authority that could push for the crossing.

"The DOT planners have had it for 20 years now," says Rep. Jerry Ward, R-Anchorage. "I'm tired of this thing getting studied to death."

The toll authority measure has been lodged in Senate committee and seems unlikely to move forward in the last day of the legislature. Transportation officials say such a bureaucratic shuffle might actually delay the project. But the pressure in Juneau helped propel the Sheffield administration forward.

Rather than build the bridge with state-backed revenue bonds, the Sheffield ad-

ministration wants to build highway approaches with federal and state funds and find a private company willing to design, finance, build and operate the \$340 million bridge — in return for collecting \$2 tolls.

Building a toll bridge across to virtually uninhabited land is likely to appear risky to developers. Even the state study, which foresaw 29,000 vehicles a day on the bridge by the year 2001, predicted only a 4 percent to 6 percent return on investment. So state officials are talking about ways to sweeten the deal, including a possible income guarantee or, borrowing the strategy that built the transcontinental railroads, granting free land to the developer on the north shore of Knik Arm.

Transportation department officials say such an opportunity should be particularly attractive to foreign firms, with their special financing and balance-of-trade considerations. Though he declines to name them, Casey says several world-class construction companies have already shown in-

terest.

"In Third World nations this is done all the time by big-timers like Bechtel," Haugen. "What we're talking about is equivalent to a World development scheme."

Like many dreams of developed countries, the Knik Arm crossing could shine and fade if the real public turns out to be too great. Some potentially serious questions are beginning to be raised by municipal and state officials.

But to date there has been little debate on the project. The moment has come with the dreamers and the boosters and the builders. They may be closer to realizing their ambition than before, and others have taken the proposal seriously.

"We would want to minimize the impact if they do the crossing," says Mary O'Connell of the Alaska Center for the Environment. "But I guess in the heart of hearts we know there will never be enough funding to do it."

On the Forest Service

In response to Guy Martin's column of May 8, entitled "His efficiency team may haunt Regan:"

I agree with his conclusion "...a spirited debate over whether or not it is a good idea to sell federal timber at bargain prices to the timber industry would be useful..." As a former commissioner of natural resources, Martin is undoubtedly aware of the multiple use goals of the U.S. Forest Service as mandated by Congress.

The Private Sector Survey on Cost Control panel's conclusions, "... timber appraisals are consistently far below market value ..." and "... the timber companies pay only for timber that is actually harvested," may be correct, but may also be misleading. We are all aware the harvesting of timber in U.S. forests involves compliance with many costly federal regulations which do not apply to private lands.

But it is less well known that U.S. National Forests attempt to be responsive to the needs of the communities where they are located. A portion of the monies received from the sale of timber goes toward local education. This is a form of subsidy which lessens the tax burden of all Americans. It is obvious the sale of timber maintains and creates jobs, increasing the tax base and reducing unemployment. Whereas timber appraisals may be below



Your space to write . . .

'Letters from the people' is your space to comment on nearly any topic, subject only to considerations of good taste and libel. The shorter the letter, the sooner it can be published; but in any case the best guideline is 200 words or less. Prose only, please; no poems or verse. All letters must be signed. Please include a daytime phone number so we can verify authorship. Address them to The Daily News, Pouch 6616, Anchorage 99502.

deployed missiles with multiple warheads on the mere promise that the U.S. won't deploy missiles already built?

4) Our present so called defensive act of building the MX, similar to when we had to close the "missile gap," is in actuality an aggressive forging ahead destined to spur the Soviet Union to build more and better nuclear weapons.

5) If it were necessary to demonstrate will to the Soviet Union, would not the building of the Trident and Stealth programs, determination to deploy Cruise and Pershings, and now the plan to build a single warhead missile be enough?

If we, the American people, allow the MX to be developed, we deserve the inevitable ensuing madness. Never before have the arms merchants arguments been flimsier, or the Congress more two-faced, (having just passed the nuclear freeze), never have we been so taken by such apparent double-talk. Let's, before it's too late, withdraw our invitation to nuclear insanity.

— Denise Woods, director
Citizens Against Nuclear War

Was capital move vote final?

Gross mismanagement; bureaucratic fiasco; blatantly irresponsible; all of the above.

Kodiak Island, southeast Alaska) areas of the Kenai Peninsula and most of the North Gulf Coast. Southeast Alaska and the rest of southcentral had mostly cloudy skies with scattered showers.

Early afternoon temperatures over the area ranged from the low 50s along coastal stations to the low 60s in the Copper River Basin, upper Cook Inlet and the Susitna Valley.

Mostly cloudy skies covered most of the Alaska interior with widely scattered showers. Early afternoon temperatures ranged from the upper 50s to the upper 60s.

Low clouds and fog were observed from the Kotzebue Sound northward to Point Barrow. Visibility at Kotzebue Airport was restricted to near zero in heavy fog all day. Temperatures throughout this area were at or near freezing. The rest of the Arctic Slope also had cloudy skies as temperatures ranged from near 30 to the mid-110s.

Southwest mainland, the Alaska Peninsula and the Aleutians had mostly cloudy skies with areas of rain mainly along the Alaska Peninsula. Temperatures ranged from the low 40s over the Aleutians to the low 60s in the Bristol Bay area.

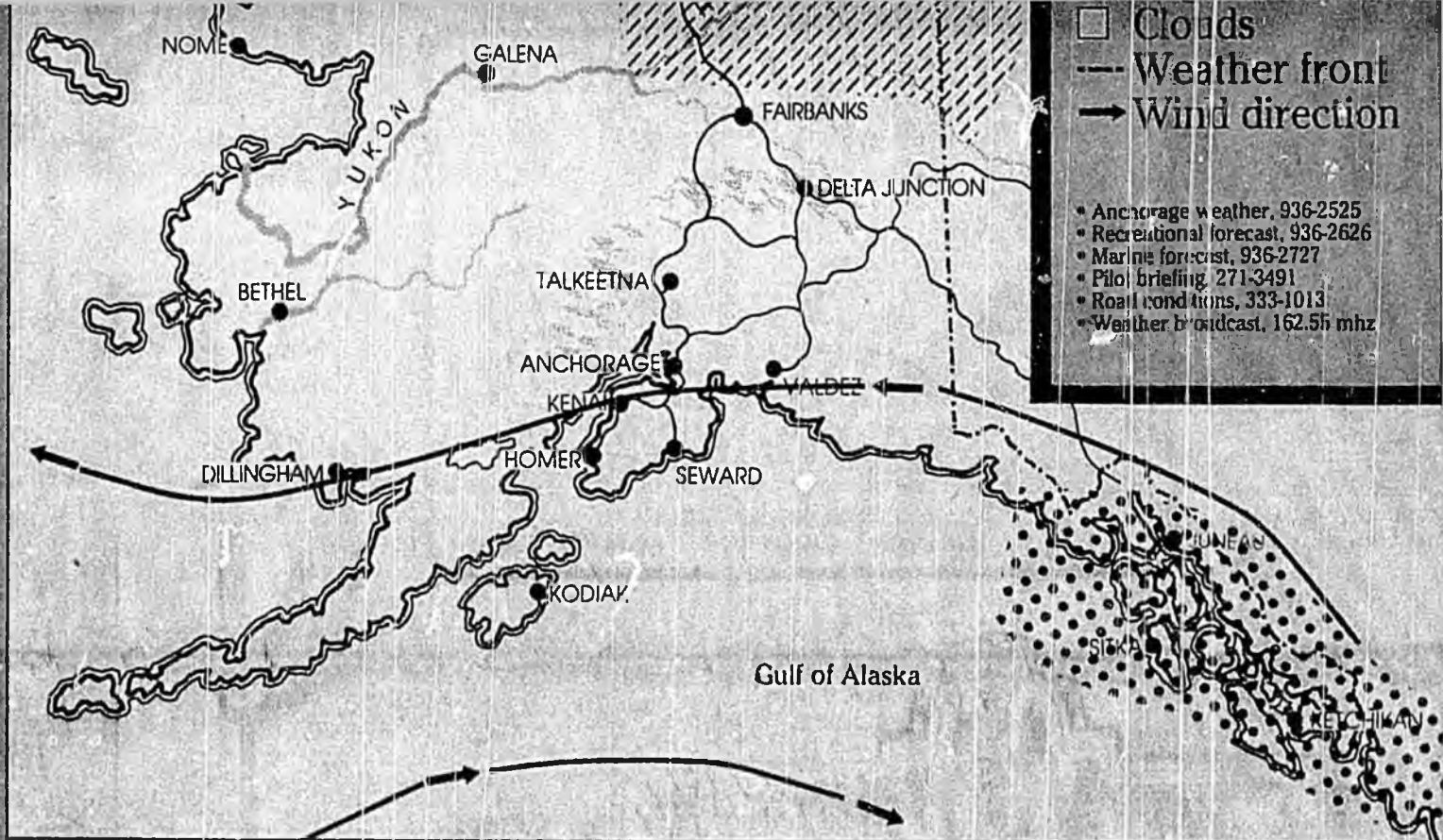
Alaska forecasts

TALKEETNA — Mostly cloudy through tonight. Light winds. Temperatures mid-40s to low 60s. Outlook for Tuesday: little change.

KENAI and SOLDOTNA — Mostly cloudy through tonight. Wind to 10 mph. Temperatures mid-40s to low 60s. Outlook for Tuesday: chance of rain.

HOMER — Periods of rain through tonight. Wind to 10 mph. Temperatures high 40s to high 50s. Outlook for Tuesday: little change.

SEWARD — Periods of rain through tonight. Temperatures mid-40s to high 50s. Outlook for Tuesday: little change.



☐ Clouds
— Weather front
→ Wind direction

- Anchorage weather, 936-2525
- Recreational forecast, 936-2626
- Marine forecast, 936-2727
- Pilot briefing, 271-3491
- Road conditions, 333-1013
- Weather broadcast, 162.55 mhz

CORDOVA — Periods of rain through tonight. Light winds. Temperatures 40s to 60s. Outlook for Tuesday: little change.

GLENNALLEN — Mostly cloudy through tonight with scattered showers. Wind to 15 mph. Temperatures 40 to 60. Outlook for

Tuesday: mostly cloudy.

JUNEAU — Chance of rain today. Rain tonight. Light winds. Temperatures mid-40s to high 50s. Outlook for Tuesday: periods of rain.

SITKA — Chance of rain today. Rain

tonight. Light winds. Temperatures mid-40s to high 50s. Outlook for Tuesday: periods of rain.

BETHEL — Mostly sunny with scattered showers today. Partly cloudy through tonight. Light wind. Temperatures 40s to 60s.

Outlook for Tuesday: fair.
DILLINGHAM — Mostly scattered showers today. M through tonight. Wind to 10 mph. Temperatures 40s to 60. Outlook: mostly cloudy.

the weather outside

Nation summary

Thunderstorms continued over the upper Midwest and swept from eastern Nebraska and South Dakota into western Minnesota and Iowa on Sunday, the National Weather Service said.

In Colorado, the National Weather Service issued tornado warnings for parts of Adams County northeast of Denver after two tornadoes were spotted touching down in the area. No damage or injuries were reported.

Showers were scattered from northern Minnesota across Montana, western Wyoming and northern Utah.

It was mostly sunny elsewhere.

For today, showers and occasional thunderstorms were forecast over the upper Mississippi Valley from Oklahoma across the Dakotas through the upper Missouri Valley and the northern two-thirds of the Rockies.

Showers also were expected over Florida and northern New England. Fair skies were forecast elsewhere.

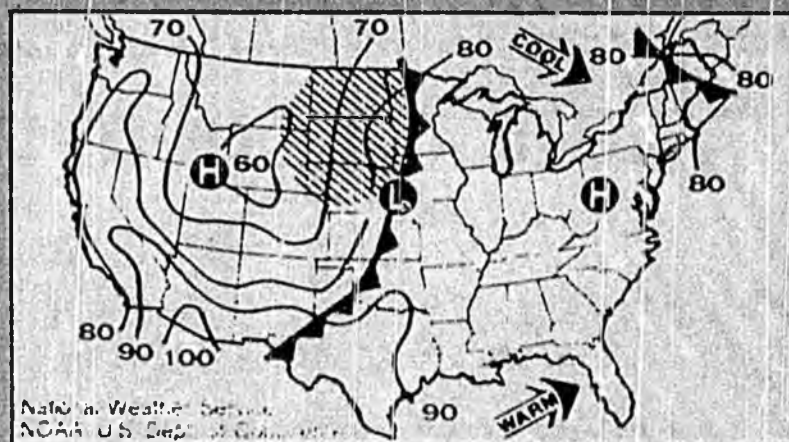
Highs were expected to range from the upper 50s and 60s over Montana and the Rockies, mid-70s along the northern Pacific Coast, near 80 across northern New England, near 90 across Florida, low to mid-90s

over southern Texas and near 100 through the Inland Southwest.

Temperatures around the Lower 48 at 3 p.m. EDT ranged from 42 at Dillon, Mont., to 95 at Gila Bend, Ariz.

Nation temperatures

	Hi	Lo	Pre	Outl	Hi	Lo
Albany	85	50	clr	82	60	
Albuquerque	93	59	clr	85	53	
Amarillo	90	61	ody	81	54	
Asheville	81	47	clr	61	55	
Atlanta	83	60	clr	85	62	
Atlantic City	79	64	clr	79	65	
Austin	84	71	ody	90	73	
Baltimore	87	64	clr	90	67	
Bilings	83	50	05	76	46	
Birmingham	84	66	clr	80	64	
Bismarck	89	58	m	70	49	
Brixle	86	40	clr	77	46	
Boston	90	68	clr	86	68	
Brownsville	90	71	ody	94	75	
Buffalo	82	65	hls	88	66	
Burlington	86	54	clr	90	59	
Casper	87	48	m	88	39	
Charleston, S.C.	80	67	clr	86	66	
Charleston, W.V.	88	59	clr	90	62	



Charlotte, N.C.	82	56	clr	88	58
Cheyenne	61	46	60	rn	67
Chicago	93	60	clr	94	67
Cincinnati	87	63	clr	90	63
Cleveland	85	62	clr	89	63
Columbia, S.C.	88	61	clr	88	60
Columbia	87	68	clr	91	64
Dallas-Ft. Worth	88	69	ody	91	71

Dayton	86	61	clr	91	64
Denver	73	54	04	rn	69
Des Moines	86	61	rn	78	67
Detroit	87	57	clr	90	61
Duluth	74	61	rn	72	57
El Paso	95	73	clr	92	63
Fargo	81	61	05	rn	67
Flagstaff	74	49	clr	76	35

Great Falls	89	60
Hartford	87	63
Helena	53	46
Honolulu	87	70
Houston	84	71
Indianapolis	86	64
Jackson, Miss.	90	69
Jacksonville	81	71
Kansas City	84	67
Las Vegas	89	68
Little Rock	90	69
Los Angeles	88	64
Louisville	86	63
Lubbock	96	66
Memphis	87	69
Miami	84	77
Milwaukee	87	61
Mpls.-St. Paul	88	69
Nashville	87	60
New Orleans	87	68
New York	91	68
Norfolk	89	65
North Platte	72	68
Oklahoma City	83	67
Omaha	79	66
Orlando	89	73
Philadelphia	88	60
Phoenix	87	77
Pittsburgh	84	69
Portland, Me.	87	64

Anchorage Daily News

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- Lifestyles, Linda Crosson, 786-4321
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- Suzan Nightingale, columnist, 786-4346
- Troubleshooter, Jim F.

