

HB

85

Revision Date: _____ Dept. Affected: Revenue
 Title: DOT Maintenance Facility at Soldotna BRU: Revenue Operations
 Component: Treasury
 Sponsor: Representative Davis
 Requestor: (H) TRA COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS-LEASE PAYMENTS		809.8	811.8	811.8	814.5	814.0
TOTAL OPERATING	0.0	809.8	811.8	811.8	814.5	814.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	809.8	811.8	811.8	814.5	814.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	809.8	811.8	811.8	814.5	814.0

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Authorizes lease-purchase financing for up to \$6.0 million for a DOT maintenance facility in Soldotna.

Assuming current interest rates plus 75bp (3/4% per annum) and a ten year term, estimated annual lease-purchase payments will be approximately \$812 thousand. See attached debt service schedule, page 2.

To allow maximum financing flexibility and to minimize costs of this financing, the Department of Revenue recommends the changes noted on the attached, page three.

Prepared by: Forrest R. Browne *Forrest Browne*
 Division: Treasury
 Approved by Commissioner: Wilson L. Condon *Wilson L. Condon*
 Agency: Revenue

Phone: 465-3750
 Date: March 7, 1997
 Date: March 7, 1997

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Dated: 2/1/98
 Delivered: 2/1/98

Sizing Debt Services Schedule
DOT - SOLDOTNA MAINTENANCE FAC
CURRENT RATES +75bp

Fiscal Yr	Coupon M YY	Zer Date	Coupon Cpn	Coupon Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Capitalized Interest	Debt Svc Rsv Int & Prin	Cntgncy Fnd Int & Prin	Net Semi-Annl Dbt Svc	Net Fiscal Dbt Svc
2	99	8/1/98				172,296.25	172,296.25				172,296.25	
8	99	2/1/99	N	4.900	465,000.00	172,296.25	637,296.25				637,296.25	809,592.50
1	2	0	8/1/99			160,903.75	160,903.75				160,903.75	
8	0	2/1/00	N	5.100	490,000.00	160,903.75	650,903.75				650,903.75	811,807.50
2	2	1	8/1/00			148,408.75	148,408.75				148,408.75	
8	1	2/1/01	N	5.300	515,000.00	148,408.75	663,408.75				663,408.75	811,817.50
3	2	2	8/1/01			134,761.25	134,761.25				134,761.25	
8	2	2/1/02	N	5.600	545,000.00	134,761.25	679,761.25				679,761.25	814,522.50
4	2	3	8/1/02			119,501.25	119,501.25				119,501.25	
8	3	2/1/03	N	5.750	575,000.00	119,501.25	694,501.25				694,501.25	814,002.50
5	2	4	8/1/03			102,970.00	102,970.00				102,970.00	
8	4	2/1/04	N	5.850	605,000.00	102,970.00	707,970.00				707,970.00	810,940.00
6	2	5	8/1/04			85,273.75	85,273.75				85,273.75	
8	5	2/1/05	N	5.950	640,000.00	85,273.75	725,273.75				725,273.75	810,547.50
7	2	6	8/1/05			66,233.75	66,233.75				66,233.75	
8	6	2/1/06	N	6.050	680,000.00	66,233.75	746,233.75				746,233.75	812,467.50
8	2	7	8/1/06			45,663.75	45,663.75				45,663.75	
8	7	2/1/07	N	6.150	720,000.00	45,663.75	765,663.75				765,663.75	811,327.50
9	2	8	8/1/07			23,523.75	23,523.75				23,523.75	
8	8	2/1/08	N	6.150	765,000.00	23,523.75	788,523.75				788,523.75	812,047.50
					6,000,000.00	2,119,072.50	8,119,072.50				8,119,072.50	8,119,072.50

True Interest Cost (TIC).....5.9134855
Net Interest Cost (NIC).....5.9316235
Arbitrage Yield Limit (AYL).....5.9134855
Arbitrage Net Interest Cost (ANIC)..... 5.9316235

(Page 2 of 4)

Prepared by: FORREST BROWNE, DOR - TREASURER
 Prepared on: 3/7/97 16:17 8.05 Rpt 14
 Record ID: SOLDOTNA-1998-C :MUNIDB

House Bill No 85

~~SENATE BILL NO. 34~~

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

Representative Pavis
BY: ~~SENATOR TORGERSON~~

1-24-97
Introduced: ~~4/13/97~~

Referred: CRA Finance
Transportation, Finance

A BILL

DRAFT

FOR AN ACT ENTITLED

"An Act giving notice of and approving a lease-purchase agreement [WITH THE CITY OF SOLDOTNA] for a maintenance facility of the Department of Transportation and Public Facilities."

