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543

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 4/4/90

FURTHER: L & C
Finance

Date of 5-Day Notice: 4-12-90
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-19-90

Transportation Committee considered SB 543

AK Industrial Development and Export Authority to issue bonds for an aircraft maintenance facility located at the Anchorage International Airport; granting the authority an exemption from the state procurement code for contracts relating to airports; efd.
and recommended:

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

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____

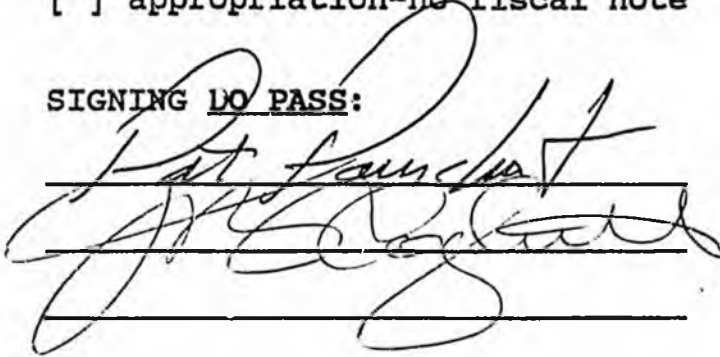
zero fiscal. note(s) DCED

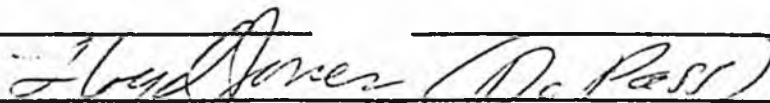
appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:




Chair: Signature and Recommendation

STEVE COWPER
GOVERNOR



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 4, 1990

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

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the development of an aircraft maintenance facility at the Anchorage International Airport. This bill provides the authorization necessary for the Alaska Industrial Development and Export Authority (AIDEA) to issue bonds to finance the acquisition, design, and construction of a multi-bay aircraft maintenance facility. The facility will be owned by AIDEA.

The maintenance facility would include an enclosed hangar and associated support shops, and an aircraft parking apron for outdoor maintenance and equipment staging. An aircraft maintenance facility in Alaska would create jobs and income for state residents. The facility could strengthen the state's role as an international air crossroads at a time when overflights are reducing some of the state's international passenger flights. The facility would help to attract new international air carriers and solidify the presence of existing airlines by providing one of the basic support services that the international airlines need. The facility could also make maintenance activities more convenient for interstate and intrastate airlines by locating a maintenance base at the same airport through which many of the aircraft are routed.

While no major airlines have committed to lease the facility, both Alaska Airlines and Federal Express have officially notified AIDEA of their interest. This bill will give AIDEA the ability to move quickly to finance the facility once negotiations for leases with potential users are successfully concluded. Out of respect for a coordinate branch of state government, I am seeking the authorization required by AS 44.88.172(c) to issue bonds to finance the maintenance facility; I have been advised by the attorney general that I am not required to obtain this

approval because sec. 172(c) is of doubtful constitutional validity.

The bill also contains an exemption from the state procurement code (AS 36.30). This exemption would give airport projects owned by AIDEA the same treatment under the state procurement code afforded to the Department of Transportation and Public Facilities (DOT/PF). Under AS 36.30.850(b)(8), contracts relating to airports are exempt from the code. Airport projects are specialized facilities that must be tailored to industry standards. DOT/PF has learned that the primary users of airport facilities are eager to take responsibility for facilities that they will ultimately be required to use under the terms of a long-term financing lease. Such a transfer of responsibility not only assures a satisfied customer, it also shifts the responsibility from the state to the user for liability stemming from the implementation of the project.

The Alaska International Airport System will be submitting a separate budget amendment that will authorize the expenditure of up to \$8,000,000 in airport revenue for site development for the maintenance facility.

I urge you to pass this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name below.

Steve Cowper
Governor

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FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to issuance of bonds and procurement of an Aircraft Maint. Fac.
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Commerce & Economic Dev.
ARI: Alaska Industrial Development and Export Authority
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Analysis is attached as page 2.