For other Daily News

MAY 20 '83

Alaska State Legislature

House of Representatives



PO BOX 2716
ANCHORAGE, ALASKA 99510
(907) 276-4506

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4939

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: May 19, 1983

TO: All Legislators

FROM: Representative Jerry Ward *JW*

SUBJ: SB 211, 212 and HB 294, 295

I enclose copies of petitions supporting passage of the above bills and urging priority for the Knik Arm crossing. A total of 45 signatures appear.

Enclosures

To All Members of the
Alaska State Legislature

PETITION

We who have signed below, do so to indicate our support of HB 294-295 and Senate Bill 211 & 212. We also believe that a high priority and early start should be given to the

KNIK ARM BRIDGE

SIGNED:

NAME

ADDRESS

Pauline Thomas	3299 Montpelier Ct. Anchorage 99503
Thomas Bradley	3302 Montpelier Ct Anchorage 99503
Alvita Smith	9639 Stearns Dr Anchorage 99507
Donna Lee	780 West 70th Avenue Anch AK 99502
John J. Richard	1121 4th St. Anchorage AK 99508
Jim Bowers	809 W. 30th Anchorage AK 99503
John J. [unclear]	9311 Emerald St. AK 99502
John J. [unclear]	3507 Island Drive Anch 99504
Marie Mae Bramfield	6930 E 11th Ave Anch. 99504
Brenda Brewer	30-3044 Cherry Dr. Elmendorf AFB
Thomas M. Hamey	213815 Bush St. EAFB AK 99506
William K. Overstead	24386 A Bush St. Elmendorf AFB AK 99506
Janet E. Weber	1024 Norman St Anchorage AK 99504
Bliff Libbert	1055 W. 27th Anchorage 99503
Judy Dobson	9613 Victor Rd. Anch 99502
Ray D. Pauli	2320 Paulson Dr. Anch. 99504
Glenn B. Lewis	922 R Street Anchorage 99501
Ullrich [unclear]	SRA 1025-2 Anchorage AK 99502
John J. [unclear]	3220 Campbell Avenue Rd. Anchorage 99504
W. J. [unclear]	875 La Jacobe #1012 Anch 01
Wally Sharp	400 East 24 Unit #9 99503
Manda Purdue	2123 Crataegus Ave 99504
K. Elizabeth Lapore	2421 Barbours Dr. 99504
Anna C. Ruvrot	117 E. Howard Ave Anchorage 99501
Mary L. Laxer	3810 Cheekmate Dr. 99504
Robert K. [unclear]	2131 Mueser Way Anch. 99502
Edna [unclear]	105 Sweetland Ct. Anch. 99502
Marjorie [unclear]	2620 McKinley Dr Anchorage 99504
Constance [unclear]	3914 James Dr Anch 99504
William [unclear]	3410 W. 31st Anch. AK 99503

— PETITION —

WE WHO HAVE SIGNED BELOW URGE THAT A PRIORITY BE GIVEN THE

KNIK ARM BRIDGE

OVER SUCH PROJECTS AS: 1) PURCHASE OF ALASKA RAILROAD 2) SUSITNA HYDRO PROJECT
3) ANY STATE FINANCED GAS PIPELINE FROM PRUDHOE BAY TO ANYWHERE. WE MAY SUPPORT THESE
PROJECTS BUT WE WANT THE KNIK ARM BRIDGE BUILT FIRST.

NAME

ADDRESS

MEGAERA HODGE	2423 JUNE AU	ANCHORAGE AK 99504	276-5888
VENU W. WILSON	5003 Cambridge Way	Anchorage AK 99503	561-0972
Shon W. [unclear]	" "	" "	" "
[unclear]	1202 1/2 W. 30th St	ANCHORAGE AK 99503	561-2564
[unclear]	112247 99511	Anchorage AK 99511	345-382
[unclear]	4825 Bishop Way	Anchorage AK 99504	333-5475
[unclear]	841 [unclear]	" "	29501 278-4893

June 25, 1963

HB 109 cont'd

SENATE CS FOR CS FOR HOUSE BILL NO. 109 (HESS) was read the second time.

Senator Josephson offered the following Amendment No. 1:

Page 3, lines 21-24: delete "indicted for, held to answer following a preliminary hearing on, or charged by complaint or information following a waiver of indictment or preliminary hearing for an unclassified felony offense" and insert "convicted"

Page 3, line 24: delete "indictment" and insert "conviction"

Senator Josephson moved and asked unanimous consent for the adoption of Amendment No. 1. Without objection, Amendment No. 1 was adopted.

Senator Josephson offered the following Amendment No. 2:

Page 4, line 12: delete "17 or 18" and insert "16 or 17"

Senator Josephson moved and asked unanimous consent for the adoption of Amendment No. 2. Without objection, Amendment No. 2 was adopted.

Senator Ray moved and asked unanimous consent that SENATE CS FOR CS FOR HOUSE BILL NO. 109 (HESS) am S be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

SENATE CS FOR CS FOR HOUSE BILL NO. 109 (HESS) am S was read the third time.

The question being: "Shall SENATE CS FOR CS FOR HOUSE BILL NO. 109 (HESS) am S (persons 16 or 17 years of age who are charged with unclassified or Class A felonies; and amending the children's waiver provisions) pass the Senate?" The roll was taken with the following result:

109 cont'd

SENATE CS FOR CS FOR HOUSE BILL NO. 109 (HESS) AM S 3RD

Yeas: 15 Bennett, Eliason, Fahrenkamp, Ferguson, Fischer Paul, Gilman, Halford, Josephson, Kelly, Mulcahy, Pettyjohn, Ray, Rodey, Sackett, Sturgulewski

Nays: 5 Faiks, Fischer Vic, Kerttula, Moss, Ziegler

and so, SENATE CS FOR CS FOR HOUSE BILL NO. 109 (HESS) am S passed the Senate.

SENATE CS FOR CS FOR HOUSE BILL NO. 109 (HESS) am S was engrossed, signed by the President and Secretary and returned to the House for consideration.

HB 294

President Kerttula stated that without objection, CS FOR HOUSE BILL NO. 294 (TRSP) am (establishing the Alaska Toll Bridge and Causeway Authority; would be placed at the bottom of the calendar.

HB 295

President Kerttula stated that without objection CS FOR HOUSE BILL NO. 295 (FIN) (special appropriation for the Alaska Toll Bridge and Causeway Authority for design of Knik Arm crossing and for the operating expenses of the Authority) would be placed at the bottom of the calendar.

HB 379

HOUSE BILL NO. 379 (establishing a seismic hazard program within the Department of Natural Resources) was read the second time.

Senator Ray moved and asked unanimous consent that HOUSE BILL NO. 379 be advanced to third reading and placed on final passage. Without objection, it was so ordered.

The question being: "Shall SENATE CS FOR CS FOR HOUSE BILL NO. 302 (RLS) (state housing loan and state technology loan program) pass the Senate?" The roll taken with the following result:

SCS CSHB 302 RLS 3RD

Yeas: 16 Bennett, Eliason, Fahrenkamp, Ferguson, Fischer Paul, Fischer Vic, Gilman, Halford, Josephson, Kelly, Moss, Mulcahy, Rodey, Sackett, Sturgulewski, Ziegler

Nays: 4 Faiks, Kerttula, Pettyjohn, Ray

and so, SENATE CS FOR CS FOR HOUSE BILL NO. 302 (RLS) passed the Senate.

Senator Ray moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

SENATE CS FOR CS FOR HOUSE BILL NO. 302 (RLS) was engrossed, signed by the President and Secretary and returned to the House for consideration.

The Senate reverted to:

MESSAGES FROM THE HOUSE

HCR 42

HOUSE CONCURRENT RESOLUTION NO. 42 by Representative Adams,

Suspending Uniform Rule 42 of the Alaska State Legislature concerning House Bill 105.

was read the first time.

Senator Ray moved and asked unanimous consent that the Rules be suspended and HOUSE CONCURRENT RESOLUTION NO. 42 be taken up as a Special Order of Business. Without objection, it was so ordered.

Halford... 42(b) of the Uniform Rules... HOUSE CONCURRENT RESOLUTION NO. 42 was properly before the House as a Special Order of Business.

SECOND READING OF HOUSE RESOLUTIONS

HOUSE CONCURRENT RESOLUTION NO. 42 was read the second time.

HOUSE CONCURRENT RESOLUTION NO. 42 was before the Senate on final passage.

The question being: "Shall HOUSE CONCURRENT RESOLUTION NO. 42 (suspending Uniform Rule 42 of the Alaska State Legislature concerning House Bill No. 105) pass the Senate?" The roll was taken with the following result:

HCR 42

Yeas: 16 Bennett, Eliason, Fahrenkamp, Faiks, Ferguson, Fischer Vic, Gilman, Josephson, Kelly, Kerttula, Moss, Mulcahy, Ray, Rodey, Sackett, Ziegler

Nays: 4 Fischer Paul, Halford, Pettyjohn, Sturgulewski

and so, HOUSE CONCURRENT RESOLUTION NO. 42 passed the Senate, was signed by the President and Secretary and returned to the House.

The Senate reverted to:

SUPPLEMENTAL CALENDAR

SECOND READING OF HOUSE BILLS

HB 294

CS FOR HOUSE BILL NO. 294 (TRSP) am (establishing an Alaska Toll Bridge and Causeway Authority) was read the second time.

HB 294 cont'd

Senator Ray moved and asked unanimous consent that CS FOR HOUSE BILL NO. 294 (TRSP) am be advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR HOUSE BILL NO. 294 (TRSP) am was read the third time.

The question being: "Shall CS FOR HOUSE BILL NO. 294 (TRSP) am (establishing an Alaska Toll Bridge and Causeway Authority) pass the Senate?" The roll was taken with the following result:

CS HB 294 TRSP AM 3RD

Yeas: 7 Faiks, Ferguson, Fischer Paul, Gilman, Halford, Kelly, Rodey

Nays: 13 Bennett, Eliason, Fahrenkamp, Fischer Vic, Josephson, Kerttula, Moss, Mulcahy, Pettyjohn, Ray; Sackett, Sturgulewski, Ziegler

Senator Faiks changed her vote from nay to yea

and so, CS FOR HOUSE BILL NO. 294 (TRSP) am failed.

Senator Faiks gave notice of reconsideration on CS FOR HOUSE BILL NO. 294 (TRSP) am.

HB 295

CS FOR HOUSE BILL NO. 295 (FIN) (special appropriation to the Alaska Toll Bridge and Causeway Authority for design of the Knik Arm crossing and for the operating expense of the Authority) was read the second time.

Senator Ray moved and asked unanimous consent that CS FOR HOUSE BILL NO. 295 (FIN) be advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR HOUSE BILL NO. 295 (FIN) was read the third time.

HB 295 cont'd

The question being: "Shall CS FOR HOUSE BILL NO. 295 (FIN) (special appropriation to the Alaska Toll Bridge and Causeway Authority for the design of Knik Arm crossing and for the operating expenses of the Authority) pass the Senate?" The roll was taken with the following result:

CS HB 295 FIN 3RD

Yeas: 6 Ferguson, Halford, Kelly, Pettyjohn, Rodey, Ziegler

Nays: 14 Bennett, Eliason, Fahrenkamp, Faiks, Fischer Paul, Fischer Vic, Gilman, Josephson, Kerttula, Moss, Mulcahy, Ray, Sackett, Sturgulewski

and so, CS FOR HOUSE BILL NO. 295 (FIN) failed.

Senator Halford gave notice of reconsideration on CS FOR HOUSE BILL NO. 295 (FIN).

The Senate proceeded to:

UNFINISHED BUSINESS

HB 294

Senator Ray moved and asked unanimous consent that the reconsideration on CS FOR HOUSE BILL NO. 294 (TRSP) am (Alaska Toll Bridge and Causeway Authority) be taken up at this time. Without objection, it was so ordered.

HOUSE BILLS IN THIRD READING

CS FOR HOUSE BILL NO. 294 (TRSP) am was before the Senate on reconsideration.

Senator Ray moved and asked unanimous consent that CS FOR HOUSE BILL NO. 294 (TRSP) am be returned to the Transportation Committee. Without objection, it was so ordered.



KNIK ARM CROSSING

Presentation

to the

Alaska State Legislature

Senate

Committee on Transportation

April 24, 1984

LEGISLATIVE ASSIGNMENT

Highway Crossing of Knik Arm with connections to Parks & Glenn Highways. Construction will involve both bridge, 2½ miles, and highway, 30-35 miles.

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

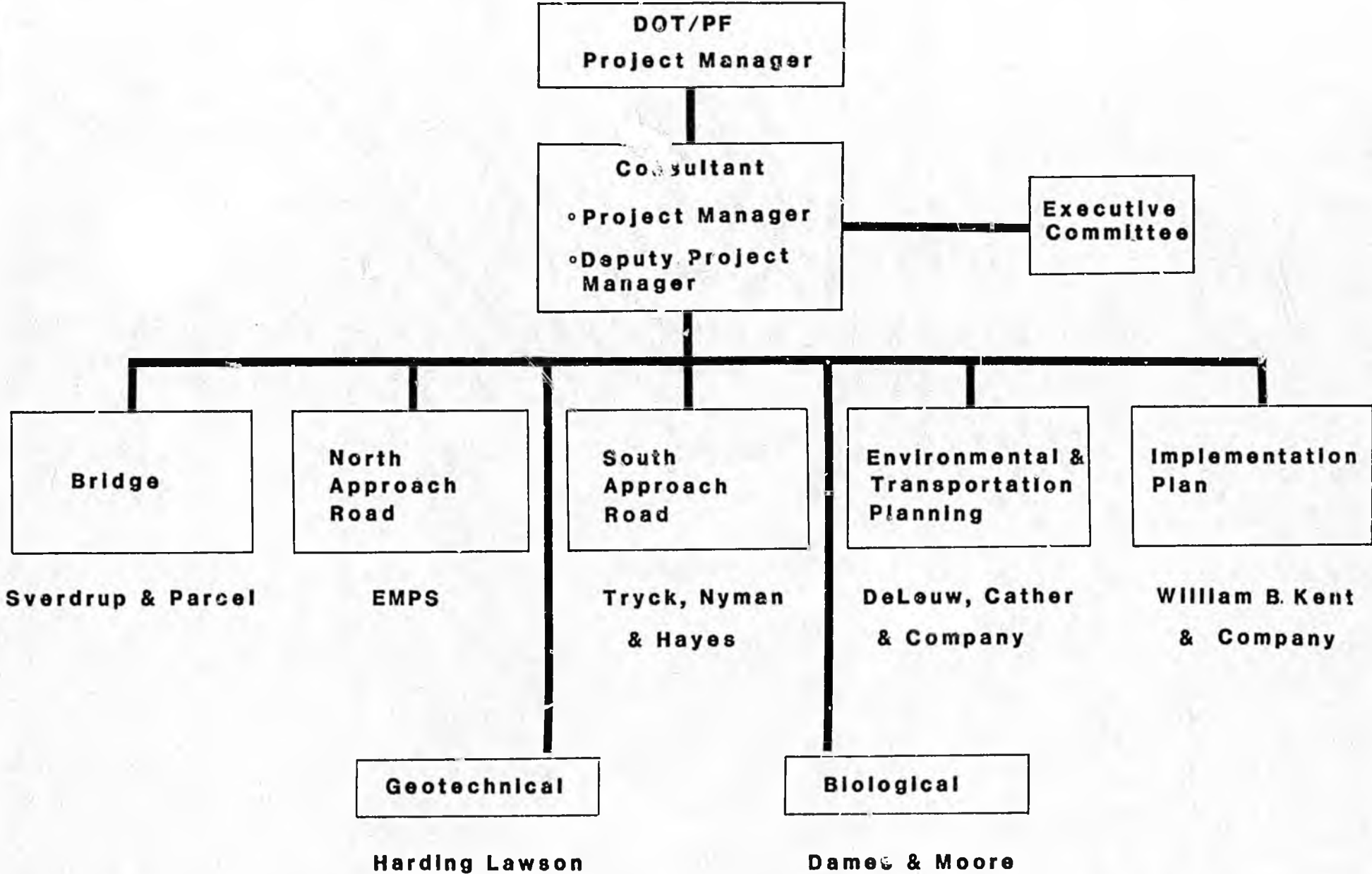
BUDGET

- 1981 Appropriation \$5.5 million
- Consultant Contract \$4.5 million
- Balance (April 1984) \$2.0 million
- FY 85 Funding
 - Highway Matching Funds \$5.022 million
 - State Appropriation \$5.0 million