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

*Section 1. NOTICE AND APPROVAL OF THE ENTRY INTO AND FINANCING OF A LEASE-PURCHASE AGREEMENT. The state bond committee is authorized to arrange for the issuance of certificates of participation for and the Department of Administration is authorized to enter into a lease-purchase agreement [WITH THE CITY OF SOLDOTNA TO ENABLE THE CITY OF SOLDOTNA TO FINANCE AND BUILD A] for a new maintenance facility in Soldotna to be operated by [OF] the Department of Transportation and Public Facilities. The total construction, acquisition, or other costs of the project shall be less than \$6,000,000. The annual amount of the rental obligation shall be less than \$1,300,000. The total lease payments for the full term of the agreement shall be less than \$10,000,000. The state shall own the facility at the end of the lease term. This section constitutes the notice and approval

(Page 3 of 4)

required by AS 36.30.085.

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DRAFT

(Page 4 of 4)

AMEND (1)

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 85
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION**

BY REPRESENTATIVE DAVIS

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act giving notice of and approving the financing and entry into a lease-
2 purchase agreement for a Soldotna maintenance facility of the Department of
3 Transportation and Public Facilities."

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

5 * Section 1. NOTICE AND APPROVAL OF THE FINANCING OF AND ENTRY INTO
6 A LEASE-PURCHASE AGREEMENT. The State bond committee, created under AS
7 37.15.110, is authorized to arrange for the issuance of certificates of participation for and the
8 Department of Administration is authorized to enter into a lease-purchase agreement for a new
9 maintenance facility in Soldotna to be operated by the Department of Transportation and
10 Public Facilities. The total construction, acquisition, or other costs of the project shall be less
11 than \$6,000,000. The annual amount of the rental obligation shall be less than \$1,300,000.
12 The total lease payments for the full term of the agreement shall be less than \$10,000,000.
13 The state shall own the facility at the end of the lease term. This section constitutes the notice
14 and approval required by AS 36.30.085.

Alaska State Legislature

Interim:

145 Main Street Loop #223
Kenai, Alaska 99611
(907) 283-7095
(907) 283-3075 (fax)
(907) 262-7574 (h)



Session:

State Capitol
Juneau, Alaska 99801
(907) 465-2693
(fax) (907) 465-3835

Representative Gary L. Davis

SPONSOR STATEMENT

HB 85

"An act giving notice of and approving a lease-purchase agreement with the City of Soldotna for a maintenance facility of the Department of Transportation and Public Facilities."

This legislation authorizes the State Department of Administration to make annual lease payments to the City of Soldotna to pay-off Bonds the City has sold to build a new DOT/PF Maintenance Facility. The new facility is intended to cost \$5 million, with annual lease payments of roughly \$500,000 for 12 years (+/-).

The citizens of Soldotna have been attempting to have the facility relocated for over 20 years. The current facility is located on a 7+ acre parcel of Kenai River bank property, in the heart of the Soldotna. The bulk of the facility was built over 30 years ago and is considered an eyesore.

The new location is a 15 acre parcel located 2 miles south of the existing site. Local and regional DOT personnel, Borough Planning Dept., and the City of Soldotna officials were all a part of selecting the new site.

Recent environmental concerns related to contaminated soils on the Kenai River property as well as efforts to protect the habitat values along the river banks has drawn the interest of several groups in supporting this move effort. This proposal is long overdue. We feel this lease-purchase option is the only viable option at this time to accomplish the project.

Representing House District 8

Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward

Alaska State Legislature

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Representative Gary L. Davis

SECTIONAL ANALYSIS OF HB 85 A BILL FOR AN ACT ENTITLED

"An act giving notice of and approving a lease-purchase agreement with the City of Soldotna for a maintenance facility of the Department of Transportation and Public Facilities."

