

**S B**

**236**

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: State Bond Committee  
 Title: \$25,000,000 Copper River Highway BRU: \_\_\_\_\_  
Revenue Bonds  
 Sponsor: Coqhill Components: \_\_\_\_\_  
 Requestor: Senate Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	2,433.4	2,433.4	2,433.4
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,433.4</b>	<b>2,433.4</b>	<b>2,433.4</b>
<b>CAPITAL</b>						
	0	0	0	0	0	0
<b>REVENUE</b>						
	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	2,433.4	2,433.4	2,433.4
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,433.4</b>	<b>2,433.4</b>	<b>2,433.4</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page for analysis.

Debt service on \$25 million revenue bonds with 30 year maturity at 9.0 percent. Fund source would be Toll Facilities Construction Fund for FY 91-92 and Toll Facilities Revenue Fund thereafter.

Prepared By: Milt Barker *MB*  
 Division: Treasury

Phone: 465-2350  
 Date: 5-2-89

Approved by Commissioner: *William B. Barker for*  
 Agency: Department of Revenue

Date: 5-2-89

Distribution (by preparer):

Legislative Finance  
 Legislative Sponsor  
 Requestor

Office of Management and Budget  
 Impacted Agency(ies)

page \_\_\_ of \_\_\_

IN THE SENATE

BY COGHILL AND SZYMANSKI

SENATE BILL NO. 236

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act approving the issuance of revenue bonds for construction and upgrade of the Copper River highway; and providing for an effective date."

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

\* Section 1. In accordance with AS 37.15.610, the issuance of revenue bonds in an amount up to \$25,000,000 for the construction and upgrade of the Copper River highway by the Department of Transportation and Public Facilities under AS 37.15.610 - 37.15.760 is approved.

\* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE April 27, 1989  
IN ACCORDANCE WITH UNIFORM RULE 23

\*\*FISCAL NOTE(S) MUST BE ATTACHED  
IN ACCORDANCE WITH AS 24.08.035

FURTHER

FIN

3/23/89

DATE TURNED INTO OFFICE May 3, 1989

Mr. President:

TRSP Committee considered SB 236

approving the issuance of revenue bonds for construction and upgrade of the Copper River highway; efd

and recommended:

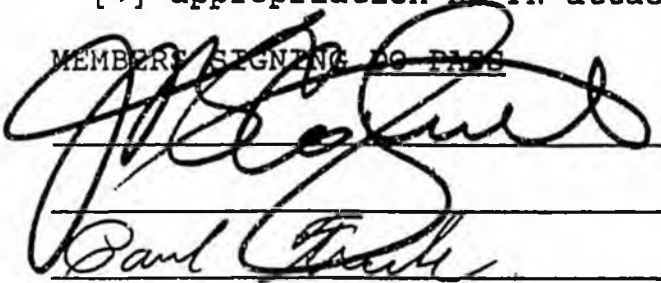
- replace with CS \_\_\_\_\_  same title
- attached amendment(s) and  new title
- \_\_\_\_\_ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

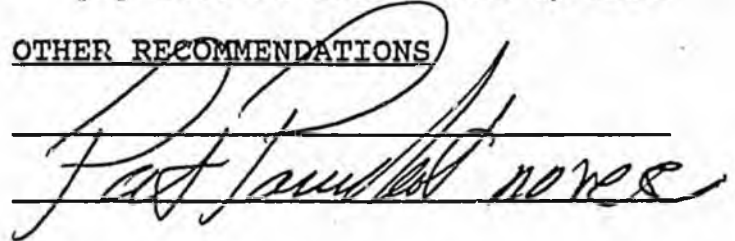
FISCAL NOTE(S) attached  zero  
 appropriation no FN attached

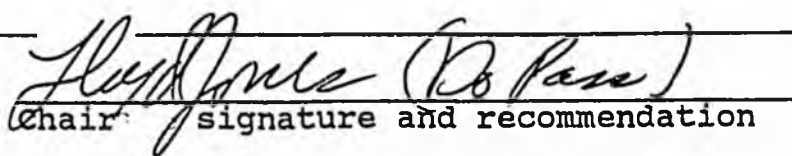
fiscal impact  
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
\_\_\_\_\_

  
Chair signature and recommendation

Committee backup attached

City Of Cordova  
P.O. Box 1210  
Cordova, AK. 99574  
907-424-6200

TO: Dawn % Sen Jones office FAX: 465 - 3700

FROM: City of Cordova FAX: 424-6000

NUMBER OF PAGES (excluding this cover sheet): 2

FAXED BY: City Clerk

TIME: 12:30

DATE: 5/2/89

*\* Please forward  
immediately to  
Senator Jones office*

# Cordova Chamber of Commerce

CITY CLERK  
CORDOVA, ALASKA

P.O. Box 99  
Cordova, Alaska 99574

(907) 424-7260

7|8|9|10|11|12|1|2|3|4|5|6



Honorable Governor Steve Cowper  
Office of the Governor  
Juneau, Alaska 99801

March 30, 1988

Dear Governor Cowper:

Near the turn of the century, the discovery of rich copper deposits in the Wrangell Mountains near the present town of McCarthy spurred construction of a railroad from Cordova up the Copper River to Chitina and from Chitina east through the Chitina River Valley to the Bonanza Mines. The Copper River and Northwestern Railway operated from 1911 through 1938, when the mines closed. The railroad abandoned the route and returned the right of way to the people for use as railroad, road or tramway. Before the railroad stopped operations, the Cordova Chamber began trying to have the railbed along the Copper River converted to a roadway.