PROJECT RESOURCES (DOT/PF)

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

Consultant Resources



AGENCIES/PRIMARY INTERESTS

- Steering Committee
 - ADOT/PF (Project Development and Financing)
 - Municipality of Anchorage (Traffic & Community Planning)
 - Matanuska-Susitna Borough (Community & Regional Planning)
 - Military-Air Force, Army, Navy (Minimize Mission & Operational Impacts)

- Federal Agencies
 - Alaska Railroad (Rail Crossing of Knik Arm; Effects on Operations)
 - Federal Highway Administration (Lead Agency for Environmental Impact Investigation)
 - Environmental Protection Agency (Air Quality & Wetlands)
 - Bureau of Land Management (Federal Land Disposal)
 - Department of Agriculture (Soil Conservation)
 - Air Force (Mission & Operational Impacts)
 - Corps of Engineers (Wetlands and Dredging)
 - Coast Guard (Shipping and Navigation)
 - Federal Aviation Administration (Air Traffic Navigation)
 - National Park Service (Cultural Resources)
 - Fish & Wildlife (Biological Impacts and Mitigation)

- State Agencies
 - Department of Commerce & Economic Development (Energy and Power Development)
 - Department of Community & Regional Affairs (Socioeconomic Planning)
 - Department of Environmental Conservation (Air & Water Quality Impacts)
 - Department of Fish & Game (Biological Impacts and Mitigation)
 - Department of Natural Resources (Forestry, Land & Water Management, Minerals & Energy Development, Historic Preservation, Parks)
 - Office of Management and Budget (Coastal and Strategic Planning)
 - University of Alaska (Socioeconomic Planning (ISER) and Biophysical & Geophysical Interpretations (Geophysical Institute-Fbx))

WORK COMPLETED

- Scoping (Began Public Participation & Agency Consultation)
- Economic Feasibility Report (Demonstrated Economic Feasibility)
- Corridor Alternatives Analysis (Eliminated Unreasonable Corridors)
- Alignments Definition (Established Bridge & Road Locations to be featured in DEIS)

CROSSING ALTERNATIVES (see attached Figure)

Downtown Project

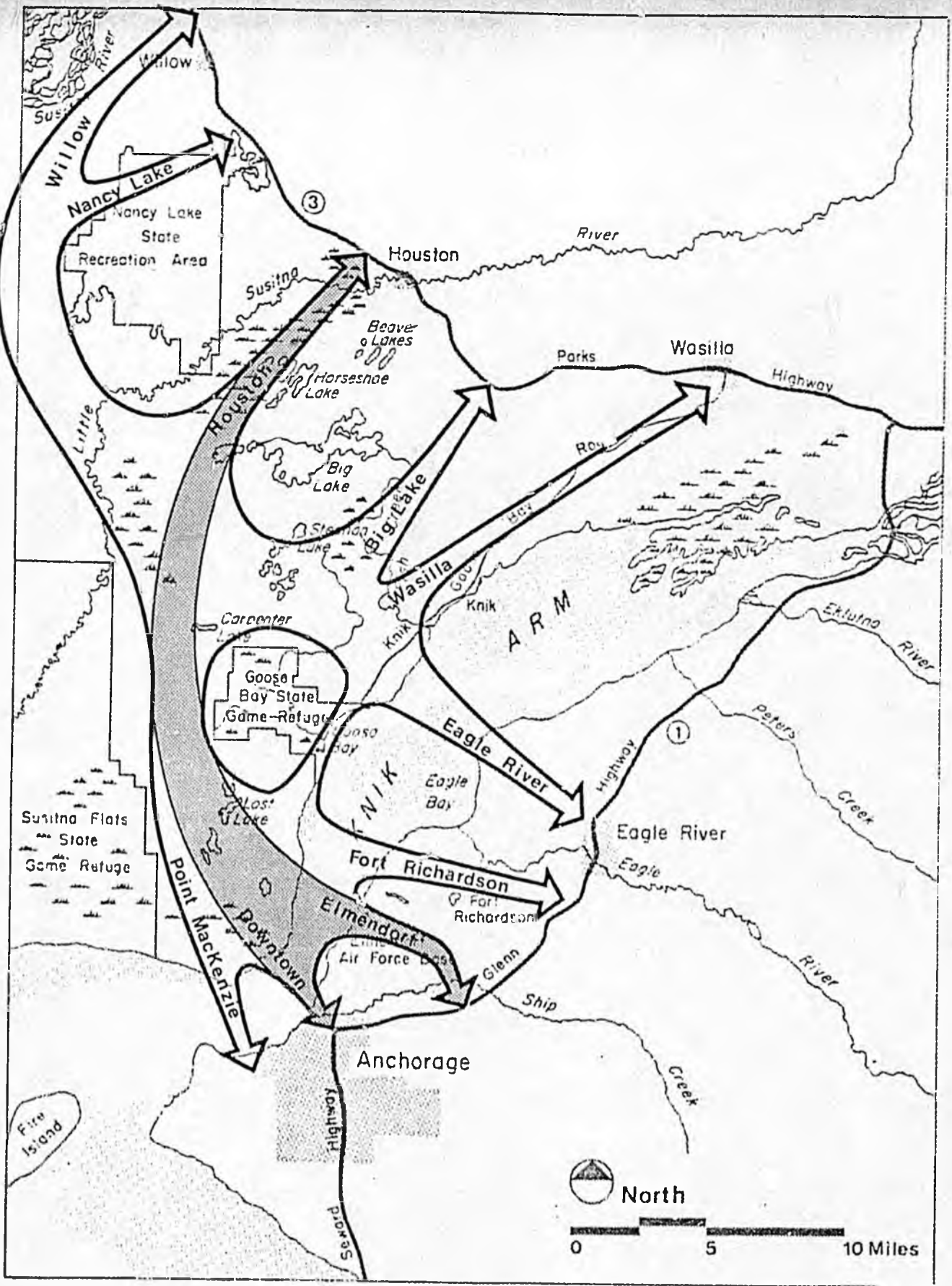
- Downtown Crossing
- Houston Connector
Segment 1
Segment 2
- Seward Connector

Elmendorf Project

- Elmendorf Crossing
- Houston Connector
Segment 1
Segment 2

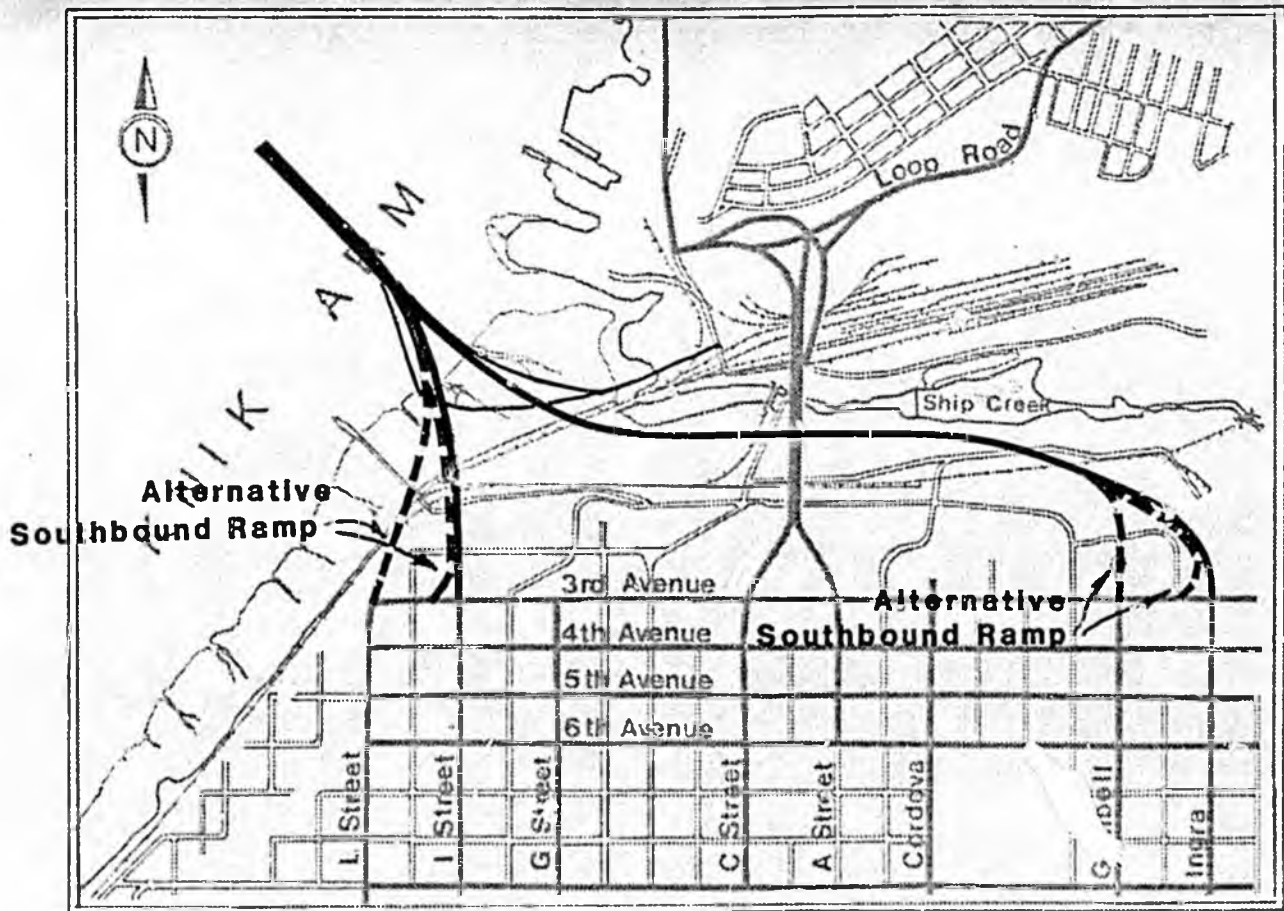
NO-CROSSING ALTERNATIVES

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

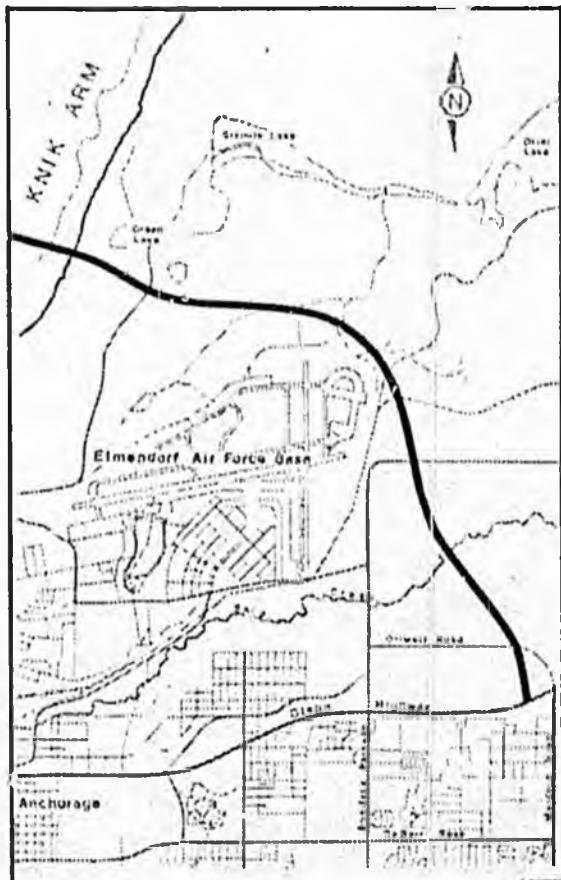


SELECTED CORRIDORS

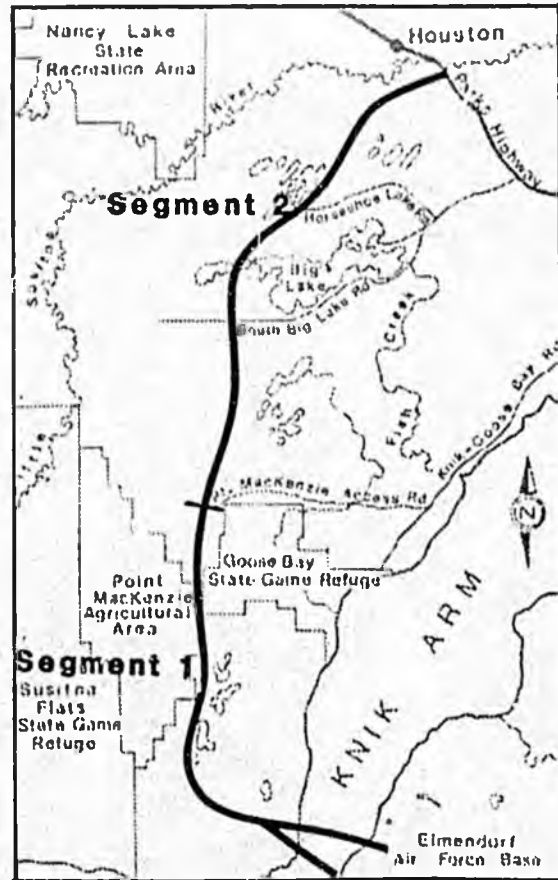
Crossing Alternatives



Downtown Crossing/Seward Connector



Elmendorf Crossing



Houston Connector

WORK UNDERWAY (See Attached List of Key Dates)

- Environmental Impact Statement (For Bridge and approximately 35 miles of approach highways)
 - Conceptual Design
 - Geotechnical Investigations
 - Traffic Analysis
 - Environmental Assessments
- Implementation Plan (For bridge and Highway Connectors to first intersection on each shore.)
 - Finance, Design, Build & Operate Methods
 - Cost Estimates (R/W, Construction, M&O, Mitigation)
 - Construction Schedule
 - Traffic & Revenue Projections
 - Financial Instruments
 - Enabling Legislation
 - Insurance Requirements
 - Procedures for Ownership
 - Method of Bid Analysis & Contract Award
 - Bid Documents

WORK TO BE ACCOMPLISHED (see attached Bar Chart)

- Right-of-Way Acquisition
 - Crossing
 - Houston Connector
- Utilities Coordination
 - Crossing
 - Houston Connector
- Crossing
 - Legislative Action
 - Bidding and Contracting
 - Design (Contractor)
 - Bridge Construction
 - Approaches Construction
- Houston Connector
 - Engineering
 - Design
 - Construction
- Seward Connector
 - After 1991 as crossing usage demands

RAILROAD CROSSING

- o CONCEPTUAL DESIGN-Includes potential to add railroad to highway crossing at both Elmendorf and Downtown alignments.
- o EIS ADDRESSES RAILROAD CROSSING-The EIS will address the configuration of the bridge to receive a railroad structure.
- o TECHNICAL COORDINATION WITH THE ALASKA RAILROAD-Railroad staff is involved in cost estimating, approach alignments, and preliminary right-of-way studies.
- o LEGISLATIVE DIRECTION-The option to include a rail crossing on the highway structure will be presented to the legislature with the implementation plan next session.

