

**HB**

**237**

# STATE OF ALASKA

## DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES OFFICE OF THE COMMISSIONER

rcvd 4/4 11:17 pm  
FRANK H. MURKOWSKI, GOVERNOR

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April 4, 2005

The Honorable Jim Elkins  
Co-Chair, House Transportation  
State Capitol, Room 416  
Juneau, Alaska 99801

The Honorable Carl Gatto  
Co-Chair, House Transportation  
State Capitol, Room 411  
Juneau, Alaska 99801

Dear Representatives Elkins and Gatto:

I respectfully request that you schedule House Bill 237 for a hearing before the Senate Transportation Committee. This bill would authorize the sale of up to \$288 million in new international airport revenue bonds that will fund terminal remodels at the Anchorage and Fairbanks International Airports. In addition, it would provide state matching dollars for federal airport improvement projects and fund other smaller capital improvement projects.

Annual debt service on the revenue bonds will be paid for primarily through airline rates and fees. All the projects requiring bond funding were approved by the Alaska International Airport Systems' 26 signatory airlines in January of this year.

At the Ted Stevens Anchorage International Airport, the bond package includes \$91 million for a seismic retrofit of the A and B concourses of the South Terminal. The fix ensures that the rest of the terminal meets current health and safety standards and will assist with business development.

In addition to the Concourse A and B retrofit, bonds will provide funding in Anchorage for the federally required match for airfield projects and equipment.

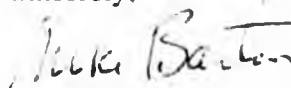
In Fairbanks, \$86.8 million in bond proceeds will upgrade and replace terminal facilities to accommodate future growth in passenger numbers and address seismic and code issues. Bond proceeds will also provide for the state share of primary runway reconstruction and replacement of airport equipment.

Cash flow analysis indicates the need for a bond sale in January of 2006.

The Governor has submitted in his FY06 capital budget some spending authority requests for portions of the bond-funded program to be initiated in FY06. Additional spending authority for bond-funded projects will also be required in fiscal years 2007 through 2009.

I urge your prompt and favorable action on this measure.

Sincerely,

  
Mike Barton  
Commissioner

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 237  
 (H) Publish Date: 3/29/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Airport Bonds RDU: Revenue Operations  
 Sponsor: Rules Committee Component: Treasury Division  
 Requester: Governor Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel	15.0					
Contractual		10.0	10.0	10.0	10.0	10.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service			19,465.2	19,465.2	19,465.2	19,465.2
<b>TOTAL OPERATING</b>	<b>15.0</b>	<b>10.0</b>	<b>19,475.2</b>	<b>19,475.2</b>	<b>19,475.2</b>	<b>19,475.2</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	15.0	10.0	10.0	10.0	10.0	10.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
AIAS Revenue Fund			19,465.2	19,465.2	19,465.2	19,465.2
<b>TOTAL</b>	<b>15.0</b>	<b>10.0</b>	<b>19,475.2</b>	<b>19,475.2</b>	<b>19,475.2</b>	<b>19,475.2</b>

Estimate of any current year (FY2005) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation authorizes the State Bond Committee to issue \$288.3 million in revenue bonds to support the Alaska International Airport System capital improvement program.

Project size is approximately \$265 million. Initial debt assumptions are \$100 million in variable-rate bonds, and the balance in 25-year term bonds with fixed interest rates and serial maturities. Eighteen months of capitalized interest is assumed, with interest expense to be paid from bond proceeds. The blended assumed interest rate is 4.46%. Assumptions, including interest rates, are likely to change over time.

Prepared by: Deven Mitchell, State Debt Manager Phone: 465-3750  
 Division: Treasury Division Date/Time: 3/21/05 3:35 PM  
 Approved by: Tom Boutin, Deputy Commissioner Date: 3/21/2005  
 Agency: Department of Revenue

# AIAS Bond Funding Requirement

AIRPORT	ITEM	OTHER FUNDING	BONDS	TOTAL
ANC	A&B Retrofit	51.5	91.5	143.0
FAI	TERMINAL	12.4	86.8	99.2
ANC	CIP (FY06 - 09)	118.8	29.2	148.0
FAI	CIP (FY06 - 09)	50.4	5.5	55.9
Deferred	CIP (FY04 - 06)	0.0	19.9	19.9
<b>TOTAL</b>		<b>233.1</b>	<b>232.9</b>	<b>466.0</b>
<b>Capitalized Interest</b>			<b>30.2</b>	
<b>Issuance Costs</b>			<b>24.9</b>	
<b>Total Bond Sale</b>			<b>288.0</b>	

**Alaska International Airport System  
FY06 – FY09  
Bond Funded Projects**

<u>FAI</u>	<u>Bond Amount</u>	<u>Total Project</u>
Federal Match - Runway Reconstruction	\$ 2,587,500	\$ 51,750,000
Airfield Maintenance Equipment	\$ 2,934,000	\$ 2,934,000
Terminal Redevelopment	<u>\$ 86,843,500</u>	<u>\$ 99,843,500</u>
	\$ 92,365,000	\$154,527,500

<u>ANC</u>		
Federal Match – Airfield, Aprons, GA Parking, Taxiways	\$ 5,439,362	\$ 51,307,848
AOA Snow Melting System	\$ 3,000,000	\$ 3,000,000
South Terminal Seismic and Security Retrofit	\$ 91,500,000	\$143,000,000
Consolidated Facilities Center	\$ 5,000,000	\$ 5,000,000
Homeland Security/Terminal Area Upgrades	\$ 13,639,000	\$ 14,639,000
Noise Abatement and Land Acquisition	\$ 2,661,000	\$ 23,361,000
Safety/Security/Information Systems Improvements	\$ 6,474,000	\$ 11,974,000
Utilities/Roads/Grounds Upgrades	\$ 5,084,000	\$ 6,584,000
Airfield Maintenance Equipment	\$ 4,363,000	\$ 18,033,000
Advance Project Planning/Design	<u>\$ 6,900,000</u>	<u>\$ 10,900,000</u>
	\$144,060,362	\$287,798,848