The Chamber has supported this idea continuously from 1938 to the present time. This is evidence of a continuous and lasting support of the Copper River Route #10. The Cordova Chamber of Commerce remains a staunch advocate for development of the Alaska highway system. Construction of the ground transportation system of Alaska is not a luxury, it is not even optional, it is imperative for the maintenance and improvement of commerce. This alone should be sufficient economic justification for construction of the highway.

Historically the earliest trails and roads were built by subscription and maintained by tolls in Alaska. Our pioneering spirit hasn't died, although it has tarnished during the fifty year struggle with nature and man to complete the road.

Many times in the past the Cordova Chamber has called on friends in the rest of the state to add their voices to ours in calling for renewal of our ground transportation link. The Native Corporations, our neighboring Chambers, our neighboring cities once again have added their voice. The people of Alaska want to visit the North Gulf Coast, and the Cordova Chamber of Commerce as always is thankful for their continuing support. Cordova wants to take her place as a full equal amongst her neighbors; to greet her neighbors in the same friendly spirit that exists throughout the GREATLAND.

We urge you, Governor Cowper, to aid Cordova with a "build" decision for the Copper River Highway. Your assistance and support for Alaska State House of Representative Co-Resolution 46 would be one way you could express this support.

Sincerely,

*Connie Taylor*  
Connie Taylor  
President

cc: Senator Dick Eliason, Senator Willie Hensley, Senator Jan Faiks,  
Senator John Binkley, Senator Paul Fischer, Senator Rick Uehling,  
Senator Jim Duncan, Senator Fred Zharoff, Senator Lloyd Jones,  
Senator Jack Coghill, Senator Tim Kelly, Senator Mitch Abood,  
Senator Bettye Fahrenkamp

CC: Mayor

ALASKA CONFERENCE OF MAYORS

RESOLUTION NO. 88-23

A RESOLUTION OF THE ALASKA CONFERENCE OF MAYORS  
URGING THE GOVERNOR AND LEGISLATURE OF THE  
STATE OF ALASKA TO OFFICIALLY COMMIT TO THE  
COMPLETION OF THE COPPER RIVER ROAD EXTENSION TO  
CORDOVA OF THE ALASKA HIGHWAY SYSTEM.

WHEREAS, the Alaska Conference of Mayors and the Alaska Municipal League have expressed support for expansion projects of the state highway system, especially into rural areas of the state; and,

WHEREAS, the health, safety, and economic growth of many smaller communities are dependent upon adequate road access; and

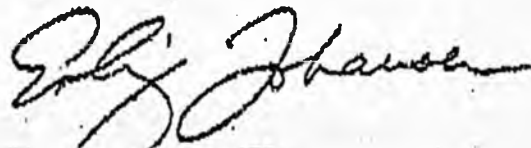
WHEREAS, Alaska Highway #10 (the Copper River Road) represents an unfulfilled commitment of 50-years-standing to restore a road access from Cordova, an Alaskan seaport, to the interior state highway system; and,

WHEREAS, completion of Alaska Highway #10 is both a symbolic and actual accomplishment that could demonstrate the sincerity of the State's commitment to economic progress and diversification within the state of Alaska; and,

WHEREAS, Alaska Highway #10 has been studied, evaluated, partially designed and constructed;

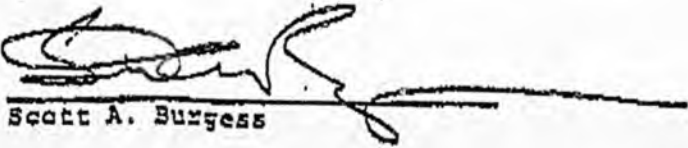
NOW, THEREFORE, BE IT RESOLVED by the Alaska Conference of Mayors that the Governor and Legislature of the State of Alaska are urged to officially commit to the completion of the Copper River Road extension to Cordova of the Alaska Highway System.

ADOPTED this 24th day of March 1988.



Erling Johansen, President  
Alaska Conference of Mayors

Attest:



Scott A. Burgess

# THE EYAK CORPORATION

FACSIMILE TRANSMISSION

THE EYAK CORPORATION  
P. O. BOX 340  
CORDOVA, AK 99574  
Fax 0 424-5161

DESTINATION CITY & COUNTRY: Sen. Jones

FAX NO: AC (907) 465-3700 DATE: 5-2-89 NO. PAGES 2

COMPANY: \_\_\_\_\_ ATTN/DEPT: \_\_\_\_\_

### MESSAGE

SUBJECT: Attn: Down

Please deliver to Sen. Jones' office immediately

SENDER: SMK  
The Eyak Corporation/Cordova  
FAX NO. (907) 424-5161

IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL (907) 424-7161



## Alaska R.O.A.D. Association

P.O. Box 535, Cordova, Alaska 99574-0535  
(907) 424-5755

May 2, 1989

Senator Lloyd Jones  
Senate Transportation Committee  
Juneau, Alaska

Dear Fellow Alaskans,

The Alaska R.O.A.D. Association is incorporated as an Alaskan Non-Profit Corporation.

The Alaska R.O.A.D. Association is an advocacy organization for the environmentally sound construction of new roads in Alaska.

Basic transportation is essential to human interaction.

Economic opportunities are enhanced regionally and locally by roads.

Road access encourages social and political interaction of Alaska's people to the benefit of all.

We urge your support of revenue bond funding for the Copper River Road project, support SB 236.