RAILROAD-DECISION AGENDA

- o FUNCTION/PLANNING
 - Operations: The Alaska Railroad will be asked to provide operational planning and functions served by a rail crossing.
 - Development: Plans of the Matanuska-Susitna Borough, Alaska Railroad and other agencies in the region will be considered in decision documents for the crossing.
- o ALTERNATIVES
 - Strengthen highway bridge for the railroad crossing. This will cost \$50 to \$100 million; additional costs will be incurred when rail is installed and connected to Alaska Railroad system.
 - Separate bridge farther up the Knik Arm.
 - Timing and location considerations will generate other alternatives if a separate bridge concept is chosen by the legislature next year.
- o EVALUATION CRITERIA
 - ARR project priorities
 - Financing Methods
 - Economics: Regional and Statewide

KEY DATES
1984

- DEIS June
- Public Hearings July
- Geotechnical Exploration
- Drilling August-September
- Implementation Plan October
- FEIS Published November
- FEIS Review & Record of Decision December

1985

- Presentation to Legislature
- Implementation January

SCHEDULE

	1985	1986	1987	1988	1989	1990	1991
<u>ROW ACQUISITION</u>							
Crossing	XXXXXXXXXXXX						
Houston Connector		XXXXXXXXXXXX	XXXXXXXXXXXX				
<u>UTILITIES COORDINATION</u>							
Crossing	XXXXXXXXXXXX						
Houston Connector			XXXXXXXXXXXX	XXXXXXXXXXXX			
<u>CROSSING</u>							
Legislative Action	XXX						
Bidding and Contracting	XXXX						
Design (Contractor)	XXXX	XXXXXXXXXXXX	XX XX XX	XX XX XX XX			
Bridge Construction		XXXXXXXXXX	XXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX
Approaches Construction					XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX
<u>HOUSTON CONNECTOR</u>							
Engineering		XXXXXXXXXX					
Design ¹			XXXXXXXXXX	XX XX XX XX	XX XX XX XX	XX XX XX XX	XX XX XX X
Construction ¹				XXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX
<u>SEWARD CONNECTOR</u> ²							

Notes

¹ Segments 1 and 2 of the Houston Connector may be further phased in the annual Federal Aid Highway Program in competition with other highway projects.

² Seward Connector to be built after 1991 as crossing usage demands.

ESTIMATED COSTS

Millions of 1983 Dollars

Downtown Project

	<u>Design</u>	<u>ROW</u>	<u>Constr.</u>	<u>Constr. Admin.</u>	<u>Totals</u>
Bridge Crossing	9.0	1.0	516.0	24.0	550.0
Houston Connector	1.0	4.5	47.5	2.0	55.0
Seward Connector	2.0	8.0	80.0	10.0	100.0
<u>Totals</u>	12.0	13.5	643.5	36.0	705.0

Elmendorf Project

	<u>Design</u>	<u>ROW</u>	<u>Constr.</u>	<u>Constr. Admin.</u>	<u>Totals</u>
Bridge Crossing	7.0	1.0 ¹	348.0	18.0	374.0
Houston Connector	1.0	4.5	47.5	2.0	55.0
Seward Connector	-	-	-	-	-
<u>Totals</u>	8.0	5.5 ¹	395.5	20.0	429.0 ¹

Notes

1. Does not include facility relocations and mission/operational impacts yet to be identified by the Air Force.
2. Table does not include cost of strengthening bridge to add a railroad crossing (\$50 to \$100 million).

FINANCING ALTERNATIVES

- Connectors
 - Federal Aid Highway Program
- Crossing
 - Pay Cash
 - Borrow
 - Save
 - Get Equity Partner
 - Combination of Above
- Pay Cash
 - Appropriation
 - Lump Sum
 - By Component
 - Raise Cash
 - Land Sales/Exchange
- Borrow
 - General Obligation Bond
 - Full Faith and Credit Pledge
 - Lowest Cost Borrowing
 - Revenue Bonds (CSHB 661)
 - DOT/PF to Collect Tolls
 - Tolls Pledged to Retire Debt
 - Private Lending Sources
 - Available Through Equity Partnerships
- Save
 - Allows Cash Payments
 - Major Projects Fund (Or Other "Savings Account" Approach)
 - Toll Revenues Returned to Fund
 - O&M From Account in Major Projects Fund or General Fund
 - General Fund (G.F.)
 - Annual Appropriation to G.F. Account
 - Build By Components
 - Toll Revenues Flow to G.F.
- Equity Partnership
 - Local Government (Unlikely Equity Partner for Knik Arm Crossing)
 - Private Enterprise (Several Expressions of Interest Received)
 - Service Contract, Lease
 - Full faith and Credit Pledge (Often Requested to Minimize Risk/Borrowing Cost; Requires Statewide Vote)

Constitutional Constraints

- State Debt
- Annual Appropriation
- Direction of Funds
- Contract Negotiation

Source of Funds

- Tax-Exempt Borrowing
- Non-Exempt Borrowing (Expensive)

Federal Legislation

- Industrial Revenue Bond (Per Capita Limits Could be Imposed)
- Accelerated Depreciation in Question

° CSHB 661

Model: Airport Revenue Fund

Desired This Year

- Known Entity of Implementation Plan
- Likely to be Used

The CS is a Reasonable Bill

- Responds to Concerns for Framework Concept
- Timely for the Knik Arm Crossing Project

BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

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

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

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

DEPARTMENT POSITION ON CSHB 661

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

APPLICATION TO KNIK ARM CROSSING

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

APPLICATION TO OTHER PROJECTS

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

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

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

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

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Presented to the House Transportation Committee, April 5, 1984

KNIK ARM CROSSING - FINANCING

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

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

 - Federal Funds
 - Highway Matching Funds
 - Connecting Roads Only

 - Raise Cash
 - Land Sales/Exchanges

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

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

 - Private Lending Sources
 - Available Through Equity Partnerships

4. Save

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

5. Equity Partnership

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

6. CSHB 661

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

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

WILLIAM KENT AND COMPANY

900 WEST FIFTH AVENUE, SUITE 610

ANCHORAGE, ALASKA 99501

(907) 276-0660

March 16, 1984

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

Dear Mr. Allen:

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

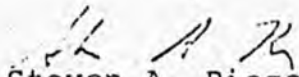
Calista has been dealing with Mitsui Shipbuilding and Engineering regarding the Knik Arm Crossing. Mitsui has done some work on design for the bridge, and has talked to their partners at the Mitsui Bank. Calista offered to meet with us to discuss engineering and financing in more detail, and offered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

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

Calista seemed interested in getting the following messages to us:

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

Sincerely,


Steven A. Rieger
Vice President

SAR/bsb

cc: ADOT/PF

Brown & Root, Inc.

200 Porter Drive, San Ramon, California, 94583

W. D. Arnold
Manager - Business Development
Marine Services

(415) 838-6149



March 19, 1984

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

SUBJECT: Knik Arm Crossing

Dear Mr. Olson:

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

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

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

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

Kind Regards,

Bill

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

WDA/1mw

RECEIVED

MAR 27 1984

DOT & PF
Major Projects MGMT.

SAMWHAH CORPORATION

ARCHITECTS, ENGINEERS & CONTRACTORS

38-20, WOONI-DONG, CHONGRO-KU, C.P.O. BOX 12, SEOUL, KOREA

HEAD OFFICE:
TELEX: SAMWHAN K22912
SAMWHAN K24309
SAMWHAN K22117
CABLE: GREENLIGHT SEOUL
PHONE: 765 9151 0

February 20, 1984

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

Dear Sir,

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

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

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

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

Yours Sincerely,

SAMWHAH CORPORATION
Young Ju Moon
Young Ju Moon
Director

RECEIVED

FEB 27 1984

DOT & PF
Major Projects MGMT.

- OVERSEAS BRANCH
- JEDDAH BRANCH
- London, South Africa P.O. Box 1111
- Telex: SAMWHAN K22912
- Cable: SAMWHAN JEDDAH
- Phone: 61 097 0256, 2217, 3111
- RIZKAT BRANCH
- Ampere, 200, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000



NIPPON KOKAN K.K.

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

PHONE: (03) 212-7111

TELEX: 222-2811 NKK J

CABLE ADDRESS: KOKANNK TOKYO

January 27, 1984

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

Attn : Mr. J. B. Olson

Gentlemen,

Re : Knik Arm Crossing

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

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

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

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

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

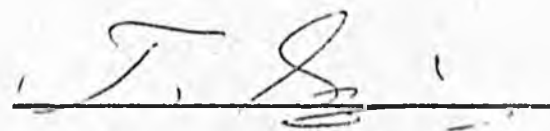
Judging from the foregoing, we are confident that NKK is capable enough in undertaking and proceeding this bridge construction project meeting with your expectation and requirements of price, engineering service, performance and quality.

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

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

6

Very truly yours,



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

MITSUBISHI BANK, LIMITED

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

August 6, 1983

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

Dear Mr. Treadwell,

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

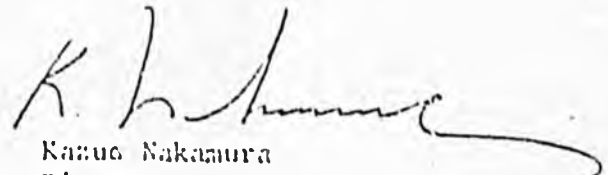
After a brief review, we have found the project interesting and wish to cooperate with you for the promotion of the project.

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

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

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

Very truly yours,


Kazuo Nakamura
Director

KN/ri

P.S.

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



YUKON PACIFIC CORPORATION

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

12/13
Approved J. Allen

November 4, 1983

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

Dear John,

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

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

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

With best wishes,

Sincerely,
Mead Treadwell
Mead Treadwell
Secretary

/Enclosure

RECEIVED
Project Development

NOV 7 '83

Project Dev. Engr.	0	Copy Act
Recon. Engr.		
Consultant		
Hamel	✓	
w/s. Knick		
Locations		
Other		
FILE		

RECEIVED
NOV 07 1983
DOT & PF
Major Projects MGMT.

Jack Oden - carefully consider his views & accept all suggestions.

action 6420



RECEIVED

June 2, 1983

'83

Mr. Richard S. Armstrong, P.E.
Director, Central Region
Design and Construction
State of Alaska
Dept. of Transportation and Public Facilities
4111 Aviation Avenue, Pouch 6900
Anchorage, Alaska 99502

Re: Knik Arm Crossing

Dear Mr. Armstrong:

Thank you for your letter of May 18 and the Economic Feasibility Report on the Knik Arm Crossing. We are strongly interested in financing, design, construction and operation of the toll bridge.

Handwritten notes and signatures in a grid box:
Dore Hagen
Tom Singer
John Allen

Based on our experience in similar projects in Greece and Kuwait, we imagine that a possible scenario may look as follows:

1. Project will be formulated by the State. Bridge design criteria will be set; evaluation criteria for prequalification and final contract award will be laid out; and the terms of the eventual contract between the State and Contractor will be spelled out.
2. State will prequalify bidders (typically consortia of banks, engineering consultants and general contractors) on their financial, engineering and management strengths.
3. The prequalified bidders will submit their final designs, construction schedules and operation plans. State will select a successful bidder according to the preset criteria.

(continued)

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

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

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

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

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

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

(continued)

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

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

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

We wish you a great success in this challenging project.

Sincerely,

A handwritten signature in black ink that reads "Tito." with a horizontal line above the letters.

Y. Tito Sasaki
President

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

April 1984

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

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

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

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

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

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

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

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

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

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

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

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

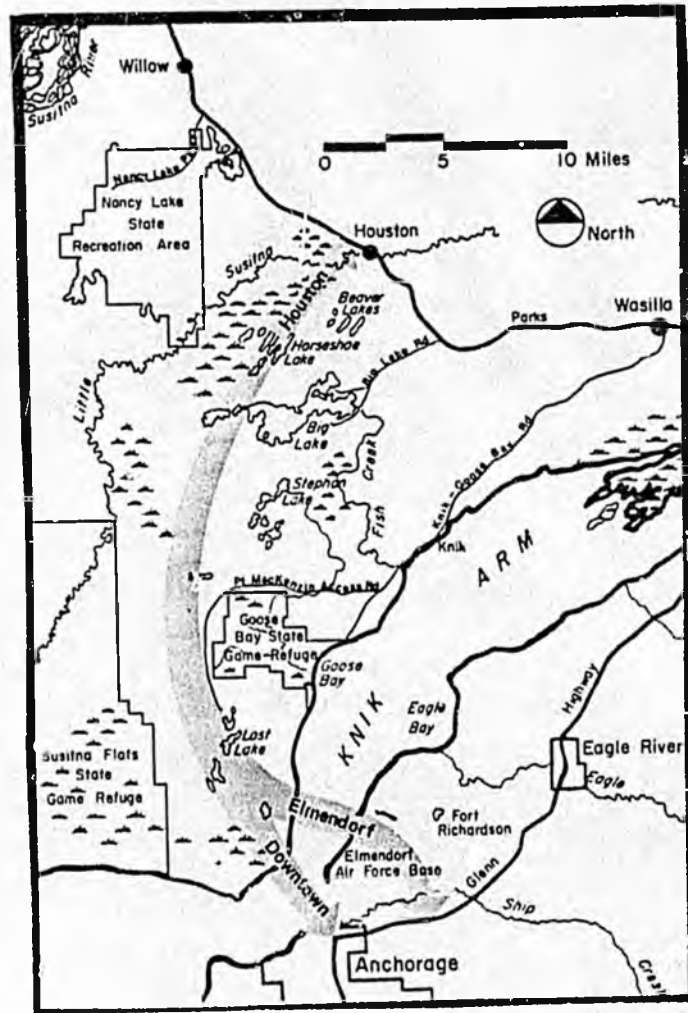
KNIK ARM CROSSING

KEY DATES

1984

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

FIGURE 1 RECOMMENDED CORRIDORS



KNIK ARM CROSSING

Newsletter

CROSSING ALIGNMENTS IDENTIFIED

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

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

THE DOWNTOWN PROJECT INCLUDES THE FOLLOWING:

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

Downtown Crossing

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

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

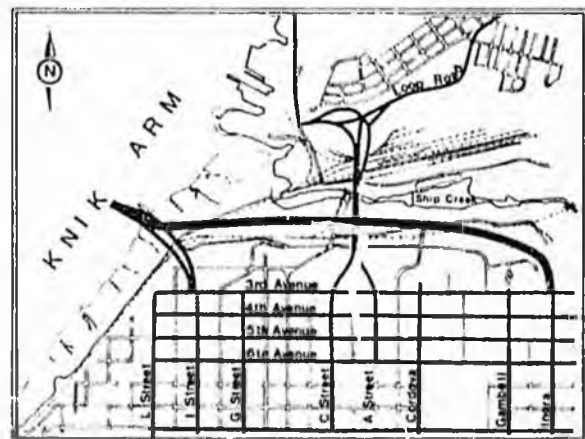
The estimated initial cost for the Crossing is \$549.7 million and annual maintenance cost is estimated to be \$1.1 million. Construction of the Crossing would take six years, including design time; the at-grade roadway can be built independently of the bridge and would take less time.