Prepared by: William R. Snell, Deputy Director - Development Phone: (907) 561-8050
Division: Alaska Industrial Development and Export Authority Date: 4/2/90

Approved by Commissioner: Larry Mercier Date: 4/2/90
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

LW/dg16663D/0402

Fiscal note - Analysis

ANALYSIS

Section 1 of this bill would give AIDEA the authority to issue up to \$50 million in bonds for the acquisition, design and construction of a multi-bay aircraft maintenance facility located at Anchorage International Airport to be owned by the authority.

Preliminary cost estimates range from \$25 million to \$50 million, with the final cost depending on the number of users and their requirements.

o Development Schedule

The project development sequence is as follows:

- Phase I - obtain airline consensus and commitments
- Phase II - design development and permitting
- Phase III - construction

It is expected that Phases I and II would be completed in 1990 and Phase III in 1991.

Section 2 of this bill would exempt AIDEA from the competitive bidding requirements of the state procurement code (AS 36.30) for contracts related to airport construction. The exemption would give the project the same status under the procurement code as other airport projects undertaken by the Department of Transportation and Public Facilities (see AS 36.30.850(b)(8)).

This would allow the delegation to users the responsibility for the design and construction facilities that are intended for a special airport use. This approach recognizes that the state and primary users are partners in the project and that the facility should be designed with the special needs of the user in mind. The state also benefits by extracting indemnification from the user for any liability related to the performance under the delegation.

No separate legislative appropriation is required for AIDEA to issue the revenue bonds; therefore, the fiscal note is zero.

PROJECT TITLE: AIAS DEVELOPMENT FUND

FISCAL YEAR 1991

REGION: AI

LOCATION: STATEWIDE

COMPLETION DATE:

ELECTION DISTRICT: 99

APPROPRIATION TO: DOT&PF

WORK TYPE:

PROGRAM: AVINTL

FUNDING	CAPITAL REQUEST	OPERATING COSTS	NEW POSITIONS (PFT)
1002 FEDERAL RECEIPTS:			
1003 GENERAL FUND MATCH:			0
1004 GENERAL FUND:		\$0.0
1005 PROGRAM RECEIPTS:		
1007 INTER-AGENCY RECEIPTS:			
1026 HWCF:			
1027 IARF:	\$8,000.0		
1061 CIP RECEIPTS:			
OTHER FUND:			
TOTALS:	\$8,000.0		

****PROJECT DESCRIPTION:**

DEVELOPMENT FUNDS WILL BE USED TO STIMULATE NEW PRIVATE SECTOR DEVELOPMENT AT ANCHORAGE AND FAIRBANKS INTERNATIONAL AIRPORTS. FUNDS WILL BE USED FOR DESIGN AND CONSTRUCTION OF BASIC SITE PREPARATIONS AND LAND IMPROVEMENTS INCLUDING, BUT NOT LIMITED TO, EXCAVATION AND BACKFILL OF LEASELOTS, UTILITIES, RAMP, TAXIWAY, ACCESS ROAD DEVELOPMENT, VEHICLE PARKING AREAS, LOT DRAINAGE, AND SECURITY FENCING. PRIVATE DEVELOPMENTS MAY INCLUDE SUCH FACILITIES AS AIRCRAFT FACILITIES, CARGO STORAGE AND HANDLING, AIRCRAFT PARKING AND REFUELING AND OTHER PRIVATE DEVELOPMENTS.

****PROJECT JUSTIFICATION:**

THE AIAS HAS HAD EXPRESSIONS OF INTEREST FROM A NUMBER OF TENANTS FOR MAJOR NEW DEVELOPMENTS AT ANCHORAGE AND/OR FAIRBANKS INTERNATIONAL AIRPORTS. DEVELOPMENT FUNDS ARE NEEDED TO RESPOND QUICKLY TO AIRPORT TENANT NEEDS FOR CONSTRUCTION OF SITE IMPROVEMENTS, SUCH AS WAS PROVIDED TO FEDERAL EXPRESS IN 1989 AND 1990. IF THE AIAS IS UNABLE TO RESPOND QUICKLY TO TENANT NEEDS, THE PROPOSED DEVELOPMENT MAY NOT OCCUR OR IT MAY OCCUR AT ANOTHER AIRPORT OUTSIDE ALASKA. THE ABOVE FUNDING AMOUNT HAS BEEN DETERMINED BASED ON INFORMATION FROM COMPANIES WHO HAVE INDICATED THEIR INTEREST IN DEVELOPMENT AT AIAS IN FY 91.

AIAS Budget amendment