Respectfully,

A handwritten signature in black ink, appearing to read "Stephen Rehnberg", is written over a horizontal line. The signature is fluid and cursive.

Stephen Rehnberg



# Alaska State Legislature

## SENATE

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

To: Senator Lloyd Jones  
Senate Transportation

From: Senator Cognill

Re: SB 236

Date: May 1, 1989

SB 236 authorizes the issuance of revenue bonds in an amount up to \$25,000,000 for the construction and upgrade of the Copper River Highway by the Dept. of Transportation.

Last session, the Legislature passed House Bill 101 which authorized the Dept. of Transportation to construct the Copper River Highway as a toll facility in accordance with Sec. 37.15.730 if federal discretionary highway bridge funds are authorized by the federal government for the reconstruction and repair of the Million Dollar Bridge over the Copper River and the approaches to the bridge. We also passed CSHCR 46(FIN) which requests the Governor to direct the Dept. of Transportation to construct a toll road along the Copper River via Chitina to Cordova.

The Governor allowed HB 101 to become law without his signature because Sec. 5 of the bill instructs DOT to build the Copper River Highway as a toll road, but bonding authority was not provided. SB 236 gives the necessary bonding authority to build the Copper River Highway as a toll facility.

# STATE OF ALASKA

## THE LEGISLATURE

1988

Source

CSHCR 46 (Fin)

Legislative  
Resolve No.

86



relating to a Copper River toll road.

### BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS there is currently no road to Cordova; and

WHEREAS the residents of Cordova very much want to be connected by road to other points in the state; and

WHEREAS a road to Cordova would stimulate economic development and encourage tourism in the area; and

WHEREAS the availability of both state and federal funding for road construction has decreased; and

WHEREAS the state has authority under AS 37.15.720 to construct and maintain toll roads;

BE IT RESOLVED by the Alaska State Legislature that the Governor is respectfully requested to direct the Department of Transportation and Public Facilities, subject to conditions equivalent to those applicable to the Knik Arm Crossing under AS 37.15.730(1) - (3), to construct a toll road along the Copper River via Chitina to Cordova.

— Legislative Resolve 86 —  
SLA 88

AN ACT

Relating to state toll facilities.

19.05.040(11)

\* Section 1. AS 19.05.040(11) is amended to read:  
(11) establish, levy, and collect tolls, fees, charges, and rentals for the use of state roads, highways, bridges, tunnels, crossings, and causeways; and

37.15.720

\* Sec. 2. AS 37.15.720 is amended to read:  
Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized to acquire, construct, equip, and maintain toll bridges, tunnels, highways, roads, crossings, and causeways found to be necessary by the commissioner of transportation and public facilities.

37.15.730

\* Sec. 3. AS 37.15.730 is amended to read:  
Sec. 37.15.730. REVIEW OF TOLL FACILITY PROJECTS (KNIK ARM CROSSING). A toll facility may be financed under AS 37.15.610 - 37.15.760 (NOTWITHSTANDING THE PROVISIONS OF AS 37.15.720 THE FIRST STATE TOLL FACILITY TO BE FINANCED UNDER AS 37.15.610 - 37.15.760 IS THE KNIK ARM CROSSING NEAR ANCHORAGE) if the following conditions are met for that toll facility:

(1) the department submits to the governor and the legislature a feasibility study that finds that the toll facility (CROSSING) is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(2) if financing in addition to revenue bonds is required to finance the toll facility (ANTICIPATED), the department submits to

Chapter 165

1 the governor and legislature a finance plan that includes (TO INCLUDE)  
2 an estimate of the total cost of the toll facility (PROJECT) and a  
3 description of the sources of money that will be used to finance the  
4 total cost of the toll facility (PROJECT); and

5 (3) the office of management and budget reviews the fea-  
6 sibility study and the finance plan, if required, and reports its  
7 findings and recommendations to the governor and legislature not later  
8 than 90 days after the study and plan are received by the office.

9 \* Sec. 4. AS 37.15.760(7) is amended to read:

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

37.15.760(7)

14 \* Sec. 5. The Department of Transportation and Public Facilities shall  
15 construct the Copper River highway as a toll facility in accordance with  
16 Sec. 37.15.730 if federal discretionary highway bridge funds are authorized  
17 by the federal government for the reconstruction and repair of the Million  
18 Dollar Bridge over the Copper River and the approaches to the bridge.

Eff. 9/15/88

(9) "revenue fund" means the International Airports Revenue Fund created by AS 37.15.430. (§ 1 ch 149 SLA 1972)

Revisor's notes. — Reorganized in 1988 to alphabetize the defined terms.

#### Article 4. Toll Facilities Revenue Bonds.

##### Section

610. Bond authorization  
620. Construction fund  
630. Revenue fund  
640. Bond redemption fund  
650. Bond terms  
660. Bond resolution  
670. Enforcement by holder  
680. Amounts required for payments

##### Section

690. Bond negotiability  
700. Refunding  
710. Bonds as legal investments  
720. State toll facilities  
730. Review of toll facility projects  
740. Toll facility charges  
750. Statutory construction  
760. Definitions