Seward Connector

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

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

(continued)



Downtown Crossing
& Seward Connector

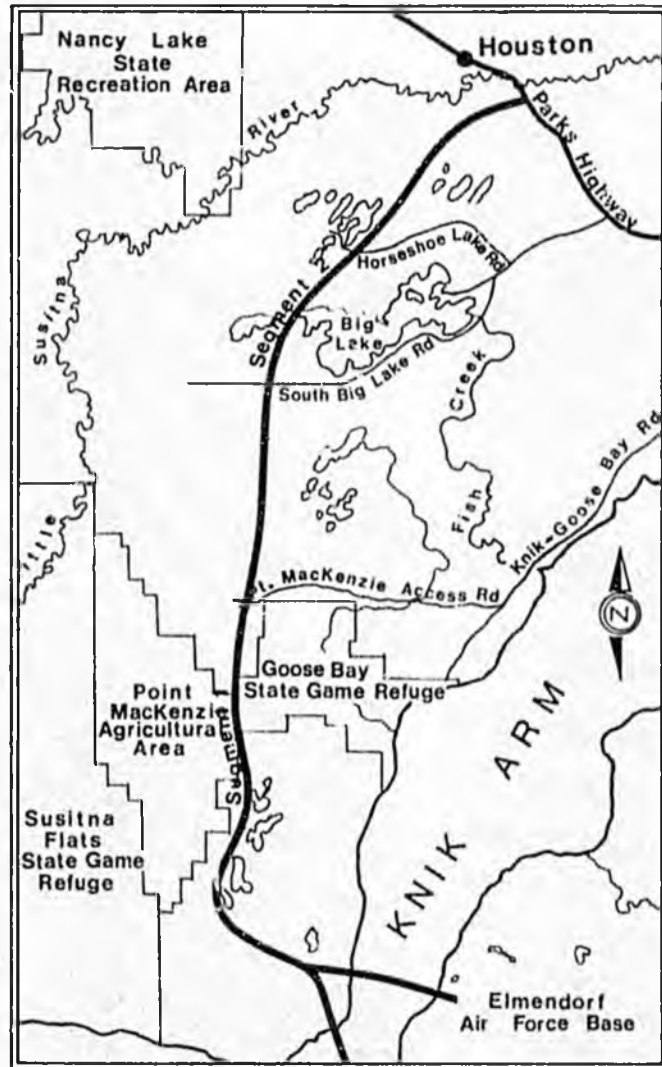
Houston Connector

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

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

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

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



Houston Connector

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

THE ELMENDORF PROJECT INCLUDES THE FOLLOWING:

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

Elmendorf Crossing

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

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

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

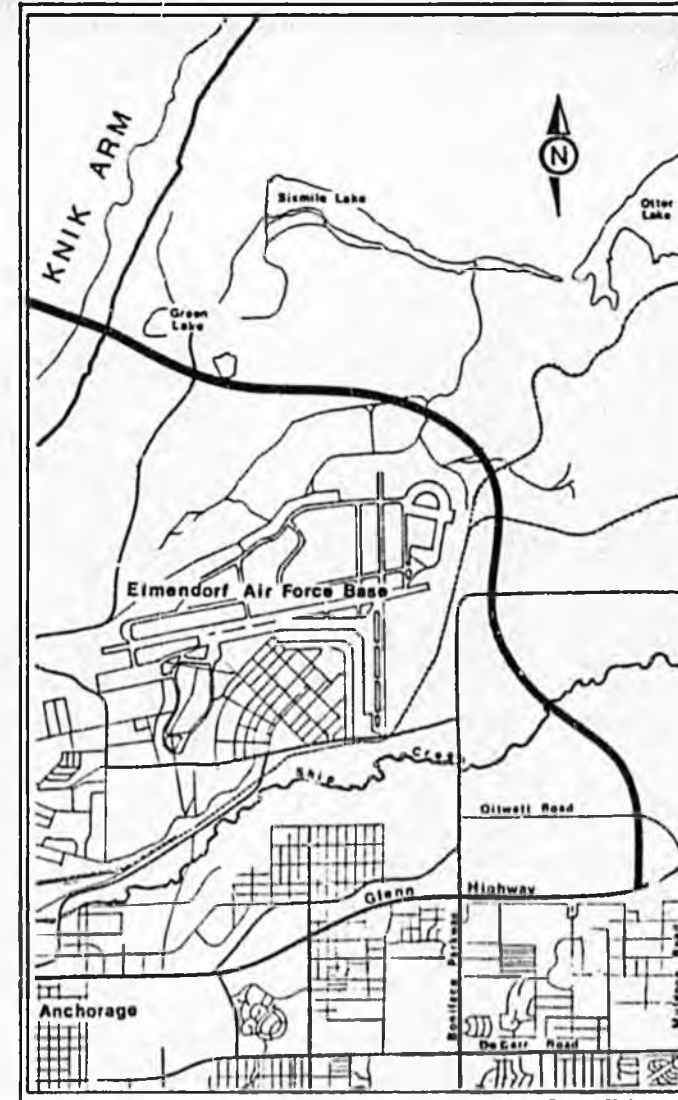
A four-lane double-level bridge, 2.5 miles long, would cross Knik Arm. Navigation clearance for large boats would not be provided. However, there would be clearance for small craft. Provisions could be made to allow for the installation of utility lines.

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

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

Glenn Connector

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



Elmendorf Crossing & Glenn Connector

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

RAILROAD ON THE CROSSING

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

BUS SERVICE IMPROVEMENTS

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

OTHER ALIGNMENTS EXAMINED BUT DETERMINED TO BE UNREASONABLE

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

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

Downtown Crossing and Seward Connector

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

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

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

NO-CROSSING ALTERNATIVES

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

No-Action

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

Hovercraft (Air-Cushion Vehicle)

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

(continued)

BULK RATE
US POSTAGE PAID
PERMIT NO. 723
ANCHORAGE, AK

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

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

Glenn/Parks Improvement

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

PROJECT STATUS

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

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

MEMORANDUM

Date: April 24, 1984

Subject: CSHB 294

To: All Committee Members

From: Senator Pappy Moss, Chairman

Attached please find a suggested committee substitute for CSHB 294 "An Act establishing an Alaska Toll Bridge and Causeway Authority; and providing for an effective date." The suggested committee substitute is the body of CSHB 661 "An Act authorizing the construction of the Knik Arm Crossing and relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority." You will also find attached a DOT&PF position paper on CSHB 661 which is also applicable to Senate CS for CS for House Bill No. 294 (Transportation).

Mr. John Olson will be present at this afternoon's meeting to discuss the Knik Arm crossing project.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH 2
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

March 29, 1984

Re: DOT&PF Position and
Perspectives on CSHB 661

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

Dear Representative Hayes:

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

BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

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

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

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

DEPARTMENT POSITION ON CSHB 661

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

APPLICATION TO KNIK ARM CROSSING

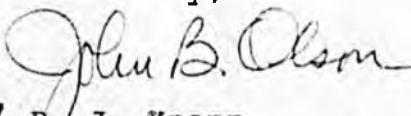
The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation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

APPLICATION TO OTHER PROJECTS

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

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

Sincerely,


FOR R. J. Knapp
Commissioner

ajh

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



KNIK ARM CROSSING

Presentation
to the
Governor
and the
Legislature

March 1984

LEGISLATIVE ASSIGNMENT

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

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

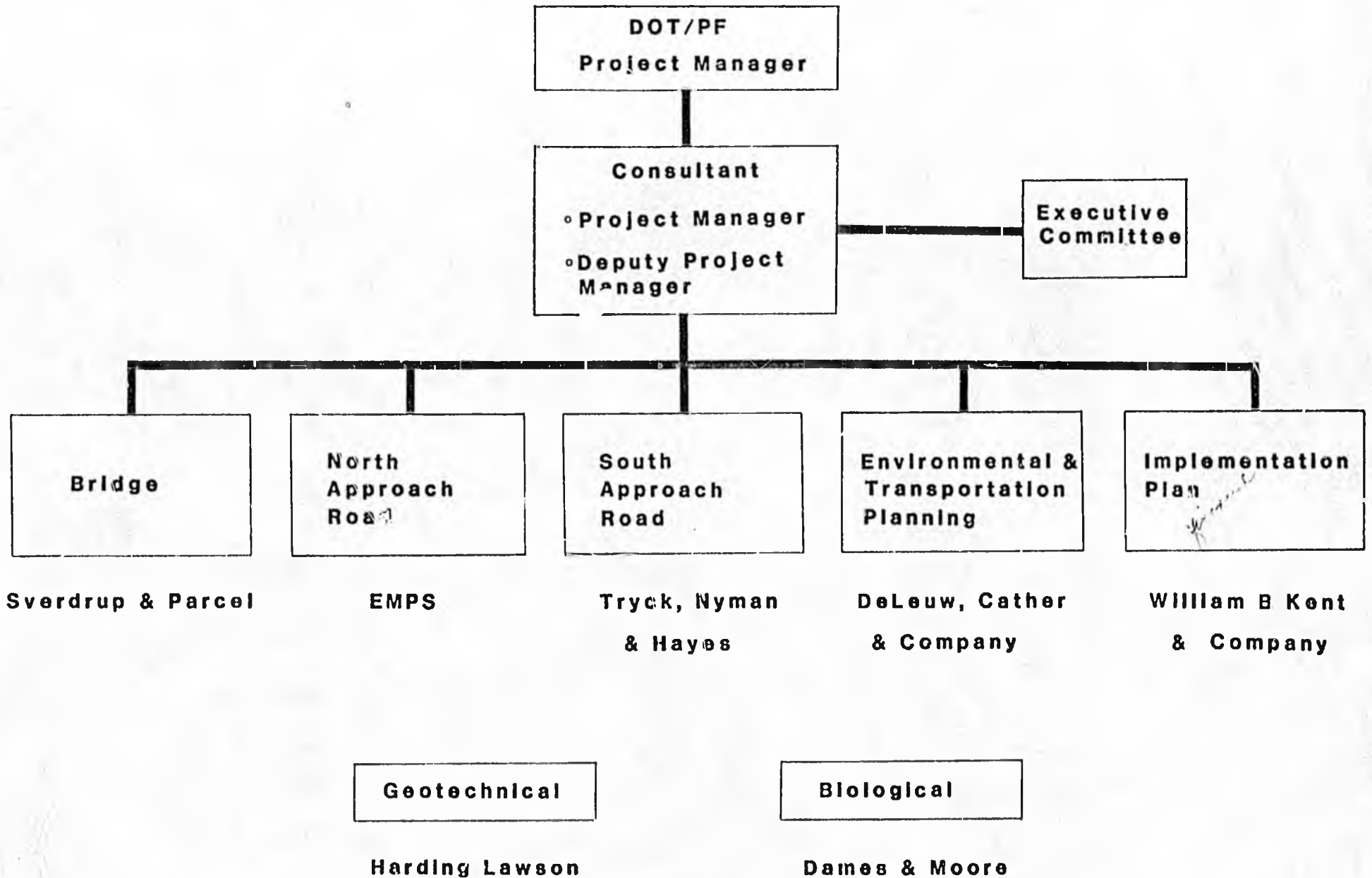
BUDGET

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

PROJECT RESOURCES (DOT/PF)

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

Consultant Resources



AGENCIES

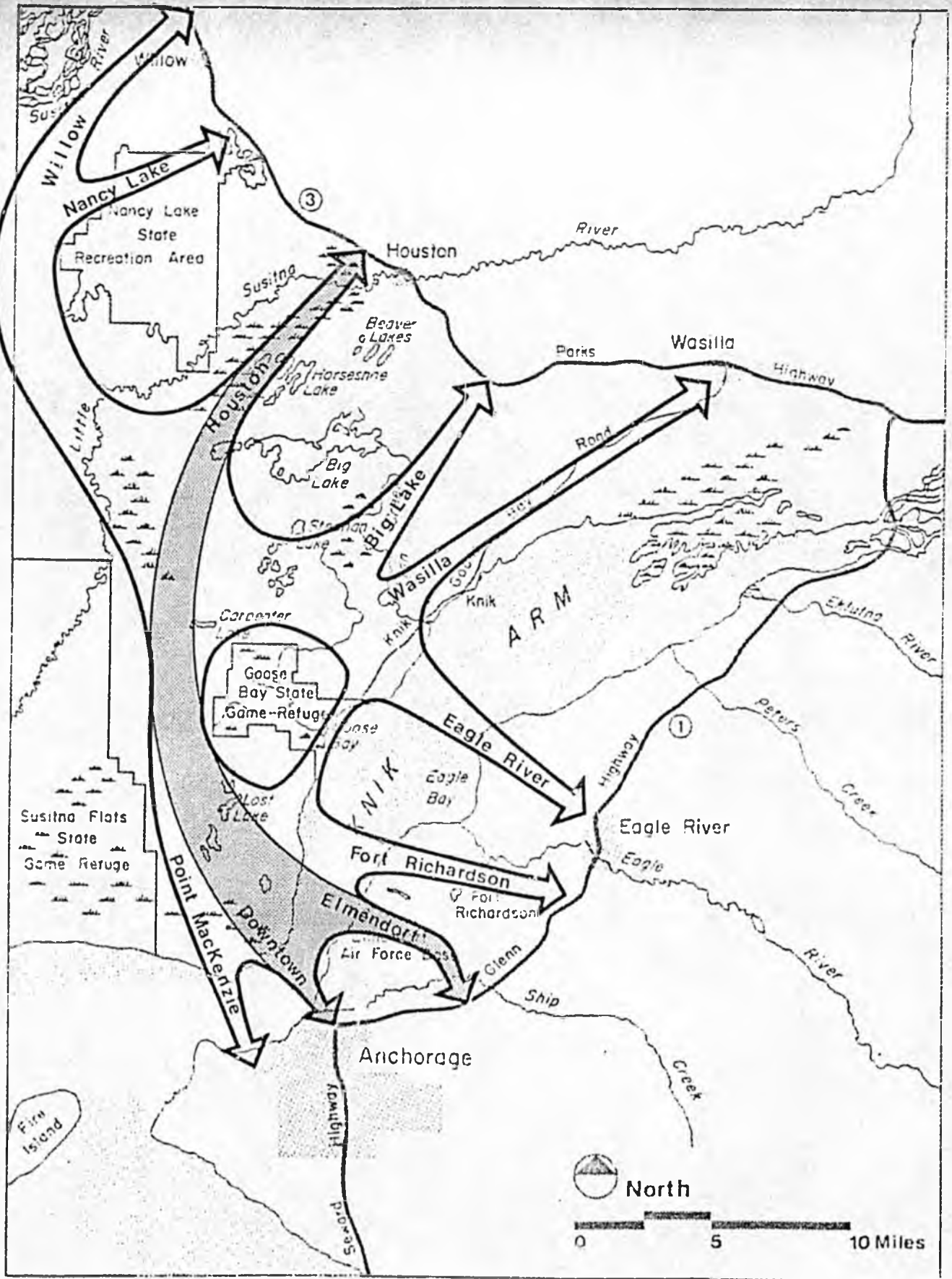
- Steering Committee
 - ADOT/PF
 - Municipality of Anchorage
 - Matanuska-Susitna Borough
 - Military (Air Force, Army, Navy)
 - Alaska Railroad
- Federal Agencies
 - ARR FHWA EPA
 - BLM DOA USAF
 - COE DOC USCG
 - FAA DOI USF&W
- State Agencies
 - Dept. of Comm. & Reg. Affairs
 - Dept. of Envir. Conservation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

WORK COMPLETED

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

WORK UNDERWAY

- Conceptual Design
- Environmental Impact Statement *Late May*
- Geotechnical Investigations *Site's resources*
- Implementation Plan *Need resources for one plan*
- Right-of-Way Evaluation
- Bid Documents - Crossing *On bid preparation*



CROSSING ALTERNATIVES

Downtown Project

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

Elmendorf Project

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

NO-CROSSING ALTERNATIVES *EIS requires no-c alt.*

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

ALASKA RAILROAD

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

ESTIMATED COSTS
Millions of 1983 Dollars

DOES NOT
INC. MILITARY
RESEARCH
COSTS.

