

SB

218

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/2/01

FURTHER:

REPORTED OUT
MAY 03 2001
SENATE FINANCE COMMITTEE

DATE TURNED IN TO OFFICE: 4 May 2001

Finance Committee considered SENATE BILL NO. 218

SB 218 INTERNATIONAL AIRPORTS: BONDS/CONSTRUCTION FUND

"An Act relating to international airports revenue bonds and to the spending plan for the International Airports Construction Fund; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 218 (TRF)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Revenue	5/2/01	25.0		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
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<i>[Signature]</i>			<input checked="" type="checkbox"/>	
COCHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
COCHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	

MAY 04 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS SB 218 (TRANS)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: International Airports: BRU: Revenue Operations
Bonds / Construction Fund Component: Treasury Division
Sponsor: Senator Cowdery
Requester: Senate Finance Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	25.0					
Contractual		15.0	15.0	15.0	15.0	15.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous			4,705.9	12,260.8	12,253.5	12,250.0
TOTAL OPERATING	25.0	15.0	4,720.9	12,275.8	12,268.5	12,265.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	25.0	15.0	15.0	15.0	15.0	15.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
AIAS Revenue Fund			4,705.9	12,260.8	12,253.5	12,250.0
TOTAL	25.0	15.0	4,720.9	12,275.8	12,268.5	12,265.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes the State Bond Committee to issue an additional \$142,900,000 in revenue bonds to support the Alaska International Airport System's capital improvement program.

BASE ASSUMPTIONS: Project size of approximately \$113.2 million, 25-year term of bonds. True interest cost of 6.76% (approximately 1.5% above current rates). Two years of capitalized interest (making the interest payments on the bonds with bond proceeds). Debt service reserve funded with bond proceeds.

SOURCES OF CAPITAL: Par amount of bonds \$142.9 million, with interest earnings on the construction fund estimated at \$4 million.

USES OF CAPITAL: Project \$113.2 million. Capitalized interest \$18.8 million. Debt service reserve fund \$12.3 million. Costs associated with issuing the bonds \$2.5 million. Total uses of capital are ~~\$142.9~~ 147.7 million.

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
Division: Treasury Division Date/Time May 2, 2001, 2 p.m.
Approved by: Larry Persily, Deputy Commissioner Date 05/02/2001
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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JUNEAU, ALASKA 99801-7898

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February 9, 2001

Honorable John Cowdery
Chair, Transportation Committee
State Capitol, Room 101
Juneau, AK 99801

Re: SB36 request for information

Dear Senator Cowdery: *John*

Thank you for hearing SB 36, a bill to authorize revenue bonds for financing capital improvements at the Alaska International Airport System. The legislation is important for the airport system and is essential for continued economic development at Anchorage and Fairbanks. I know you have been a strong supporter of private sector construction. There may be no single bigger construction opportunity for the private sector over the next two years than is represented in this legislation. Swift passage of this bill will ensure construction continues on schedule.

At the hearing on January 23, 2001, a question was asked about the relationship between projects identified in the bill and the Terminal Redevelopment project. The Terminal Redevelopment Project budget of \$230,000,000 is a combination of Airport Revenue Bonds, FAA Funds, and FHWA funding. The current CIP Revenue Bond proposal includes funding for certain airport improvements not part of the original Terminal Redevelopment scope. To facilitate orderly and timely flow of construction, some of these additional CIP elements must be integrated and accomplished as part of the various terminal construction contracts. The total amount of these "overlap" CIP projects is approximately \$ 8,700,000.

Below is a description of these "overlap" CIP project elements:

HAZMAT Abatement	\$5,000,000
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Due to the uncertainty associated with the degree and extent of Hazmat within the existing terminal structures, the project budget for the Terminal Redevelopment Project excluded all but minor amounts for known remediation needs. The preferred approach to dealing with Hazmat, as agreed with the airlines, was to address funding needs as they became known and better defined. In conjunction with Concourse C Demolition and the renovations to portions of the existing Ticket Lobby, extensive abatement of unanticipated asbestos containing materials (ACM) was required. Additional hazardous material abatement will also be required to complete the remaining South Terminal renovations. The current estimate for South Terminal related abatement is \$5 million.