**Sec. 37.15.610. Bond authorization.** For the purpose of providing part or all of the money to be used, with or without any grants or other money that may become available, the issuance and sale of revenue bonds of the state in the total principal sum of not to exceed \$500,000,000 is authorized to acquire, construct, equip, and install the additions, improvements, extensions, and facilities authorized in AS 37.15.720 and 37.15.730. The principal of and interest on these bonds are paid out of and secured by the gross revenue derived by the state from the ownership, use, and operation of the toll facilities, and out of any other revenue or money that the state legislature may provide exclusive of any state tax or license. Bonds may not be issued to assist in the acquisition, financing, or operation of projects without prior approval from the legislature. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.620. Construction fund.** (a) The toll facilities construction fund is established for deposit of proceeds of the sale of the bonds authorized by AS 37.15.610 and any grant or other money that is legally provided for the same purposes for which the bonds are authorized except for any accrued interest paid on the bonds by the purchaser. The money in the construction fund is used to pay the cost of acquiring, constructing, and equipping facilities authorized in AS 37.15.720 and 37.15.730 and costs incidental to those activities, including costs of the authorization, issuance, and sale of the bonds. To the extent allowed in the bond resolution, money in the construction fund may also be used for the payment of interest on the bonds during the time of actual construction, and for any additional time, not exceeding one year after construction is completed. Money in the construction fund may also be transferred to the bond redemption fund, as permitted by the bond resolution, to establish a reserve for the payment of the principal and interest on the bonds.

(b) The bond resolution may provide for the investment of money in the construction fund as the committee determines. The interest earned upon or any profit derived from the sale of the investment is deposited in the construction fund. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.630. Revenue fund.** (a) The toll facilities revenue fund is established and shall be set apart from all other money of the state. The toll facilities revenue fund is a trust fund for the purposes under AS 37.15.610 — 37.15.760, where all revenue, fees, tolls, charges, and rentals are deposited that are derived by the state from the ownership, lease, use, and operation of the facilities authorized by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and rentals may not include the proceeds of any state tax or license. The money in the revenue fund may only be used to

(1) pay or secure the payment of the principal of and interest on the toll facilities bonds and principal of and interest on any other revenue bonds issued by authorization of the legislature to provide money to acquire, construct, and equip facilities authorized by AS 37.15.720 and 37.15.730 and to be payable out of the revenue fund;

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

(3) pay the costs of renewals, replacements, and extraordinary repairs to facilities acquired, constructed, or equipped under AS 37.15.610 — 37.15.760;

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

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

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

(b) The investment of money in the revenue fund may be made as the committee determines. The interest earned upon or any profits derived from the sale of an investment under this subsection shall be deposited in the revenue fund. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.640. Bond redemption fund.** The toll facilities revenue bond redemption fund is established for deposit in trust of money for paying and securing the payment of principal of and interest and redemption premium, if any, on bonds and is set apart from all other money of the state. The committee, on behalf of the state, shall obligate the state to set aside and pay into the bond redemption fund from the revenue fund an amount of money sufficient to pay the principal of and interest and redemption premium, if any, on the bonds as the

payments become due and, if the committee considers it necessary, to set aside and maintain a reserve for this purpose. The bond redemption fund is drawn upon for the purpose of paying the principal of and interest and redemption premium, if any, on the bonds, and the bonds do not constitute a general obligation of the state. (§ 1 ch 162 SLA 1984)

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

(b) The bonds mature at the time fixed by the committee. The bonds may be subject to redemption before their fixed maturities as determined by the committee and with the premium fixed by the committee, but a bond may not be subject to redemption before its fixed maturity date unless the right to redeem that bond is expressly mentioned on the face of the bond. The bonds

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

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

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

(4) shall be signed on behalf of the state by the governor and shall be attested to by the lieutenant governor, both of which signatures may be facsimile signatures, and each of the interest coupons attached to them shall be signed by the facsimile signatures of these officials;

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

(6) shall be issued under and subject to the terms, conditions, and covenants, providing for the payment of the principal of and interest on the bonds and the other terms, conditions, covenants, and protective features safeguarding this payment and relating to the maintenance, operation, and improvement of the toll facilities as found necessary by the committee, which covenants may include a provision requiring the setting aside and maintenance of certain reserves to secure the payment of the principal and interest.

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

(d) In the committee's determination of all of the matters and questions relating to the issuance and sale of the bonds and the fixing of the maturities, terms, conditions, and covenants of the bonds as provided in (a) — (c) of this section, the decisions of the committee shall be those found to be reasonably necessary for the best interests of the state and its inhabitants, and those that will accomplish the most advantageous sale of the bonds, with due regard, however, (1) to necessary or normal costs of maintenance and operation; (2) to renewals and replacements of and repairs to the toll facilities; (3) to all improvements to toll facilities and property of toll facilities owned, used, operated, or leased in connection with toll facilities; and (4) to the future growth and expansion of all of the facilities and the possibility of additional revenue bond financing for toll facilities purposes. A decision of the committee, as expressed in any bond resolution, is final when any bonds have been issued under the bond resolution.