Section 1 gives approval to the City of Soldotna to finance and build a maintenance facility for the Department of Transportation and Public Facilities and be guaranteed of a lease-purchase agreement with the State of Alaska. The state would pay annual rent of roughly \$500,000. and would own the facility after the lease term is up. The total cost will not exceed \$10,000,000.

Representing House District 8

Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward



City of Soldotna

177 North Birch • Soldotna, Alaska 99669 • Phone: (907) 262-9107

October 22, 1996

Honorable Tony Knowles
Governor, State of Alaska
Post Office Box 110001
Juneau, Alaska 99811-0001

Dear Governor Knowles:

Once again I am seeking your help and support for what I assumed the State of Alaska, Kenai Peninsula Borough and the City of Soldotna were all committed to doing—moving the Department of Transportation and Public Facilities to a new home. A new site has been surveyed by the City across from Sky View High School with excellent road access. This land is being conveyed by the Kenai Peninsula Borough.

It is my understanding now that this will not be occurring; that the State will only be cleaning up DOT's existing site and acting in a more environmentally responsible manner?

Will you please inform me as to the current status of the DOT relocation? If the maintenance shop will not be moved, will the salt and sand storage be moved from its current location along the banks of Soldotna Creek?

Your time and attention is greatly appreciated.

Sincerely,

Ken Lancaster
Mayor

cc: Joseph L. Perkins, Commissioner, DOT/PF, 3132 Channel Drive,
Juneau, Alaska 99801-7898
Senator John Torgerson, 145 Main Street Loop, Suite 226, Kenai, AK 99611
Representative Gary Davis, 145 Main Street Loop, Suite 223, Kenai, AK 99611

Alaska State Legislature

Representative Gary Davis
145 Main Street Loop; Ste 223
Kenai, AK 99611
(907) 283-7095; Fax 283-3075



Senator John Torgerson
145 Main Street Loop; Ste 226
Kenai, AK 99611
(907) 283-2690; Fax 283-9267

August 14, 1996

The Honorable Ken Lancaster
Mayor, City of Soldotna
177 North Birch
Soldotna, AK 99669

RE: DOT Maintenance Site Clean-up

Dear Mayor Lancaster;

It is with pleasure that we advise you that the funding for the clean-up of the Soldotna DOT Maintenance facility is once again on schedule for approval.

At your council meeting in June, we announced that we were not successful in obtaining funds for the site clean-up. That statement came from a failed amendment to the capitol budget calling for the funding source to be "The balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) on June 30, 1996."

The amendment which did pass and was included in SB 136 called for the appropriation of \$600,000 from "470 funds for contaminated sites." The reason for our hesitation in informing you of this appropriation is we were informed that the 470 account was an incorrect funding source and therefore would not be recognized as a proper funding mechanism.

Recently, we were able to confirm with both the Legislative Finance Division and the Governor's office that the moneys were in fact appropriated. We then met with Mr. John Horn, Regional Director for DOT and asked that he initiate the process of requesting the funds so they would be transferred to DOT from the 470 funds.

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES

P.O. BOX 110210
 JUNEAU, ALASKA 99811-0210
 PHONE: (907) 485-2250
 FAX: (907) 465-2189

April 24, 1996

The Honorable Gary Davis
 Alaska State Legislature
 State Capitol Room 420
 Juneau, AK 99801

Post-It® Fax Note	7671	Date	# of pages 4
To	Helin	From	Dugan Petty
Co./Dept	Rep. Davis	Co.	
Phone #		Phone #	2250
Fax #	3835	Fax #	2189

Dear Representative Davis:

This confirms a conversation regarding the possible lease or lease purchase of a highway maintenance facility located within the City of Soldotna. As I understand, the City of Soldotna wishes to issue revenue bonds for the construction of a highway maintenance facility that would house the DOT/PF maintenance station at Soldotna.

State procurement laws would not constrain the actions of the City if they wish to build a maintenance facility. It would, however, be prudent of the City to secure a lease purchase agreement with the Department of Transportation and Public Facilities and Department of Administration for the facility prior to undertaking a bonding effort. If necessary, such an agreement could be conditional upon legislative approval.