Access Control System	\$2,000,000
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Security Access Control for both the Domestic and International Terminals was to be accomplished under a previously authorized CIP project and was therefore excluded from the original scope and budget for the Terminal Redevelopment Project. The recently completed installation of the new Access control system for the International Terminal and portions of the Domestic Terminal consumed the authorized funding. The estimated cost for remaining Access Control Systems that will support the new Concourse C and the balance of the existing terminal is \$2 million. The Access Control Systems will be added the Phase II – Concourse C – Building Completion contract and to the Ticket Lobby and Concourse B Renovation contracts.

Medium Voltage Project	\$1,000,000
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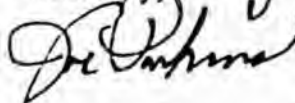
A separate CIP project for a Medium Voltage Distribution System was originally authorized in FY96. The cost of Phase I and II of this project collectively exceed the authorized CIP funding level. This Medium Voltage underground electrical loop was not part of the original Terminal Redevelopment Project scope of work. However, to proceed with construction of Concourse C and avoid delay, it was necessary to complete portions of the Phase II work under the Terminal Project. This CIP funding increment will pay for these additional costs.

Furnishings and Equipment	\$ 700,000
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This CIP funding will provide new/upgraded Airport furnishings, equipment and interior landscaping components (planters, etc.) throughout the new and remodeled concourses. These furnishings and equipment are the "non built-in" components which are in addition to the permanent features being constructed as part of the new Concourse C and remodel of the existing terminal space.

Airline/Concession Relocation (\$5,000,000) is an additional project that was originally included in the list of projects for bond funding. This CIP funding will pay for airline and concessions/retail relocation costs as negotiated based on the terms of current lease agreements. Some of this relocation work will be accomplished in conjunction with the construction of the new Concourse C, other portions may be accomplished directly by the tenants. These costs are beyond the level of the tenant relocations included in the original scope of the Terminal Redevelopment Project. The airlines have recently requested this project be funded from the International Airport Revenue Fund rather than with revenue bonds. Therefore, the department will be requesting an amendment to reduce bond authorization in SB 36 by \$5,000,000.

Sincerely,



Joseph L. Perkins, P.E.
Commissioner

From: DOT & PF

AIAS
FY 2002 Capital Improvement Budget

ANC		Total														
Airport	Description	FY 02/03	AIP	Bonds	PFC	IARF	FY 02	AIP	Bonds	PFC	IARF	FY 03	AIP	Bonds	PFC	IARF
ANC	Advanced Project/Parking Design Study	6,316,000		6,316,000			3,158,000		3,158,000			3,158,000		3,158,000		
ANC	Airfield Electrical/Lighting Rehab/Upgrades	2,237,000	1,950,000	287,000			987,000	750,000	237,000			1,250,000	1,200,000	50,000		
ANC	Airfield Pavement Maintenance	15,524,000	10,700,000	4,824,000			7,499,000	4,700,000	2,799,000			8,025,000	6,000,000	2,025,000		
ANC	Airfield Safety and Blast Protectio	4,868,000	4,600,000	268,000			2,368,000	2,350,000	18,000			2,500,000	2,250,000	250,000		
ANC	Annual Improvements	2,832,000				2,632,000	1,316,000				1,316,000	1,316,000				1,316,000
ANC	Communication System and Relocation	5,515,000		5,515,000			5,515,000		5,515,000			-				
ANC	Deicing System	2,631,000	2,300,000	331,000			2,631,000	2,300,000	331,000			-				
ANC	Energy and Terminal Systems Upgrades	1,905,000		1,905,000			635,000		635,000			1,270,000		1,270,000		
ANC	Environmental Compliance and Cleanup	12,762,000		6,982,000		5,800,000	3,289,000		389,000		2,900,000	9,473,000		6,573,000		2,900,000
ANC	Equipment	4,999,000		4,999,000			2,368,000		2,368,000			2,631,000		2,631,000		
ANC	Field Maintenance Facility	32,000,000	2,600,000	29,400,000			10,000,000	2,600,000	7,400,000			22,000,000		22,000,000		
LHD	GA Parking and Taxiway Relocation	3,186,000	2,700,000	486,000			3,186,000	2,700,000	486,000			-				
ANC	Information Technology Improvements	1,053,000		1,053,000			658,000		658,000			395,000		395,000		
LHD	Lake Dredging and Bank Stabilization	1,270,000	1,150,000	120,000			-		-			1,270,000	1,150,000	120,000		
ANC	Land Acquisition and Mitigation	3,289,000	2,000,000	1,289,000			-		-			3,289,000	2,000,000	1,289,000		
ANC	Master Plan	2,496,000	2,000,000	496,000			1,248,000	1,000,000	248,000			1,248,000	1,000,000	248,000		
ANC	Noise Abatement Program Implementation	5,202,000	4,750,000	512,000			2,831,000	2,400,000	231,000			2,631,000	2,350,000	281,000		
ANC	NT Waterline Replacement	4,902,000		4,902,000			4,902,000		4,902,000			-		-		
ANC	Old International Airport Road Upgrade	998,000		998,000			-		-			998,000		998,000		
ANC	Roads, Utilities & Grounds Constr and Upgrades	4,539,000		4,539,000			1,579,000		1,579,000			2,960,000		2,960,000		
ANC	Security/Safety/Access Control Improvements	1,249,000	750,000	499,000			789,000	750,000	39,000			460,000		460,000		
ANC	Security/Safety/Emergency and Access Control/Comm	14,500,000	4,500,000	10,000,000			14,500,000	4,500,000	10,000,000			-		-		
ANC	Site Development Preparation	7,354,000		7,354,000			7,354,000		7,354,000			-		-		
ANC	Taxiway/Runway Improvements	6,075,000	5,500,000	575,000			1,939,000	1,800,000	139,000			4,136,000	3,700,000	436,000		
ANC	Terminal Rehabilitation	14,538,000		14,538,000			4,934,000		4,934,000			8,604,000		8,604,000		
ANC	Terminal Relocations	5,000,000				5,000,000	5,000,000				5,000,000					
ANC Total		\$ 167,100,000	\$ 45,500,000	\$ 108,168,000	\$ -	\$ 13,432,000	\$ 88,486,000	\$ 25,850,000	\$ 53,420,000	\$ -	\$ 9,216,000	\$ 78,814,000	\$ 19,650,000	\$ 54,748,000	\$ -	\$ 4,218,000