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

(f) The validity of the authorization and issuance of bonds is not affected by any proceeding for the acquisition or construction of the additions, improvements, or facilities for which the bonds have been issued or by any contract in connection with the acquisition or construction. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.660. Bond resolution.** The committee is authorized and directed to adopt the bond resolution and prepare all other documents and proceedings necessary for the issuance, sale, and delivery of the bonds or any part or series of them. The bond resolution shall fix the principal amount, denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions, and covenants of the bonds or each series of them. The committee shall also determine and provide for the date and manner of sale of the bonds, and shall provide whether the notice of sale is to be published elsewhere in addition to the publication required by AS 37.15.650. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.670. Enforcement by holder.** The holder of any bonds or the trustee for the holders of the bonds or any series of them, may, by appropriate proceedings in the courts of record of the state, compel the transfer, setting aside, and payment of money and the enforcement of all of the terms, conditions, and covenants as required and provided in AS 37.15.610 — 37.15.760 and in the bond resolution. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.680. Amounts required for payments.** The committee shall, before December 31 of each year, commencing with the year in which the bonds are issued, certify to the commissioner of revenue and the commissioner of transportation and public facilities the amounts required in the next ensuing calendar year by a bond resolution to be paid out of the revenue fund into the bond redemption fund and to be paid into and maintained in any reserve fund or account or any other fund or account created by a bond resolution. The committee shall also certify to the commissioners the last date upon which payments may be made. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.690. Bond negotiability.** The bonds and the coupons attached to them are fully negotiable instruments under the laws of the state. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.700. Refunding.** (a) The bonds or any part of them may be refunded at or before their maturity by the issuance of refunding revenue bonds of the state if in the opinion of the committee refunding is advantageous to and in the best interest of the state and its inhabitants.

(b) The issuance of refunding bonds need not be authorized by an act of the legislature, and the committee shall adopt the resolution and prepare all other documents and proceedings necessary for the issuance, exchange or sale, and delivery of the bonds. All provisions of AS 37.15.610 — 37.15.760 applicable to revenue bonds are applicable to the refunding bonds and to the issuance, sale, or exchange of the bonds, except as otherwise provided in this section.

(c) Refunding bonds may be issued in a principal amount sufficient to provide money for the payment of all bonds to be refunded by them, and, in addition, for the payment of all expenses incident to the calling, retiring, or paying of the outstanding bonds, and the issuance of the refunding bonds. These expenses include the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold, any amount necessary to be made available for the payment of interest on the refunding bonds from the date of sale of them to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid under the call of the bonds or agreement with the holders of

them, and the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing on the outstanding bonds to the date of the call or retirement. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.710. Bonds as legal investments.** Toll facilities bonds are legal investments for all banks, trust companies, savings banks, savings and loan associations, and other persons carrying on a banking business, all insurance companies and other persons carrying on an insurance business, and all executors, administrators, trustees, and other fiduciaries. The bonds may be accepted as security for deposits of all money of the state and its political subdivisions. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.720. State toll facilities.** The state is authorized to acquire, construct, equip, and maintain toll bridges, tunnels, highways, roads, crossings, and causeways found to be necessary by the commissioner of transportation and public facilities. (§ 1 ch 162 SLA 1984; am § 2 ch 165 SLA 1988)

**Effect of amendments.** — The 1988 amendment inserted "tunnels."

**Sec. 37.15.730. Review of toll facility projects.** A toll facility may be financed under AS 37.15.610 — 37.15.760 if the following conditions are met for that toll facility:

(1) the department submits to the governor and the legislature a feasibility study that finds that the toll facility is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(2) if financing in addition to revenue bonds is required to finance the toll facility, the department submits to the governor and legislature a finance plan that includes an estimate of the total cost of the toll facility and a description of the sources of money that will be used to finance the total cost of the toll facility; and

(3) the office of management and budget reviews the feasibility study and the finance plan, if required, and reports its findings and recommendations to the governor and legislature not later than 90 days after the study and plan are received by the office. (§ 1 ch 162 SLA 1984; am § 3 ch 165 SLA 1988)

**Effect of amendments.** — The 1988 amendment rewrote the catchline, which read "Knik Arm Crossing," rewrote the introductory language, which read "Notwithstanding the provisions of AS 37.15.720 the first state toll facility to be

financed under AS 37.15.610 — 37.15.660 is the Knik Arm Crossing near Anchorage if the following conditions are met," substituted "toll facility" for "crossing" in paragraph (1) and, in paragraph (2), substituted "required to finance the toll facil-

ity" for "anticipated," "that includes" for "to include," and "cost of the toll facility" for "cost of the project" twice.

**Sec. 37.15.740. Toll facility charges.** The commissioner of transportation and public facilities shall fix and collect the fees, charges, tolls, and rentals derived by the state from the ownership, lease, use, and operation of the facilities authorized by AS 37.15.720 and 37.15.730 and improvements of the facilities as will provide revenue sufficient to comply with all of the covenants of the bond resolution. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.750. Statutory construction.** AS 37.15.610 — 37.15.760 shall be liberally construed in order to carry out the purposes for which the provisions were enacted, and all existing laws in conflict with AS 37.15.610 — 37.15.760 are superseded as necessary to accomplish the purposes of AS 37.15.610 — 37.15.760. (§ 1 ch 162 SLA 1984)

**Sec. 37.15.760. Definitions.** In AS 37.15.610 — 37.15.760, unless the context requires otherwise

(1) "bond redemption fund" means the toll facilities revenue bond redemption fund created by AS 37.15.640, including any accounts that are created in that fund after October 4, 1984;

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

(3) "bonds" means the toll facilities revenue bonds authorized by AS 37.15.610 — 37.15.760;

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

(5) "construction fund" means the toll facilities construction fund created by AS 37.15.620;

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

(7) "toll facilities" means highways, roads, bridges, tunnels, crossings, and causeways upon which tolls, charges, rentals, or other user fees are placed by the commissioner of transportation and public facilities. (§ 1 ch 162 SLA 1984; am § 4 ch 165 SLA 1988)

**Effect of amendments.** — The 1988 amendment inserted "tunnels" in paragraph (7).



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

June 17, 1988

The Honorable Jan Faiks  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Faiks:

On this date I have allowed the following bill to become law without my signature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE COMMITTEE SUBSTITUTE FOR  
COMMITTEE SUBSTITUTE FOR  
HOUSE BILL NO. 101(Fin) am S  
(Relating to state toll facilities.)  
Chapter No. 165, SLA 1988

This legislation makes changes desired by the Department of Transportation and Public Facilities (DOT/PF) regarding toll facilities, including authorizing the construction of the Copper River highway as a toll facility if certain conditions are met and federal funds be made available. I fully agree with the purpose of the first four sections of this bill, which primarily add tunnels to the list of authorized public toll facilities since the proposed Whittier highway tunnel may later become feasible or necessary.