	Downtown Project				Period	Elmendorf Project			
	Design	ROW	Constr.	Total		Design	ROW	Constr.	Total
Anchorage Connector	12.0	2.0	80.0	94.0	2000- 2001	2.1	1.0	14.3	17.3
<i>Bridge</i> Highway Crossing	18.4	1.0	530.3	549.7	1986- 1990	15.0	0.3	358.5	373.8
Mat-Su Connector <i>2/10 Viaduct</i>									
* Segment 1	1.3	0.0	24.5	25.8	1989-	1.3	0.0	24.5	25.8
* Segment 2	1.6	2.3	23.0	27.0	1990	1.6	2.3	23.0	27.0
Total	33.3	5.3	657.8	696.5	1986- 2001	20.0	3.6	420.3	443.9

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

FINANCING ALTERNATIVES

- Connectors
 - 90% Federal
 - 10% State

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 661
 Title: DOT&PF Toll Facilities
Financing Bill
 Sponsor: Office of the Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: _____
 Program Category Affected: _____
Transportation
 BRU, Program or Subprogram(s) Affected: _____
Major Projects Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0 (1)*				
CAPITAL		0 (2)*				
REVENUE		0 (3)*				

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		0 (4)*				
OTHER						
TOTAL						

POSITIONS:

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

*See attached notes

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

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

ANALYSIS: Attach a separate page for analysis

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

Distribution (by Agency preparing fiscal note):

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

12/1/83

March 29, 1984

FISCAL NOTE BACKUP

TOLL FACILITIES FINANCING

(CS HB 661)

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



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 4, 1984

MEMORANDUM

TO: Representative Bette Cato
Attention: Rhonda Cargill

FROM: David Teal *Teal*
Legislative Analyst

RE: HB 661-Knik Arm Crossing
Research Request 84-080

You requested a brief analysis of HB 661, which authorizes the construction of the Knik Arm crossing. We offer the following comments on the draft committee substitute dated March 15, 1984.

Explanation of HB 661

The bill is a framework for the sale of revenue bonds for the purpose of constructing, acquiring, equipping and maintaining toll facilities such as bridges and highways. The emphasis (in the bill title) on the Knik Arm crossing is therefore somewhat misleading; the bill authorizes the sale of bonds for any toll facility "found to be necessary by the commissioner of transportation and public facilities." Note, however, that Sec. 37.15.730 specifies that the Knik Arm crossing will be the first toll facility to be constructed under the proposed law.¹

As you may know, the State issues three types of bonds. Each of the three types is briefly described below.

General Obligation Bonds (G.O. Bonds) are backed by the full faith, credit and resources of the State. This means that annual debt

¹The present language specifies that the Knik Arm crossing is to be the first toll facility constructed with the proceeds of the revenue bonds authorized by HB 661. The language does not preclude use of the construction fund for other means of acquiring toll facilities or for converting existing state roads, highways, bridges, causeways or crossings to toll facilities. Once a facility is designated as a toll facility, the tolls can be used to pay the cost of operating, maintaining, renewing, replacing and repairing the facility.

service requirements (that is, payment of both principal and interest) have the first claim on all revenues of the State. General Obligation Bonds must be authorized by legislation for capital improvements and be ratified by the voters of the state.

International Airport Revenue Bonds are special obligations of the State. They are payable from and secured by a first lien on gross operating revenues derived from operations of the Anchorage and Fairbanks International Airports. The resolution authorizing sale of the airport bonds requires that rentals, fees and other airport charges be set at a level sufficient to provide annual net revenues at least 30 percent higher than annual debt service requirements. In practice, the net revenue of the airports has been more than five times the amount required for debt service.

Agency Bonds are issued by a number of agencies that have a legal existence independent of the State. The Alaska Housing Finance Corporation is responsible for about 90 percent of bonded debt held by State agencies. Like revenue bonds, agency debt is self-liquidating. That is, principal and interest are payable from earnings derived from user charges.

HB 661 is nearly identical to current statutes related to revenue bonds for international airports (AS 37.15.410-.550). The maximum amount of airport bonds which can be sold is \$62.8 million and the amount of airport revenue bonds outstanding on June 30, 1983 was \$17.4 million. Similarly, the authorization to issue \$500 million in revenue bonds for toll facilities does not mean that the entire amount will be sold and certainly does not imply that the entire amount would be used to construct the Knik Arm crossing.

Analysis of the Knik Arm Crossing

The following analysis of the Knik Arm crossing is based on information contained in a feasibility study of the project.² The analysis is highly simplified and is intended to emphasize issues and options rather than to project actual circumstances. The attached tables were prepared by the agency to aid the analysis. Table A shows projected revenues and debt service in a "no inflation" scenario. Table B assumes that tolls increase by five percent per year to offset inflation. The columns in the tables are discussed below.

²Knik Arm Crossing: Economic Feasibility, prepared for the Alaska Department of Transportation and Public Facilities by EMPS-Sverdrup, April 15, 1983.

- Crossings are based on the projections in the feasibility study. Note that the expected traffic in the first year of operation is equivalent to one vehicle every four seconds throughout the year. Projected traffic nearly doubles by 2031. Although these figures appear somewhat optimistic, I have no suggested alternative projections. Optimistic traffic counts will overstate revenue from tolls.
- Revenue is computed by multiplying annual traffic by the amount of the toll. Table A is a "no inflation" scenario and assumes that tolls remain at \$2 per crossing throughout the life of the project. Table B shows higher revenues because tolls are assumed to increase by five percent per year, which is the rate of inflation used in the feasibility study.
- Debt Service is based on the following assumptions:
 - 1) Bonds are sold to finance only the crossing itself; the approaches and other requirements of the project are assumed to receive funding from other sources.
 - 2) The crossing is expected to cost \$334.6 million, which is about 65 percent of the total cost of the project. All costs are in 1983 dollars.
 - 3) The bonds have a maturity of 20 years and carry an interest rate of 10.5 percent. Debt service is based on standard amortization schedules. If the bonds were sold at a lower interest rate, annual and total debt service costs would be lower. If the maturity were extended, annual debt service would be lower but total interest costs would be higher.
 - 4) The total amount of bonds sold to finance the crossing is 15 percent above the anticipated cost of the crossing. The 15 percent cushion is typical of revenue bond sales. The excess is used to cover the costs of the bond issue and to set up reserve accounts.
 - 5) The bonds are sold as required to meet the construction cost schedule on page III-5 of the feasibility study. Although this schedule of sales is unlikely to occur--interim financing is often used while a project is under construction and bonds are often sold as a large issue after a project is completed--it is used because it provides an approximation of interim financing requirements.

- Debt Service - Revenue is self-explanatory. The figures would change if either debt service or revenues were altered.
- Cumulative Cash Shortage is the cumulative amount by which debt service exceeds anticipated revenue from tolls. The amount does not include the costs of operating or maintaining the project.

The analysis shows that expected revenues from tolls exceeds cumulative debt service by the year 2030. However, there is a cash shortage throughout the life of the 20-year bond issue. Three options to cover the cash shortages are discussed below.

- The debt service can be capitalized, which means that more bonds are sold than are required to construct the crossing. The proceeds of the "excess bond" sale are then used to pay the difference between toll revenues and debt service on the bond package. If the revenue bonds are a tax free issue, the interest cost of the bonds is likely to be less than the interest that can be earned by investing the bond proceeds. Investing money at a higher interest rate than the cost of funds is called "arbitrage" and is generally discouraged by the Internal Revenue Service. In addition, bond purchasers might be wary of an issue which required capitalization of large portions of total debt service costs. Capitalization of interest could increase the interest rate on the bond issue, thereby raising the total cost of the project.
- The legislature could annually appropriate funds to pay debt service costs that exceeded annual revenue from the crossing. This situation would not be attractive to potential bond purchasers, especially because one legislature cannot bind future legislatures to a course of action.
- The bond issue could be reduced so that only a portion of the cost of the crossing is borrowed in the bond market. This would mean that all costs in excess of the bond proceeds would have to come from another source. The proposed Major Projects Fund is one potential source of funds for the crossing. Under current law, the capital budget is the most likely source of the funds necessary to reduce the level of bonding required to construct the crossing.

A reduced bond issue is the most likely scenario. John Olson, director of major projects for the Department of Transportation, expects that borrowing would be limited to about \$200 million for a downtown crossing and to no more than \$125 million if the access is through the Elmendorf Air Force Base. Debt service on a \$200 million bond issue would be about \$24 million per year under the assumptions listed earlier in this

Representative Cato

April 4, 1984

Page 5

memorandum. Debt service on \$125 million would be about \$15 million per year. The Department of Transportation expects toll revenues from the Elmendorf crossing to be sufficient to pay the debt service costs of a \$125 million bond issue.

* * *

If you have questions on the material in this memorandum or would like us to provide additional information, please call the agency.

DT

Attachments

TABLE A
ANALYSIS OF THE KNIK ARM CROSSING
(DOLLARS ARE IN MILLIONS)

YEAR	CROSSINGS	REVENUE*	DEBT SERVICE	DEBT SERVICE CUMULATIVE	
				- REVENUE	CASH SHORTAGE
1985	0	\$ 0.00	\$ 0.43	\$ 0.43	\$ 0.43
1986	0	0.00	13.51	13.51	13.94
1987	0	0.00	27.54	27.54	41.48
1988	0	0.00	38.17	38.17	79.65
1989	0	0.00	46.75	46.75	126.40
1990	23,500	17.16	46.75	29.60	156.00
1991	23,895	17.44	46.75	29.31	185.30
1992	24,297	17.74	46.75	29.01	214.31
1993	24,706	18.04	46.75	28.71	243.03
1994	25,122	18.34	46.75	28.41	271.44
1995	25,544	18.65	46.75	28.10	299.54
1996	25,974	18.96	46.75	27.79	327.33
1997	26,411	19.28	46.75	27.47	354.80
1998	26,855	19.60	46.75	27.15	381.95
1999	27,307	19.93	46.75	26.82	408.76
2000	27,766	20.27	46.75	26.48	435.24
2001	28,233	20.61	46.75	26.14	461.38
2002	28,708	20.96	46.75	25.79	487.18
2003	29,191	21.31	46.75	25.44	512.62
2004	29,682	21.67	46.75	25.08	537.70
2005	30,182	22.03	46.32	24.29	561.99
2006	30,689	22.40	33.24	10.84	572.82
2007	31,206	22.78	19.21	-3.57	569.25
2008	31,730	23.16	8.58	-14.58	554.67
2009	32,264	23.55	0.00	-23.55	531.12
2010	32,807	23.95	0.00	-23.95	507.17
2011	33,359	24.35	0.00	-24.35	482.82
2012	33,920	24.76	0.00	-24.76	458.05
2013	34,491	25.18	0.00	-25.18	432.88
2014	35,071	25.60	0.00	-25.60	407.28
2015	35,661	26.03	0.00	-26.03	381.24
2016	36,261	26.47	0.00	-26.47	354.77
2017	36,871	26.92	0.00	-26.92	327.86
2018	37,491	27.37	0.00	-27.37	300.49
2019	38,122	27.83	0.00	-27.83	272.66
2020	38,763	28.30	0.00	-28.30	244.36
2021	39,415	28.77	0.00	-28.77	215.59
2022	40,078	29.26	0.00	-29.26	186.33
2023	40,752	29.75	0.00	-29.75	156.58
2024	41,438	30.25	0.00	-30.25	126.33
2025	42,135	30.76	0.00	-30.76	95.58
2026	42,844	31.29	0.00	-31.29	64.30
2027	43,564	31.80	0.00	-31.80	32.50
2028	44,297	32.34	0.00	-32.34	0.16
2029	45,042	32.88	0.00	-32.88	-32.72
2030	45,800	33.43	0.00	-33.43	-66.15

* assumes 0.0% per year inflation

TABLE B
ANALYSIS OF THE KNIK ARM CROSSING
(DOLLARS ARE IN MILLIONS)

YEAR	CROSSINGS	REVENUE*	DEBT SERVICE	DEBT SERVICE CUMULATIVE	
				- REVENUE	CASH SHORTAGE
1985	0	\$ 0.00	\$ 0.43	\$ 0.43	\$ 0.43
1986	0	0.00	13.51	13.51	13.94
1987	0	0.00	27.54	27.54	41.48
1988	0	0.00	38.17	38.17	79.65
1989	0	0.00	46.75	46.75	126.40
1990	23,500	17.16	46.75	29.60	156.00
1991	23,895	18.32	46.75	28.43	184.43
1992	24,297	19.56	46.75	27.19	211.62
1993	24,706	20.88	46.75	25.87	237.50
1994	25,122	22.29	46.75	24.46	261.96
1995	25,544	23.80	46.75	22.95	284.91
1996	25,974	25.41	46.75	21.34	306.25
1997	26,411	27.13	46.75	19.62	325.87
1998	26,855	28.96	46.75	17.79	343.65
1999	27,307	30.92	46.75	15.83	359.48
2000	27,766	33.02	46.75	13.73	373.21
2001	28,233	35.25	46.75	11.50	384.71
2002	28,708	37.64	46.75	9.11	393.83
2003	29,191	40.18	46.75	6.57	400.39
2004	29,682	42.90	46.75	3.85	404.24
2005	30,182	45.80	46.32	0.52	404.76
2006	30,689	48.90	33.24	-15.66	389.10
2007	31,206	52.21	19.21	-33.00	356.09
2008	31,730	55.75	8.58	-47.17	308.93
2009	32,264	59.52	0.00	-59.52	249.41
2010	32,807	63.54	0.00	-63.54	185.87
2011	33,359	67.84	0.00	-67.84	118.02
2012	33,920	72.43	0.00	-72.43	45.59
2013	34,491	77.34	0.00	-77.34	-31.75
2014	35,071	82.57	0.00	-82.57	-114.31
2015	35,661	88.15	0.00	-88.15	-202.47
2016	36,261	94.12	0.00	-94.12	-296.59
2017	36,871	100.49	0.00	-100.49	-397.08
2018	37,491	107.29	0.00	-107.29	-504.36
2019	38,122	114.55	0.00	-114.55	-618.91
2020	38,763	122.30	0.00	-122.30	-741.21
2021	39,415	130.57	0.00	-130.57	-871.78
2022	40,078	139.41	0.00	-139.41	-1,011.19
2023	40,752	148.84	0.00	-148.84	-1,160.03
2024	41,438	158.91	0.00	-158.91	-1,318.94
2025	42,135	169.66	0.00	-169.66	-1,488.60
2026	42,844	181.14	0.00	-181.14	-1,669.74
2027	43,564	193.40	0.00	-193.40	-1,863.14
2028	44,297	206.49	0.00	-206.49	-2,069.63
2029	45,042	220.46	0.00	-220.46	-2,290.08
2030	45,800	235.37	0.00	-235.37	-2,525.46

* assumes 5.0% per year inflation

For Representative Hayes

Regarding CSHB 661...authorizing construction of Knik Arm Crossing and relating to acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority.