FAI		Total														
Description	FY 02/03	AIP	Bonds	PFC	IARF	FY 02	AIP	Bonds	PFC	IARF	FY 03	AIP	Bonds	PFC	IARF	
FAI	Terminal Imp. Ph 2 Const	3,990,000		438,900	3,551,100	3,990,000		438,900	3,551,100							
FAI	Terminal Roof Repl. Const.	2,450,000	2,284,600	165,400		2,450,000	2,284,600	165,400								
FAI	Equipment	1,807,000		1,287,000	440,000	975,000		535,000	440,000		832,000		832,000			
FAI	Drainage Improvements Ph. 3	1,650,000	1,538,700	111,300		135,000		135,000			1,515,000	1,538,700	(23,700)			
FAI	Last Side Utilities Ph 2	1,450,000		1,450,000							1,450,000		1,450,000			
FAI	Annual Improvements	700,000									350,000				350,000	
FAI	Environmental	500,000		500,000							500,000		500,000			
FAI	ARFF Facility Repairs	400,000		400,000		400,000		400,000								
FAI	Preliminary Planning	400,000		400,000							400,000		400,000			
FAI	Terminal HVAC	2,700,000	2,517,800	182,200							2,700,000	2,517,800	182,200			
FAI Total		\$ 18,047,000	\$ 6,341,100	\$ 5,014,800	\$ 3,991,100	\$ 700,000	\$ 8,300,000	\$ 2,284,600	\$ 1,874,300	\$ 3,991,100	\$ 350,000	\$ 7,747,000	\$ 4,056,500	\$ 3,340,500	\$ -	\$ 350,000

AIAS Total	\$ 183,147,000	\$ 51,841,100	\$ 113,182,800	\$ 3,991,100	\$ 14,132,000	\$ 96,786,000	\$ 28,134,600	\$ 55,094,300	\$ 3,991,100	\$ 9,566,000	\$ 86,361,000	\$ 23,706,500	\$ 58,088,500	\$ -	\$ 4,568,000
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**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: May 1, 2001

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 5/1/01

Transportation Committee considered SENATE BILL NO. 218

"An Act relating to international airports revenue bonds and to the spending plan for the International Airports Construction Fund; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 218 (TVA)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOR	5/1/01	✓		1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