Most of the public's attention, however, has been focused on Section 5 of this bill. Section 5 instructs DOT/PF to build the Copper River highway as a toll road, but bonding authorization has not been provided to do so. Further, federal bridge funds would be available only if the state commits to constructing the road, but this bill makes constructing the road contingent on receipt of the federal bridge funds.

If the road is to be constructed using revenue bonds, AS 37.15.730(1) requires the department to submit a feasibility study to the Governor and the Legislature and to determine if this method is financially feasible. Also, in the event that federal bridge funds became available to the

Letter from Cowper

RE Chap 165 SLA 88

state, funding for actual construction of the road would still be subject to a positive feasibility study and subsequent bonding authorization by the Legislature.

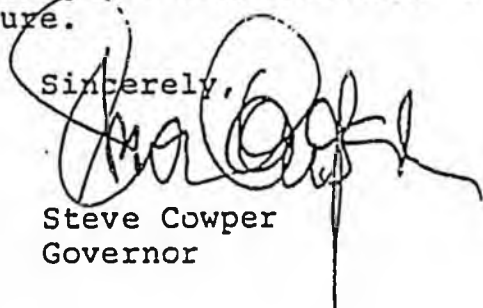
Section 5 serves little practical purpose. House Concurrent Resolution 46, relating to a Copper River toll road, passed the Legislature this year. It requests the Governor to direct DOT/PF to construct the route as a toll road. The Legislature's desire for a toll road has therefore already been expressed through this resolution.

Many people in the Cordova area evidently have been told that this legislation mandates the building of the Copper River highway. Judging from the public opinion messages I have received, there is a strong belief in some quarters that this bill is the final step in the process and that construction of the road will begin immediately.

That assumption is wrong. The Copper River highway is a major undertaking which will involve a substantial commitment of public money. Like all major public works projects, it requires a careful assessment of its benefits and burdens which cannot be made for many months. The unrealistic expectations which have been expressed by some of the proponents of the Copper River highway will probably result in frustration later, when people realize that the normal processes have not really been circumvented.

For these reasons, I am allowing SCS CSHB 101(Fin) am S to become law without my signature.

Sincerely,



Steve Cowper  
Governor

## HISTORY OF THE COPPER RIVER HIGHWAY

When the Copper River and Northwest Railroad closed in 1939, the residents of the area began working on converting the railroad bed to a highway. The railway company conveyed the railroad right-of-way to the United States in 1945. Between 1941 and 1945, 13 miles of the highway were built from Cordova to serve the new airport (now named Mudhole Smith International Airport). Territorial Representative Dimond in 1936, recommended to the Alaska Road Commission a ten year road improvement plan that included building a highway from Cordova to the Richardson Highway through the Tasnuna Canyon.

In 1946, John LaFever, a Cordova businessman and sometime Mayor of Cordova, restarted a push to convert the entire length of the right-of-way to a highway. A reconnaissance, schedule and cost estimate were completed for the conversion by the Alaska Road Commission in 1949.

In 1953, the U.S. Congress appropriated \$550,000 and the conversion was started by the Alaska Road Commission. Another \$2,400,000 was appropriated for 1954. In 1956, the Bureau of Public Roads took over the responsibility for roads in Alaska and continued the conversion to Mile 49.

The right-of-way was quitclaimed to the State of Alaska by the U.S. Department of Commerce in 1959 at the time of statehood (1959). The Alaska Department of Highways continued the conversion to Mile 59 when the 1964 earthquake occurred. The earthquake damaged many bridges along the route, some beyond repair. By this time, the route was designated as a Federal-aid Secondary (FAS) highway and numbered 851.

After the earthquake, the State of Alaska (Department of Highways) and the Federal Government (FHWA) decided to re-evaluate the project. A feasibility study was completed in 1967 which considered three alternative routes: the route to Chitina, a route up the Tasnuna River Valley and a route up the Tiekel River Valley. The study recommended the Tiekel Route as technically best, with the Tasnuna Route a close second.

After a review, by the then Department of Highways, the Tasnuna Route was chosen as the preferred alternative and the Federal and State governments decided to proceed with repairing the earthquake damages and building a road through the Tasnuna Valley to the Richardson Highway. Public hearings on the feasibility study were held in Valdez and Cordova in early 1969.

## RECOMMENDATIONS

The Northern Region of the Alaska Department of Transportation and Public Facilities (ADOT&PF) recommends completing the Copper River Highway initially as a pioneer road to Chitina leaving open the option of a secondary highway on the Chitina, Tiekel or Tasnuna routes. In preparation, ADOT&PF recommends maintenance on the portions of the Copper River Highway north of the Million Dollar Bridge that has been converted to roadway and seeking Legislative funding to do so as part of the FY 1990 budget. This would add Mileposts 49 to 72 and Mileposts 112 to 131 to the maintenance system. Additional operating funds would be required to perform this maintenance which would be at a level considerably below normal maintenance standards.