If the lease agreement will result in ownership by the State at the conclusion of the term or has a term at inception of 75% or more of the facility's economic life, the agreement is subject to AS 36.30.085 as a lease purchase agreement. Prior to entering into a lease purchase agreement, the following actions must be taken in accordance with AS 36.30.085:

- consider criteria set out in AS 36.30.085(b)(1), such as costs and suitability,
- consider if lease purchase is likely to be the least costly means to provide space,
- provide notice to the legislature which includes total cost of the project, anticipated annual rent, total lease payments for the term of the lease, and
- receive approval by the legislature by law.

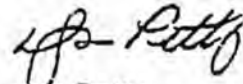
Funding for annual rent must be appropriated from the General Fund. Typically the appropriation is at front of the budget to the Department of Revenue.

Once funds are appropriated and approval has been received in law, an agreement should be executed between the City of Soldotna, the Department of Transportation and Public Facilities and the Department of Administration, and approved by the State Bond Committee.

April 24, 1996

At this point, legislation providing notice and approving the lease purchase agreement in law is most critical. I hope this provides sufficient information and clarification on this project. If I can provide additional assistance, please feel free to call on me.

Sincerely,



Dugan Petty
Director

DP/nl

cc: Annalee McConnell
Director
Office of Management & Budget

Ross Kinney
Deputy Commissioner
Department of Revenue

Kurt Parkan
Deputy Commissioner
Department of Transportation & Public Facilities

Mark Boyer
Commissioner
Department of Administration

Alaska State Legislature

Interim:

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(907) 262-7574 (h)

Session:

State Capitol

Juneau, Alaska 99801

(907) 465-2693

(fax) (907) 465-3535



Representative Gary L. Davis

April 12, 1996

Joseph Perkins, Commissioner
Department of Transportation
3132 Channel Drive
Juneau, Alaska 99801-7898

Re: Soldotna DOT Maintenance Facility

Dear Commissioner Perkins:

Our attempts to promote the construction of a new DOT maintenance facility in Soldotna have come to a critical point. It is my hope, and I am sure yours, to determine what process will be utilized to accomplish our goal in an expeditious manner.

I have come to the conclusion that we have no alternative but to ask the City of Soldotna to promote revenue bonds to fund the project. Our state budget situation will not allow a \$4.5 million distribution for at least two to three years, if then.

I have indicated to the Mayor of Soldotna that he should start the process of the City pursuing revenue bonds to build the new Soldotna DOT/PF maintenance facility. He concurred that this is the most expeditious way to proceed. He indicated he would seek the approval of the City Council during their April 10, 1996 meeting.

Probably the key to this is the agreement by the State to assure the City of Soldotna that payment of the bonds will be provided through a lease payment agreement. Additionally, it would be nice to agree on the disposition of the land at the existing DOT maintenance site.

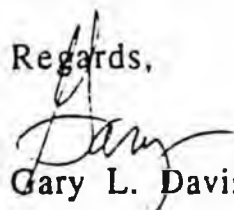
Representing House District 8

Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward

In order to pursue and complete this project there needs to be a close working relationship between the City of Soldotna, Kenai Peninsula Borough, State DOT Administration, and the Governor's office. With this in mind, I would like to set up a meeting with those groups and myself.

I will be in contact with your office to determine when the best time for this meeting might be. Thank you for your attention in this matter.

Regards,



Gary L. Davis, Representative

dld

cc: DOT/PF Commissioner Joe Perkins
Mayor of Soldotna, Ken Lancaster
Kenai Peninsula Borough Mayor, Don Gilman
Governor Tony Knowles/Special Ass. Marilyn Heiman
Senator John Torgerson

APR 23 1996

CITY OF SOLDOTNA

RESOLUTION 96-13

A RESOLUTION SUPPORTING THE CONCEPT OF THE CITY ISSUING REVENUE BONDS TO FINANCE THE CONSTRUCTION OF A NEW FACILITY TO ALLOW RELOCATION OF THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES MAINTENANCE SHOP

Whereas, the City has urged the relocation of the State DOT maintenance facility in Soldotna to a site away from the Kenai River and the central traffic area of the City; and

Whereas, relocation of the facility will further the goal of protecting the Kenai River; and

Whereas, vacating the current maintenance facility site opens opportunities in connection with recreational use which will enhance the quality of life in the City of Soldotna; and