The language in the bill specifies that the Knik Arm Crossing is to be the first toll facility constructed with the proceeds of revenue bonds authorized. How does it preclude use of construction fund for other means of acquiring toll facilities or converting existing state roads, highways, bridges, causeways or crossings to toll facilities?

Does the language in this bill restrict the use of money for special projects or is the money discretionary?

If not restricted, what language could be used to do so?

We have been told that CSHB 661 is based on the international airport revenue bonds but the difference we wonder about is:

The maximum amount of airport bonds that can be sold is \$62.8 million; the resolution authorizing the sale of airport bonds requires rentals, fees and other airport charges be set at a level sufficient to provide annual net revenues at least 30 percent higher than annual debt service requirements.

CSHB 661 authorizes sell of \$500 million in revenue bonds and does not imply that the entire amount will be sold or would be used to construct the Knik Arm crossing.

Thus, the question being that what happens if there is a cash shortage throughout the life of the 20 year bond issue, which option will be taken to cover these cash shortages?

~~ROUGH~~
~~ROUGH~~
~~DRAFT~~

- Anchorage Caucus - Knik Arm Crossing Presentation by John Olsen, LOT

Started off with a historical chronology and small amount of philosophy.

1972 study made of Knik Arm Crossing and proposed a bridge crossing that would cost about \$120 million. It pays to remember that when start to talk about the other numbers that are bigger today, but in 1972, \$120 million was a very, very large figure as the numbers are still today.

1984 is much of a narrower focused picture showing Anchorage with its current state of development. If you look and compare here, you will see that the Chugach Mountains on the East, the military reservation, reserved blocks of lands at the airport and other locations of the town, and what we know to be the zoning practices within various areas of the city, shows the city to be very nearly full.

- A planning municipality study, shows that within 3 years, 3000 acres of available land is diminished to about 300 or 400. So the northeast quadrant of the city is growing very rapidly, as we know other areas of the city to be growing.

From there we can see that there is alot to be said for the quality of life in Anchorage, as we grow, from the 1972 population to the now doubled from \$120-130 to \$250. In another 10 years, about the time the Knik Arm Crossing is going to be in use, we can see another 50% growth, about 380,000 people. That's a rather large land use imposed on the land everyone is already near full. So quality of life in Anchorage will be enhanced ...Knik Arm Crossing.

The Mat-Su Borough would also anticipate a ...they have their own interest and we're working with them to incorporate them in our studies.

Referred to map and pointed out that from Sheep's Creek Channel down to Tudor and out to Lake Otis, you can see the enormous amount of land that's available on the Mat-Su side of the Knik Arm. Too recognize the central business district proximity to this new land and consider the type of development that would be occurring just on the other side - I believe it will be high value commercial development corresponding to the general population growth that's occurring in this town.

Last item of philosophy is you'll see in some of the right-of-way costs, engineering development cost that I'm showing you. Right-of-way costs now are very small. If we wait another 10 years alot of development will be developing, to put a bridge across at that time will still be expensive. (Remember in 1972 \$120; 1984 something over \$500 million, large numbers) The ROW costs and other ...costs of putting a project in would be quite high. Also if we wait there will, it takes along time to build a bridge like this, there will be continuous development, higher density in ANchorage, and I think that it would probably be harmful for the Anchorage area to wait for that high density and then sell, this area. It happened in an area I'm familiar with in L.A. the L.A. - Orange County shift was not good generally to L.A. It would have happened a little bit more orderly as I think the finding would indicate

here, both areas have probably been alot better off. So that essentially sets the stage for what I want to work my flip charts.

The Legislative assignment that DOT received was to develop a highway crossing of Knik Arm with Connections to the Parks and Glenn Highways. Realize that this assignment includes both a bridge and highway; we're looking at quite a large number of miles of connecting roads to make access to the bridge, to make a functional utility. So we're looking at both a highway and bridge project.

We are well within the State of the Arts from an engineering stand point for building a bridge, but it is a of the art we do have to develop a design criteria for which to base our design on. We're going to be using some federal monies for the approach roads and for other reasons, producing an environmental assessment and impact statement; right-of-way studies and alot of ROW to identify and move on so that it's obtained timely way for the bridge, we want to accelerate and move this schedule as fast as we can. We have done location, selection and preliminary design and cost estimates. This in summary is our scope of work.

We address the scope of work in two ways with our department own resources and with consultant resources. The department is handling the contract administration and planning; planning being the ... to integrate the bridge within the Mat-Su planning area and the Anchorage planning area for the road connections primarily and for other reasons. Surveys, ROW's, the other things that the, where the rubber meets the road on developing a major capital project like this. I'm the Director of the Major Projects Management Division, this provides a single point, accountability, responsibility, authority for the project, that is my job. I have a full time project manager who works with me to lead the in-house and consultant resources.

Consultants, there are a number of them, each with their own speciality and purpose. Working under our project manager and myself, is a Prime Project Manager from Sverdrup and Parcel who has responsibility for design development on the bridge; EMPS, Tryck, Nyman and Hayes have the approach road responsibility; DeLew, Cather, & Co. have responsibility for environmental and transportation planning; Bill Kent & Co., I'll be getting to this in a little awhile, is the financial planner, will be working up an implementation plan, that's very important for the Legislature in the first quarter of next year. We plan to bring that plan to you. Harding Lawson doing a lot of geotechnical work that will be completed this summer; and Biological work for the environmental studies and other reasons is Dames & Moore. A conventional day to day man power loading on the project will be about 25-30 people.

QUESTION: Were these contracts out for bidding?

ANSWER: Yes, they were

QUESTION: You referred earlier to legislative assignment, could you give us the reference in statutes I'd like to look up and read that assignment.

ANSWER: I don't have them, let me respond to you, I'll get back to you this afternoon with that.

We have a real good ^{pluralistic} (pluristic) decision development here. Many agencies influence the way this bridge is developed and its timing.

Some federal agencies, the state agencies, have if not the authority to kill the project, or not to give permits, some of them have that authority, many of them have a prerogative if they will to delay the project. It's our responsibility to try and keep with these agencies, and keep them moving on our schedule. We understand they have other work to do, but we try to like trying for them to accomplish their role, but we have a Steering Committee that has the most involved agencies, Municipality of Anchorage, Mat-Su Borough, Air Force, Army, Navy, Alaska Railroad participate on that Steering Committee. But I've only just written down a few of the acronyms for the various federal agencies that we are working with and the State agencies that appear also. Just by the number of people to keep communications open with when we need something from them, they know it and have time to respond.

We have completed several items of work, a coping required by the environmental process, also part of the public participation involvement process; an economic feasibility report that shows the project to be quite economic. Economically valuable project. Corridor Alternative Analysis, is a report that I believe all of you have sent a copy of a final corridor alternatives analysis and the alignments definition which narrowed the corridors down from, I'm sure you've seen this octopus drawing; we're looking at essentially one road corridor two bridge corridors and we have those alignments refined. I might point out to you on the strip map, is a part of the alignment that they did in Anchorage, it heads out towards your left over Knik Arm in the downtown crossing alignment....beginning at Sheep Creek ... and ending out at the other side. The second alignment which is the Elmendorf Crossing which would run through Elmendorf Air Force Base. (Referred to a different strip map)

The work we have underway is conception of the design with a bridge, an environment impact assessment statement will be out in late May, and that I guess is important for you people to know that we will be back to give you a presentation on that. Geotechnical Investigations this summer; we don't want to do geotechnical investigations too far in advance of the alignment selection because we want to drill these very expensive holes where we expect the bridge to be located, so those will be done this summer, it's an expensive activity. Implementation planning is what we want to bring back you next session for how to finance and carry forward this project. Right-of-Way Evaluation is in process and we have some preliminary reading on that. Bid Documents for the Crossing will be prepared and we'll be ready to go to the street by the time I'm back here next year.

The budget from our original appropriation is \$5.5 million. Our contracts with our consultant team is a total of about \$4.5 million and our balance in January was \$3 million. Balance in June will be about \$1.9 million and through the summer as we drill the holes and get into the first quarter of next year, all of those funds will be consumed because we will produce what we were assigned to produce in the form of (business? bidding?) documents.

This year there was a Senate appropriation of \$5 million for north and south approach roads and highway matching funds of \$5 million also for a north and south approach roads. I'm sure many of you understand the (distinct) difference between the authority that we receive and expend this appropriation so I won't draw that distinction, I'll try to answer questions.

QUESTION: Once that environmental impact statement is released, (late in May) will you come back to us and give us an accelerated road project plan? Expound on it?

ANSWER: Yes

QUESTION: What I'm trying to do is step up the ...What I'm asking, is how much of a time line do you give us that information?

ANSWER: Let me speak to the schedule of the ...and I'll show you what we have to accomplish before the first quarter of next year.

CROSSING ALTERNATIVES are the downtown and Elmendorf project, they include several components, we've broken them into forms because of the very large expense, so that we can schedule and program these expenses or to mitigate the one time chance for them.

(Referring to map) On the downtown project the Seward Connector, the downtown crossing is the bridge from the intersection at almost the water's edge, will be the bridge crossing itself would be defined to begin and runs up to the Spruce interchange on the Mat-Su side. Then segment one of the Mat-Su connector goes ...up to Pt. McKenzie access road. Segment 2 runs from that point up to the Parks Hwy, again to decree our legislative assignment. The Elmendorf project has a Glenn connector which connected with the Glenn Hwy. The crossing which the is the bridge itself and identically the same approach road on the Mat-Su side of the arm.

The environmental impact statement clauses requires that we consider some no crossing alternatives, a no-action option is fundamental, we have to have it in there. It would be essentially continue to construct AMATS, Mat-Su, and DOT plans without the bridge. The transit option would be couple ...which is we certainlyand a little capital option which would be essential to expand the existing highways as they run around Knik Arm.

QUESTION: The chart shows highway crossing in 1986-1990, what is the highway crossing?

ANSWER: That's the bridge.

QUESTION: Then Anchorage connector 2000-2001, that's

ANSWER: That is east-west viaduct if you will that runs over the Seward Highway, and I'll explain why that is shown in that schedule.

Let me explain right now, we want to identify what is the minimum cost to get a bridge crossing, highway crossing across the Knik Arm. Then, because the first year utilization won't be its ultimate utilization, how long can we defer the connecting road costs until there are needed. I think the key thing to know, is that by 1991 when we open the bridge, we'll certainly not know a awful lot better, what the demand will be for that Seward connector and we want to identify that decision that can be deferred so that they don't overwhelm the project cost.

An important consideration that the bridge crossing is the Alaska Railroad. In the final corridor alternatives analysis report we gave to you indicated the downtown alignment could not receive the railroad crossing causes....that was incorrect. The ...will make that correction.

Both crossings can receive a rail in combination with the highway. It will cost \$50-100 million more to strengthen the bridge so that it would support a railroad crossing. That does not get you the crossing, that just gives you the bridge strong enough to install the railroad later on.

We are carrying along with this process, for the benefit of the legislature to make a determination, the conceptual design cost estimates, environmental assessment, right-of-way studies for a railroad crossing. The financing will be broken out. The concept of a separate bridge will be considered. I think that's because the points in decision timing. We are looking at the bridge or a rail crossing, maybe 15 years from now. \$50-100 million expense now for a bridge that might be used 15-20 years from now is a substantial commitment of funds. We want to make sure that that's identified and broken out and analyzed very carefully.

QUESTION: Could you clarify strengthening the rail? Is that a decision that has to be made now? Or can the design be such that we can add the strengthen components at any time. In other words we have to spend the \$100 million or whatever up-front? Or is that going to be the cost of the additional support which we can add 5 years from now or 10 years from now?

ANSWER: No, it's a decision that this is on the advise of our bridge engineers, it will have to be made when the bridge is released for bid. Consider for example that the bridge on the downtown alignment would probably run down the middle of the bridge. It would come up at a different grade from the highway approaches, more gradual slope and merge with the bridge, it needs to be in the middle, so the piers have to be set farther apart for the east and west traffic lane.

QUESTION: If I may then, when we make the financing plan we have to make that decision at that time with the finance; it's going to roll into the financing package at that time we'll have to make the railroad decision.

QUESTION: Could you provide us at a time that is convenient the cost of such a reinforcement now

ANSWER: Well, the railroad says gee we don't know, but we think 15-20 years from now is there input. We will know an awful lot more about the disposition of the railroad after this legislative session, conclusion of next year. We're working with the railroad to develop that. We want to bring to you much more facts than I can present right now. We're not completed with our work. We want to consider, because of the very large expense, the project as a separate project. It can be built with this project. We want to make sure that we identify not add without clarifying clearly to you that \$50-100 million more would be needed. We're going to show that on a different breakout.

QUESTION: There's been a lot of legislation that we've had before that is providing for revenue bonds. And if I understand my revenue bonds, being different from general obligation bonds where the voters must vote, revenue bonds is something we have to deal with as the legislature. If we deal with revenue bonds this legislature and we have your toll bridge concept how does this impact your timing. We may want to pass in this legislature our authority and our bonding mechanism which would put the finances with the financial mechanism into place to do the project. Do you feel that you're sufficiently coordinated with that timing mechanism?

ANSWER: Yes, as a matter of fact, on the CSHB 661, it'll be beneficial to have that legislation pass this session, cause in our implementation we would be dealing with a known mechanism. We're not present to the legislature which I think could be best described as a menu. We're going to make a recommendation, maybe one or two recommendations on how best to finance this. But, it would be very nice to have known to us that we can't have the authority to sell revenue bonds ... toll collection capability.

Let me talk to that financing plan just a minute. The downtown crossing to get the highway across the arm connected into a road system properly, about \$500 million; the Elmendorf is about \$375 million. The Elmendorf crossing, that includes relocating military facilities on Elmendorf (refer to strip map) there's a lot of different things we have to dodge. The military has a lot of secret missions, they're going to be coming back to us with what their relocation costs are, but it could be somewhat more; they could run this cost up considerably. But those are key numbers to keep in mind. About \$550 million for downtown, \$375 million for Elmendorf. That east-west viaduct is \$100 million, that's why we've broken it out separately; it's not essential to the bridge to get into operation and be useful for some time before this bill.

QUESTION: Is the military prepared to give up the ROW across the land? How are we protected against cost overrun? What's our protection, are you talking hard money contract?