It is further recommended that the Department of Transportation and Public Facilities in conjunction with the appropriate experts from the Department of Revenue perform an in depth analysis of the toll road concept and the cost and feasibility of obtaining some form of bonding for construction. This analysis should begin as soon as possible to be able to provide the Governor and the Legislature with the data necessary to make funding decisions.

Additional coordination with the Federal Highway Administration to positively determine whether or not the cost of constructing the Copper River Highway as a pioneer access road could be eligible at a later date when upgraded to secondary standards. This work should also be done prior to the next Legislative session.

COST ESTIMATE TO OPEN A YEAR-ROUND ROAD

	<u>Road Construction Cost</u>	<u>Maintenance Camp and Maintenance Equipment Needed</u>	<u>Total Cost To Open A Year- Round Road</u>
<u>Pioneer Access</u>			
Pioneer Access Road (62 Miles) Mile 49 to Chitina	\$15,000,000	\$ 3,255,000	\$ 18,255,000
<u>Federal-aid Secondary Highway</u>			
Wood Canyon Route (82 Miles) Mile 49 to Chitina	\$90,000,000	\$ 3,255,000	\$ 93,255,000
Tasnuna Route (64 Miles) Mile 49 to Richardson Highway	\$75,000,000	\$ 3,255,000	\$ 78,255,000
Tiekel Canyon Route (67 Miles) Mile 49 to Richardson Highway	\$70,000,000	\$ 3,255,000	\$ 73,255,000

The yearly maintenance costs have also been estimated.

YEARLY MAINTENANCE COST ESTIMATE

	<u>Yearly Seasonal Maintenance Cost</u>	<u>Yearly Year-Round Maintenance Cost</u>
Pioneer Access	\$ 600,000	\$1,200,000
Federal-aid Secondary Highway (Tasnuna, Tiekel or Wood Canyon Routes)	\$ 800,000	\$1,600,000

*D.O.T. Compendium Report  
Cost Estimate of Road*

HC 60, Box 306-T  
Copper Center, AK 99573  
April 16, 1989

APR 20 1989

Senate Transportation Committee  
Pouch V  
Juneau, AK 99811

Re: Senate Bill No. 236 - Revenue Bonds for Copper River Highway  
For the Record

Dear Committee Members:

For the following reasons, I urge you to vote a "do not pass" recommendation on SB 236 and any other legislation promoting construction of the Copper River Highway:

1) You are well aware of how acrimonious the competition for Kenai River salmon has become between commercial and sport fishermen. Can you not expect the same thing to happen with the Copper River system if a highway opens up the river to more sport fishermen? This is not a "commercial fishermen are good; sport fishermen are bad" argument. It is simply a question of why you should create an over-demand for a finite number of salmon. The state does not need more expensive lawsuits. The commercial fishermen of Cordova, already suffering from the oil spill, do not need another blow to their economic survival.

2) The Copper River extends far upstream of Chitina, where DOT studies of the Copper River Highway stop. Subsistence fisheries are important to local economies all the way upriver to Slana. These economies would be harmed by intensified sport fishing along a Copper River Highway. Again, this is not to say that one user group is better than another. It is simply that easier access will create a situation where unpleasant allocation choices will have to be made.

3) The highway would conflict with established businesses. There are several river boat operators who take sport fishermen and sightseers to sections of the Copper River which are inaccessible by the present road system. These are locally-owned businesses which contribute to the Copper River Basin economy. They would be severely impacted by highway access.

4) Alaska cannot afford this road. Considerable doubt has been cast on the credibility of DOT's estimates of construction and maintenance costs. The Chitina route in particular has long sections of steep terrain which avalanche routinely. Each of you has probably heard complaints about inadequate repair and maintenance of existing highways. We are considering legislation which would lead to the building of yet another highway, a highway which would be very expensive to maintain. You also have a budget deficit to deal with. What will your constituents think if you cut DOT's operating budget while approving this legislation?

5) This bill would provide only partial construction funds. Where will the rest come from? Will the state get partway through this project and have to abandon it like the Seward grain terminal? Or will it find itself committed to a much more expensive venture than it bargained on, as Anchorage did with the Performing Arts Center? How will principal and interest payments of the bonds be funded?

The state, with its severe budget problems, needs your close scrutiny of the issues raised above. Perhaps a practical compromise would be to appoint a representative group of Cordovans to sit down with Marine Highway officials and work out a plan for better ferry service to Cordova at a lower cost than construction and operation of a highway.

Sincerely,

*Ruth McHenry*

Ruth McHenry

OPPOSITION LETTERS

APR 24 1989

Urgent-- Vital

SENATOR LLOYD JONES  
SENATE TRANSPORTATION CHAIRMAN  
POUCH V  
JUNEAU AK 99811

RE: SB 236

THIS IS NOT THE TIME TO BE CONSIDERING THE COPPER-RIVER  
HIGHWAY COMPLETION FOR SEVERAL REASONS.