Whereas, current or anticipated funding is not available from the State of Alaska to fully cover design and construction costs of a new facility at this time; and

Whereas, the Kenai Peninsula Borough has made arrangements to convey land to the State for a new maintenance facility site near Soldotna; and

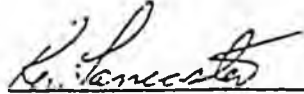
Whereas, the City desires to see the relocation occur as soon as possible;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

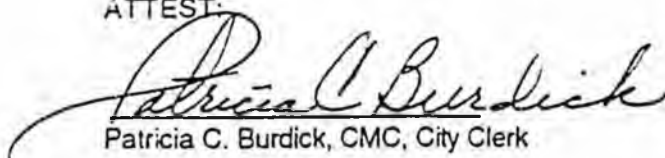
Section 1. The City Council supports the concept of the City issuing revenue bonds of approximately \$4.5 million to finance the construction of a new maintenance facility in the Soldotna vicinity to allow closure of the existing site in Soldotna and developing agreements with the State for use of the site.

Section 2. The City officials will work with the State of Alaska to develop agreements that would allow the financing and construction of the facility subject to the issuance and sale of revenue bonds as may be authorized by the City Council. Repayment of the bonds will come from annual payments from the State.

ADOPTED this 10th day of April, 1996.


Ken Lancaster, Mayor

ATTEST:


Patricia C. Burdick, CMC, City Clerk

Alaska State Legislature

Interim:

145 Main Street Loop #223
Kenai, Alaska 99611
(907) 283-7095
(907) 283-3075 (fax)
(907) 262-7574 (h)



Session:

State Capitol
Juneau, Alaska 99801
(907) 465-2693
(fax) (907) 465-3835

Representative Gary L. Davis

April 9, 1996

Ken Lancaster, Mayor
City of Soldotna
Soldotna, Alaska 99669

Dear Ken:

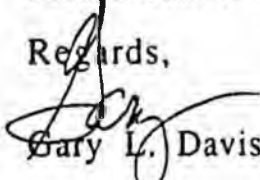
As per our latest discussions relating to the new DOT/PF maintenance facility near Arc lake; it is my recommendation that the City of Soldotna begin the process of pursuing revenue bonds to fund this facility. Recent estimates for the building and appurtenances is \$4.5 million.

Our attempts to fund this through the State Capitol Budget, and other means, does not appear to be practical at this time. The Governor has allotted \$1 million toward this effort for FY '97, and any assistance from the Exxon Valdez Trustee Council could only be utilized on remediation efforts on the existing site. It appears it would take four to five years for the State to fully fund the new facility. Neither I, nor anyone else involved wants to wait that long.

I will contact Commissioner Perkins and the Governor's office relating to the revenue bond approach so everyone is on the same channel. Hopefully we can accomplish this "long awaited" project this year.

Good luck at the city level, and I'll continue to be active on this end. Please call if I can be of further assistance.

Regards,


Gary L. Davis, Representative

cc: Commissioner Perkins
Marilyn Heiman, Special Staff Assistant, Governor's Office
Senator John Torgerson
Representative Gail Phillips
Molly McCammon, Exxon Valdez Trustee Council

Representing House District 8

Soldotna. Sterling. Funny River. Cooper Landing. Hope. Moose Pass. Seward

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

TEXT: (907) 465-3652
FAX: (907) 586-8365
PHONE: (907) 465-3300

January 19, 1996

The Honorable Gary Davis
Alaska State Legislature
State Capitol, Room 420
Juneau, Alaska 99801-1128

Dear Representative Davis:

I would like to take this opportunity to provide you with the status of the project for the relocation of the Soldotna Department of Transportation and Public Facilities (DOT&PF) maintenance station.

The DOT&PF received \$400,000 in Chapter 103, SLA 95 for the design of a new maintenance station in Soldotna. We will advertise a design/build contract by March of 1996. The first phase of the contract will involve completion of the design. If construction funding is available by July 1, 1996, the construction phase of the project would be awarded to the design/build contractor. If construction funding is not available, the contract will end with the completion of the design phase of the project.