ANSWER: The military is not at this time prepared to give that ROW up. They want to do a study, they have their ... consultant on board to do that. The cost overrun protection. Well, when we complete our study and have our bidding documents we will have a conservative cost estimate, our engineers will be preparing that for us. We should be taking a look at the potential for sensitivity in some of those costs. I think

the best encouragement you would have there is if we had an estimate, put it out to bid, the bids will come back, and that bid is a construction bid and there are always ...contingency money, but it should be very close to what we get back to the bid.

Very quickly, and this gets, and I could spend quite a bit of time with this, but again our menu, to the legislature would involve several potential mechanisms. The revenue bonds, private design built finance concept, maybe the sell of some resource to raise money, that's a possibility. Line the local improvement district or portion of the bridge, state appropriation, or combination of these and other mechanisms.

Important chart shows the benefit and cost as they crew to the project. Conservative estimate requires an investment from the State. Our toll revenues can essentially support a certain amount of borrowing. Federal funds are available for the connecting roads. This would speak to Senator Pestinger questions about why move these investments down later on, is essentially so we don't have just an enormous 3-5 year appropriation.

QUESTION: It looks to me like there's about 20,000 acres of land here that in all likelihood would be developed and I don't know if some of this is swamp (alot of it is pretty good) but 20,000 acres ...let's say that the depreciation in value of those 20,000 acres would pay the \$10,000 an acre would that be fair? Is the day the bridge..more than it is now.

ANSWER: (Ward) The day the bridge is done it worths \$10,000 more an acre, yes.

QUESTION: That's \$200 million in net increase of the value of that property.

ANSWER: (Ward) That is one of his planning scenarios that will be presented to the Legislature next year, the land acquisition into the base which the, under the International Airport bonding mechanism, they can accept the land injection or money injection. So that is one of the scenarios that should be coming back in the menu that he is speaking. Where we will not use money we will land which is the same as money, but it will have a land base such as maybe mental health or the U of A does it at present time.

Very quickly responding to that, keep in mind that alot of that land was in State ownership has been claimed by the Mat-Su Borough. The land status is owned by the Mat-Su borough, the value capture which is a term often used for that delta, value depreciation is also owned by Mat-Su because...the land. The State does own some land there, but not as much as you might think.

QUESTION: The ROW corridor that goes all the way up to Houston, that should have equal appreciation in...I'm sure there's alot of State land that's owned ...

ANSWER: That land is more of what we'll be looking at, we can't sell land the State doesn't own. But also, the real appreciation is remember thethere is going to be on the land ...opposite the downtown development of Anchorage, I think we'll see a Twin City type development package and that will be very high value land. Much more.....

We have a number of activities that have to be completed and we can talk a little bit more in detail when I have a little more time about what those things are, but the conclusion is that we will need authority, probably funding from the Legislature and that's why we're targeting even though we're going to be done a little bit early. We're on schedule and we want to stay that way, but we want to work with the Legislature as we develop some of these ...the EIS, and various other things to be able to respond to questions, and this group is very important to that process, so that when we come back in the next legislative session, we will have some exchange of information, everybody will be reading off the same sheet of music, but we will then have a chance to communicate.

QUESTION: Last year the House passed a bill for the Knik Arm authority, and that was on the advise of the commissioner who said that, at least to the... the department felt no legislation...this has changed now.

ANSWER: The bill CSHB 661 would be our recommendation that that be passed, give DOT the authority to ...and use those tolls to make principal interest payments on revenue bonds.

QUESTION: So it's not the ..concept....

Ward: Speak towards HB 294 and HB 295 which passed the House. Last year speaking to Commissioner Casey and the House felt that we wanted to take this project out of the Department of Transportation and Public Facilities planning and put it into an authority. This apparently was too the Governor came and lobbies along with the Commissioner saying that they did not need legislation to build the Knik Arm Crossing, so these two bills sponsored by Speaker Hayes died in the Senate, or are still in the Senate.

House Bill 661 was introduced this year at the request of the Governor and by Mr. Olsen who has gone through and found that there does need to be some legislation, you can't build large things without the legislature approving them. We found a small oversight on HB 661 and we've corrected that a put a CS in and so that they forgot to put the word Knik Arm in there, that was an oversight and that has been taken care of. So the CS now reflects....I told the Governor about the oversight and he looked very astonished that it had fallen out through the cracks like that, so here I am carrying his water once again...it is in there now it's in the CS and it was an oversight and incidentally there is no objection from the Department of Transportation and Public Facilities for it being place in there. They wanted a framework one and we, some of the people involved, that there could be a misunderstanding since the Gastineau Channel wanted a bridge too, we wanted to be sure that Knik got first, so that's why the CS reads the way it is.

Asked for Sub-committee for purpose of adopting a resolution to support the KNik Arm crossing for next week's agenda.

Made motion that form a subcommittee for the purpose of creating a resolution from the Anchorage Caucus for supporting the KNik ARM Crossing in conjunction with the legislation that's before us now as supporting the project.

Brief discussion

Sub-Committee Members: Representatives Lindauer, Liska, Ward; Senators Pettyjohn, Josephs, Halford

QUESTION: I don't quite understand, we have two concepts here the downtown bridge and an Elmendorf bridge, it appears to me the DOT feels the Elmendorf crossing is the best way to go. Has that decision been made.

ANSWER: I think the key to note is they're very different projects in the way that they approach Anchorage ...

QUESTION: But the decision has not yet been made.

ANSWER: We are carrying both alternative to the environmental impact statement process, the decision is made after that.

QUESTION: The downtown crossing requires no military lands ROW?

ANSWER: Yes,

Further questions/answers couldn't understand as several people talking at once.

We can not, we don't have enough information to eliminate the Elmendorf Crossing.....we have (not) completed our studies for official rule on that....

Bussell: ...haven't spoken about the enterprise fund or this inclusion of land into the fund, the enterprise fund as you know holds the Anchorage Airport as well as the Fairbanks Airport and a great deal of State land is involved in that enterprise fund. When they talk about adding land to the crossing fund, the thoughts were that that fund could be expanded and possibly renamed to include the crossing authority. By adding additional land to the enterprise, it then would be able to collect its own fees and tariffs much as the, same way the International Airport does right now. In conjunction with those other two sources, would become a viable source to sell its own bonds and build its own bridge and collect possibly its own accesses. Those of you who have talked to Mr. Olsen, incidentally, I'm awfully glad that MR. Olsen's on board, it's the first indication that I've had that the Dept. of Hwys is serious and it's going to respond to the legislature in building this bridge. Up until the time he came, I absolutely believe that all we got was rhetoric and run around at the continued expense for nothing. And I am very happy to see him here.

I think the enterprise fund, even though the DOT doesn't think its worth considering, I think it is definitely worth considering and probably the most viable way of getting that bridge built and having it control its own destiny and getting it done on time.

Brief thank yous, end of meeting.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

MAJOR PROJECTS MANAGEMENT

CENTRAL REGION

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(TELEX 25-185)

(907) 266-1448

April 20, 1984

Re: CSHB 661 - April 12, 1984 Inquiry
From Representative Bette Cato,
House Transportation Committee

Honorable Joe Hayes
Speaker of the House
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Representative Hayes:

In response to a request from Mr. Neil Phelps-Munson of your office, following are answers to questions raised in an April 12, 1984 letter from Representative Betty Cato on CSHB 661.

QUESTION - "The language in the bill specifies that the Knik Arm Crossing is to be the first toll facility constructed with the proceeds of revenue bonds authorized. How does it preclude use of construction fund for other means of acquiring toll facilities or converting existing State roads, highways, bridges, causeways or crossings to toll facilities."

ANSWER - There are three forms of protection against abuses of borrowing authority created by CSHB 661.

1. State Constitution - The constitution allows funds to be created (such as the construction fund, revenue fund and bond redemption funds in CSHB 661) to collect moneys associated with revenue bond payments. The constitution will not allow DOT&PF to charge tolls on a facility and pledge those funds to another facility. If DOT&PF collects tolls on any project for which revenue bonds have not been sold the money would go directly to the general fund. In fact, after the revenue bonds for the Knik Arm Crossing (or any other facility) are paid off, toll revenues will flow to the general fund.
2. Bond market requirements - The bond resolution and other representations associated with selling revenue bonds will assure bond buyers that funds obtained from the bond sale will only be used for the project identified in the offering. No way could any proceeds of a bond sale be used for another project. The "bond test" is probably the best assurance of realistic revenue forecasting and appropriate fund utilization that can be offered to the legislature.

3. Revenue constraints - Toll bridge or highway projects in Alaska characteristically have traffic volumes that are too low to recover even a portion of capital costs from toll revenues. At present the Knik Arm Crossing is the only project we can identify that can generate toll revenues sufficiently in excess of operation and maintenance costs to warrant sale of toll revenue bonds. Even so, action from the legislature will be needed next year to implement the project. We can foresee no Alaska bridge or highway project that will be so lucrative in toll revenue that the DOT&PF would be able to implement the project without discretionary review and support from the legislature.

QUESTION - "Does the language in this bill restrict the use of money for special projects or is the money discretionary? If not restricted, what language could be used to do so?"

ANSWER - The bill allows the sale of revenue bonds first for the Knik Arm Crossing, and then for other projects that can produce toll revenues sufficient to make debt service payments. There is no discretion to use the revenue bond money for anything but toll bridges and highways for which revenue bonds have been sold. Language in the CSHB 661, combined with the State constitution, bond market requirements, and revenue constraints for toll bridges and highways (as discussed above) are adequate restrictions to assure the legislature that the bill will be used in the manner intended by the legislature.

QUESTION - "We have been told that CSHB 661 is based on the international airport revenue bonds but the difference we wonder about is:

The maximum amount of airport bonds that can be sold is \$62.8 million; the resolution authorizing the sale of airport bonds requires rentals, fees and other airport charges be set at a level sufficient to provide annual net revenues at least 30 percent higher than annual debt service requirements."

ANSWER - The bond market will require a revenue-to-debt service ratio of 1.2 to 1.5. Rather than fix this ratio in law, we would prefer to establish the ratio as a bond covenant in the offering along with other variables such as revenue forecast, debt retirement schedule, term of bonds, and reserve amounts. In other words, the revenue-to-debt service ratio should be set at the time of sale as part of the marketing mix offered to bond buyers.

QUESTION - "CSHB 661 authorizes sell of \$500 million in revenue bonds and does not imply that the entire amount will be sold or would be used to construct the Knik Arm Crossing."

ANSWER - That is correct. At the present time it appears the project will support about \$200 million in revenue bond borrowing. If interest rates are lower at the time of the sale we could borrow more. The balance of bond

authority remaining after the bond sale for the Knik Arm Crossing would be available for other projects under the framework legislation concept. Again, the authority to sell bonds for other projects will only be used if the project withstands a bond test, which means it must demonstrate sufficient toll revenues to repay the bonds.

The legislature is definitely not offering carte blanche to other toll bridge and highway projects. The legislature will continue to have funding discretion over every project even before it goes to a bond test. At the risk of being repetitious, this is primarily because toll bridges and highways in this State will not produce sufficient revenues to fully repay capital costs over annual operation and maintenance.

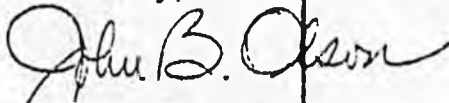
QUESTION - "Thus, the question being that what happens if there is a cash shortage throughout the life of the 20 year bond issue, which option will be taken to cover these cash shortages?"

ANSWER - As mentioned earlier, revenues will be programmed to exceed debt service by 20 to 50 percent. There will also be a reserve fund to hold a percentage of bond proceeds to pay debt service. If, however, revenue shortages begin to materialize, DOT&PF could act to increase revenues by toll enhancement (i.e. encourage additional user volume; raise tolls). If these precautions and remedies fail it would be necessary to seek state aid to avoid a default. The bonds are not a general obligation of the State so the legislature could decline to give aid. Not aiding a state bonded project would, of course, have an adverse effect on other state bond issues. The tendency for a state to "rescue" lenders from default on state bonds is often referred to as a "moral obligation" that attaches to all bond issues in the state. Revenue bonds issued by State authorities typically prescribe a procedure whereby the legislature will be notified of an impending shortage, in time for action to be taken. Adding this procedure serves to improve the bond rating.

Realize that there is considerable conservatism in a revenue bond issue to avoid the need for a rescue effort by the legislature. Bond holders demand this conservatism which also works to protect the state from failing revenue bonded facilities.

If you have further questions, please let me know.

Sincerely,



John B. Olson
Director

Major Projects Management

csb

cc: Ray Gillispie, Legislative Ass't, Office of the Governor
Paula Ramsey, Budget Analyst/Legislative Liaison, Statewide Programs

APR 12 1984

Alaska State Legislature



House of Representatives

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Rep. Bette Cato, Chairman

TO: REPRESENTATIVE JOE HAYES
SPEAKER OF THE HOUSE

FROM: Representative Bette Cato
Chairman, House Transportation Committee

RE: CSHB 661

The language in the bill specifies that the Knik Arm Crossing is to be the first toll facility constructed with the proceeds of revenue bonds authorized. How does it preclude use of construction fund for other means of acquiring toll facilities or converting existing state roads, highways, bridges, causeways or crossings to toll facilities?

Does the language in this bill restrict the use of money for special projects or is the money discretionary?

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CSHB 661 authorizes sell of \$500 million in revenue bonds and does not imply that the entire amount will be sold or would be used to construct the Knik Arm crossing.

Thus, the question being that what happens if there is a cash shortage throughout the life of the 20 year bond issue, which option will be taken to cover these cash shortages?

*John,
These may be legitimate concerns.
If you can provide answers ASAP it
will facilitate final passage. The CS
you have is the extant version.
Neil*

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

MAJOR PROJECTS MANAGEMENT

CENTRAL REGION

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APR 23 1984

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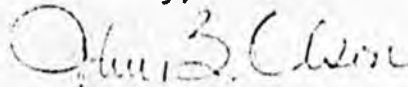
QUESTION - "Thus, the question being that what happens if there is a cash shortage throughout the life of the 20 year bond issue, which option will be taken to cover these cash shortages?"

ANSWER - As mentioned earlier, revenues will be programmed to exceed debt service by 20 to 50 percent. There will also be a reserve fund to hold a percentage of bond proceeds to pay debt service. If, however, revenue shortages begin to materialize, DOT&PF could act to increase revenues by toll enhancement (i.e. encourage additional user volume; raise tolls). If these precautions and remedies fail it would be necessary to seek state aid to avoid a default. The bonds are not a general obligation of the State so the legislature could decline to give aid. Not aiding a state bonded project would, of course, have an adverse effect on other state bond issues. The tendency for a state to "rescue" lenders from default on state bonds is often referred to as a "moral obligation" that attaches to all bond issues in the state. Revenue bonds issued by State authorities typically prescribe a procedure whereby the legislature will be notified of an impending shortage, in time for action to be taken. Adding this procedure serves to improve the bond rating.

Realize that there is considerable conservatism in a revenue bond issue to avoid the need for a rescue effort by the legislature. Bond holders demand this conservatism which also works to protect the state from failing revenue bonded facilities.

If you have further questions, please let me know.

Sincerely,



John B. Olson
Director
Major Projects Management

csb

cc: Ray Gillispie, Legislative Ass't, Office of the Governor
Paula Ramsey, Budget Analyst/Legislative Liaison, Statewide Programs