1. THE COMMUNITY IS STILL SPLIT ON THIS ISSUE. THERE IS A  
LARGE POPULATION OUTSIDE THE MUNICIPALITY THAT IS  
AGAINST THE COMPLETION OF THE HIGHWAY, THAT WAS UNABLE  
TO VOTE IN THE CITY'S OPINION POLL AND THESE PEOPLE  
TURNED OUT AT THE PUBLIC MEETING TESTIFYING AGAINST THE  
HIGHWAY ON MAY 3, 1988, WHICH SHOWED THAT THE COMMUNITY  
DID NOT UNANIMOUSLY SUPPORT THE HIGHWAY.
2. THERE HAS NEVER BEEN SUFFICIENT DATA TO PROVE THE  
HIGHWAY WOULD BE OUR ECONOMIC SAVIOR. WHERE THERE HAS  
BEEN TESTIMONY GIVEN THAT THIS HIGHWAY WOULD BE  
DETRIMENTAL TO OUR ECOSYSTEM. I BELIEVE THAT OUR  
ENVIRONMENT HAS SUFFERED ENOUGH IN THE NAME OF PROFITS.
3. THAT THIS COMMUNITY HAS SUFFERED ENOUGH UNDER THE  
HANDS OF EXXON BY PLACATING US WITH BIG DOLLARS AND NOW  
BEING SPLIT FURTHER UNDER THE HANDS OF A FEW WHO THINKS  
THAT THEY CANNOT NOT MAKE LIVING WITHOUT A ROAD.
4. HOW CAN YOU FINANCE A HIGHWAY AT A TIME OF STATE REVENUE  
UNCERTAINTY. PLEASE LETS NOT BECOME MORE DEPENDENT ON  
THE OIL COMPANIES. LETS WORK ON BALANCING THE BUDGET AND  
CUTTING EXPENSES.

I AM NOT AGAINST TOURISM. I THINK OUR BIGGEST ASSET IS  
NOT HAVING A ROAD. WE NEED TO USE OUR ALASKAN INGENUITY  
AND SELL OURSELF IN A POSITIVE WAY, NOT BY MAKING OURSELF  
LIKE EVERYBODY ELSE.

SINCERELY,

*Geri Koechling*

GERRI KOECHLING  
P.O. BOX 533  
CORDOVA AK 99574

APR 24 1989

April 20, 1989

Lloyd Jones  
Chair  
Senate Transportation Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Jones,

I write with reference to Senate Bill 236 regarding the Copper River Highway. I urge you to NOT PASS this bill out of committee.

The state of Alaska cannot afford the astronomical amount of money required to complete this project. There are many other areas where money would be more wisely invested,

Neither do we need another plight on the land. We are already devastated by this oil spill,

Sincerely,

Rocky Stone

Rocky Stone  
Box 83  
Cordova, Alaska 99574

April 22, 1989

APR 24 1989

Senator Lloyd Jones  
Pouch V  
Juneau, Alaska 99811

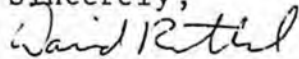
Dear Senator Jones,

I am writing this letter in regards to Senate Bill 236. I am opposed to this legislation that would complete the Copper River Highway. I have been privileged to live in Cordova since 1977. I do not believe even the rosiest forecasts of benefits will make up for the costs and problems the highway would bring to town.

The main point of this letter is to express how disturbed I am that this issue has been brought up at this time. The road issue is the most divisive one in town. This issue will only take attention away from other urgent issues that have resulted from the oil spill. Mike Szymanski and Bette Cato should not be using an ecological and possible future economic disaster to further their own agenda. They should be concentrating on helping the town unite in efforts to cope with the spill, not bringing up issues that should properly wait, and effectively dividing the community.

I hope that any promises of benefits to the town by these people, will be weighed against their narrow minded actions. The Copper River Highway is being pushed with no regard to its actual value. Please help stop this issue now, so the town can get on with its problems. The pro road people always can bring it up again at an appropriate time, when the new situation can be assessed accurately.

Sincerely,



David Rosenthal

P.O.Box 635  
Cordova, Alaska 99574

# CORDOVA MEDICAL CLINIC

Arthur D. Tilgner, M.D.

Larry A. Ermold, M.D.

Oliver S. Osborn, M.D.

P.O. Box 310  
Cordova, Alaska 99574  
(907) 424-8200

APR 20 1989

FOR THE RECORD

April 18, 1989

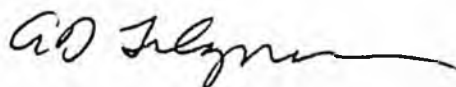
Transportation Committee  
Alaska Senate

Dear Members of the Transportation Committee:

I am urging that Senate Bill 236 NOT be passed out of the Transportation Committee. For the past few years you have received steady pressure from certain people in Cordova to proceed with the construction of the Copper River Highway. I am sure you are aware that this highway has been a divisive issue for Cordovans for many years. There have been numerous polls indicating a small majority in favor of one side or the other but never a clear mandate to proceed with the project. The last poll was cleverly rigged to allow only residents living within the City limits to vote on the issue. It is common knowledge that only about half of Cordova citizens live within the City limits and that many of those who live outside of the limits are fishermen who do not favor the road project.

We have been ravaged by the loggers when they tore up the forest and then release thousands of logs into Prince William Sound to become hazards for our boats. And now we have been ravaged by the Oil companies in recent weeks with the oil spill. Most of us in Cordova just want to keep our land clean and productive for the fish and wildlife. We are fishermen, we don't need another violation of our country by building a road to let the Winnebago pollution begin. Statements by our Mayor in favor of development of the road do not speak for many of us who live here. We DO NOT want to pay the price for the economic "shot in the arm" suggested by the pro-loaders. I assure you that many, many of us do not want this road and feel that it is being forced upon us.

Sincerely yours,



A. D. Tilgner, M.D.