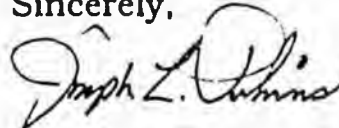
The City of Soldotna plans to use the existing DOT&PF maintenance site as a park. Through an agreement between Governor Knowles, the Kenai Peninsula Borough Mayor Don Gillman and myself the Kenai Peninsula Borough has agreed to provide a site for the new maintenance station. The State will fund the design and construction of the new facility.

The Kenai Peninsula Borough has identified a site that is suitable to the department and the land transfer is in progress.

The current construction cost estimate for the facility is \$4.5 million. This estimate does not include clean-up or rehabilitation of the existing site. We estimate that site cleanup and rehabilitation would cost an additional \$1 million.

If you need additional information or have any questions, please call me.

Sincerely,



Joseph L. Perkins, P.E.
Commissioner

cc: Marilyn Heiman, Special Staff Assistant, Office of the Governor
John Horn, Director, Central Region, DOT&PF
Mayor Don Gillman, Kenai Peninsula Borough
Pat Pourchot, Legislative Director, Office of the Governor
Sam Kito III, Legislative Liaison, Office of the Commissioner, DOT&PF

City of Soldotna

177 North Birch • Soldotna, Alaska 99669 • Phone: (907) 262-9107



By Fax, Three Pages, Including This One

August 12, 1995

Senator John Torgerson
Alaska State Senate
State Capitol
Juneau, AK 99801-1182
Fax 465-4779

Representative Gary Davis
Alaska State Senate
State Capitol
Juneau, AK 99801-1182
Fax 465-3835

Re: Relocation of State Highway M&O Station

Gentlemen:

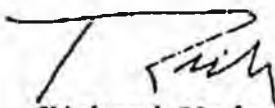
We were pleased to hear and read that Governor Knowles is willing to endorse relocation of Department of Transportation's Soldotna M&O Station. Enclosed for your reference is the narrative from Soldotna's draft Comprehensive Plan justifying this project.


It is suggested this project be implemented in two phases. Seek a General Fund appropriation on the order of \$200,000 in the FY 1996 budget for planning and design. Defer a decision on the construction financing to the FY 1997 budget.

Soldotna is still willing to finance and build a new M&O station to DOT/PF's specifications by selling revenue bonds secured by a lease/purchase agreement with the state. We would ask the state to clean up the site and then convey it to Soldotna for development of a "Town Center" park use. We note the Governor's budget FY 1996 includes \$137,000 for cleaning up the site.

The best site for the new station appears to be property owned by the Kenai Peninsula Borough acquired over the last few years to buffer its sanitary landfill. If you need more information, please just call.

Sincerely,


Richard Underkofler
City Manager


Ken Lancaster
Mayor

cc: Representative Gail Phillips, Speaker of the House (Fax 465-3472)
Don Gilman, Mayor, Kenai Peninsula Borough c/o John Torgerson
John Horn, Regional Director, DOT/PF - Anchorage (Fax 248-1573)

Relocation of State Highway M&O Station

The state's Maintenance and Operation Station is unattractive, functionally obsolete and an inappropriate land use at the center of the Soldotna commercial district. Originally constructed in the mid 1950's, this facility is located on property which has approximately 800 feet of Kenai River frontage and 300 feet of Sterling Highway frontage. The property adjoins a community park at Soldotna Creek. A river related "town center" park for use by residents and visitors alike would be the highest and best use for this property.

The Soldotna Highway M&O station is located on 8.11 acres and presently consists of a two story structure of approximately 9,000 square feet with minor additions. The building is surrounded by open yards used for fuel dispensing operations and storage of material and equipment.

There have been three (3) underground fuel storage tanks on the property. One tank failed a tightness test and was removed in 1990. There is one 3,760 gallon diesel tank and one 5,760 gallon gasoline tank remaining in the ground which are over 25 years old. Each of these tanks have passed tightness tests, but they have not been provided with leak detection, spill and over-fill prevention or corrosion protection systems.

Surface drainage from the site discharges into the Kenai River. An environmental site assessment completed in 1993 by Dames & Moore disclosed that petroleum hydrocarbon constituents have contaminated the soil and groundwater at the site. PCBs and metals were not detected, but salt storage has resulted in a chloride plume at two locations which may be threatening fish habitat in the river.

Although structural components of the M&O building have withstood the test of time, it clearly does not comply with current building codes. Stairs have deficient rise to run ratios and hand-rails; fire exit doors have thresholds which are too high and are otherwise obstructed; cement asbestos board has been used to finish interior walls; and, the welding area walls do not have a one hour separation as required by the fire code.

Previous state capital improvement plans have failed to acknowledge the need for relocating the maintenance station any time over the next six years despite the city's standing offer to provide land for a new facility and to finance and build a new station (to the Department's specifications) by selling bonds secured by a lease/purchase agreement with the State.

The city has desired to have the M&O station relocated to Soldotna Airport because an investment of this sort could serve as a magnet for other development of the airport property; and, thereby help to make the airport more self sufficient. The Department has not been opposed to relocation of the M&O station, but has decided that it will not give further consideration to Soldotna Airport as the site.

The Department wants a location that will meet four basic criteria:

1. The new location must be situated on a major arterial roadway. Sites that are acceptable must be immediately adjacent to state roads such as the Sterling Highway, Kalfornsky Beach Road or the Kenai Spur Highway.
2. The location must be in close proximity to the communities of Kenai and Soldotna.
3. The site must be served with basic utilities. Natural gas, electric power and telephone are required. Access to a municipal sewer system is desirable, but not required.
4. The site must be of at least 20 acres to accommodate necessary structures and storage of maintenance equipment as well as a wide variety of supplies including sand, guard rail components, luminaire parts, bridge timbers and hazardous materials. It must also provide adequate room for fueling operations and allow heavy equipment to maneuver safely. Sufficient room should be planned to allow for a vegetation screen between the maintenance yard and surrounding properties or highways.

Since the Soldotna Airport site has been rejected, the next best location is a site along the Sterling Highway on property acquired by the Kenai Peninsula Borough to buffer its sanitary landfill. The Borough "owes" the State some property as a term of an agreement executed in the early 1960s in which the Borough acquired a site for the Borough Headquarters Building.

The Department of Transportation & Public Facilities has declined to seek authorization for any proposal that would require debt financing. Instead, it has been suggested that the city should rely upon its state legislators to secure a capital appropriation of about \$6 million from the state's General Fund for this project. But \$6 million is too much money to expect from the Kenai legislative delegation when measured against other needs in the Kenai Peninsula Borough. This project belongs in a Governor's recommended budget.

FROM: JOHN HORN
 SOLDOTNA MAINTENANCE FACILITY APPROPRIATIONS

2/12/97

123/96/58/25

Title: Soldotna Maintenance Facility Contaminated Site Remediation

Original Allocation: \$600,000

Remaining Balance: ~~-\$600,000~~ 583,000

103/95/55/14

Title: Soldotna Maintenance Shop Excavation/Treatment

Original Allocation: \$137,000

Remaining Balance: \$ 19,085

103/95/55/12

Title: Soldotna Maintenance Shop Design and Preliminary Work

Original Allocation: \$400,000

Remaining Balance: \$329,450 (we have committed this to build an access road and sand storage pad this summer)

Sam - we have done some clean up and are in process of committing to another \$550.0. Even when this is done, we won't be finished.

As I recall, the money we ~~we~~ requested for the new station (about \$6.2M) included about \$1.3M for cleaning up the old site and demolishing old buildings. I don't see reducing that.

P.S. - Tom Hoover @ OMB called. Wants to know:

- (a) what part of \$1.3M is for demolition vs site clean up & remediation
- (b) After we expend the clean up funds we have, how much is left to be done

(continued next page)

I'll tackle (b) first. When current money is gone, the site will still have hydrocarbon and ~~chlorine~~ chloride contamination. Our hope is to convince DEC to ~~we~~ let us install a monitoring system. If DEC doesn't buy this idea, we will probably need the balance of the \$1.3M just for clean up. If we can get by with a monitoring system, then we will need only \$225.0 of the \$1.3M.

For (a). We estimate the non-environmental cleanup of the site to be \$400.0.

So, under an ideal scenario, we may need only \$625.0 of the \$1.3M. But I wouldn't bank on it. And, if more is needed later, it may be harder to get plus there will be hard feelings on the part of City of Soldotna if lack of clean up funds delay the creation of a riverside ~~park~~ park.

J