

SB

153

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/05

FURTHER:

REPORTED OUT

APR 28 2005

SENATE FINANCE
COMMITTEE

DATE TURNED IN TO OFFICE: 28 April 2005

Finance Committee considered

SENATE BILL NO. 153

SB 153 INTERNATIONAL AIRPORTS REVENUE BONDS

"An Act relating to international airports revenue bonds; and providing for an effective date."

and recommends:

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

CS Senate Bill:

Same Title

New Title

SCS House Bill:

Same Title

Technical Title Change

New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
Revenue	3/21/05	15.0			#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
			✓	
			✓	
	✓			
			✓	
COCHAIR:	✓			
COCHAIR:	✓			

APR 24 2005

STATE FINANCE COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 153
(S) Publish Date: 3/29/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Airport Bonds RDU: Revenue Operations
Component: Treasury Division
Sponsor: Rules Committee
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
TOTAL OPERATING	15.0	10.0	19,475.2	19,475.2	19,475.2	19,475.2

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	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
TOTAL	15.0	10.0	19,475.2	19,475.2	19,475.2	19,475.2

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: Devon 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

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

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PHONE: (907) 465-3900

April 7, 2005

The Honorable Lyda Green
Co-Chair, Senate Finance
State Capitol, Room 516
Juneau, Alaska 99801

The Honorable Gary Wilken
Co-Chair, Senate Finance
State Capitol, Room 518
Juneau, Alaska 99801

Dear Senators Green and Wilken:

I respectfully request that you schedule Senate Bill 153 for a hearing before the Senate Finance 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.

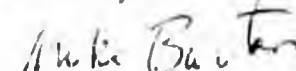
In Fairbanks, \$86.8 million in bond proceeds will upgrade and replace terminal facilities to accommodate future growth in passenger numbers and address seismic and code issues. Bond proceeds will also provide for the state share of primary runway reconstruction and replacement of airport equipment.

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,



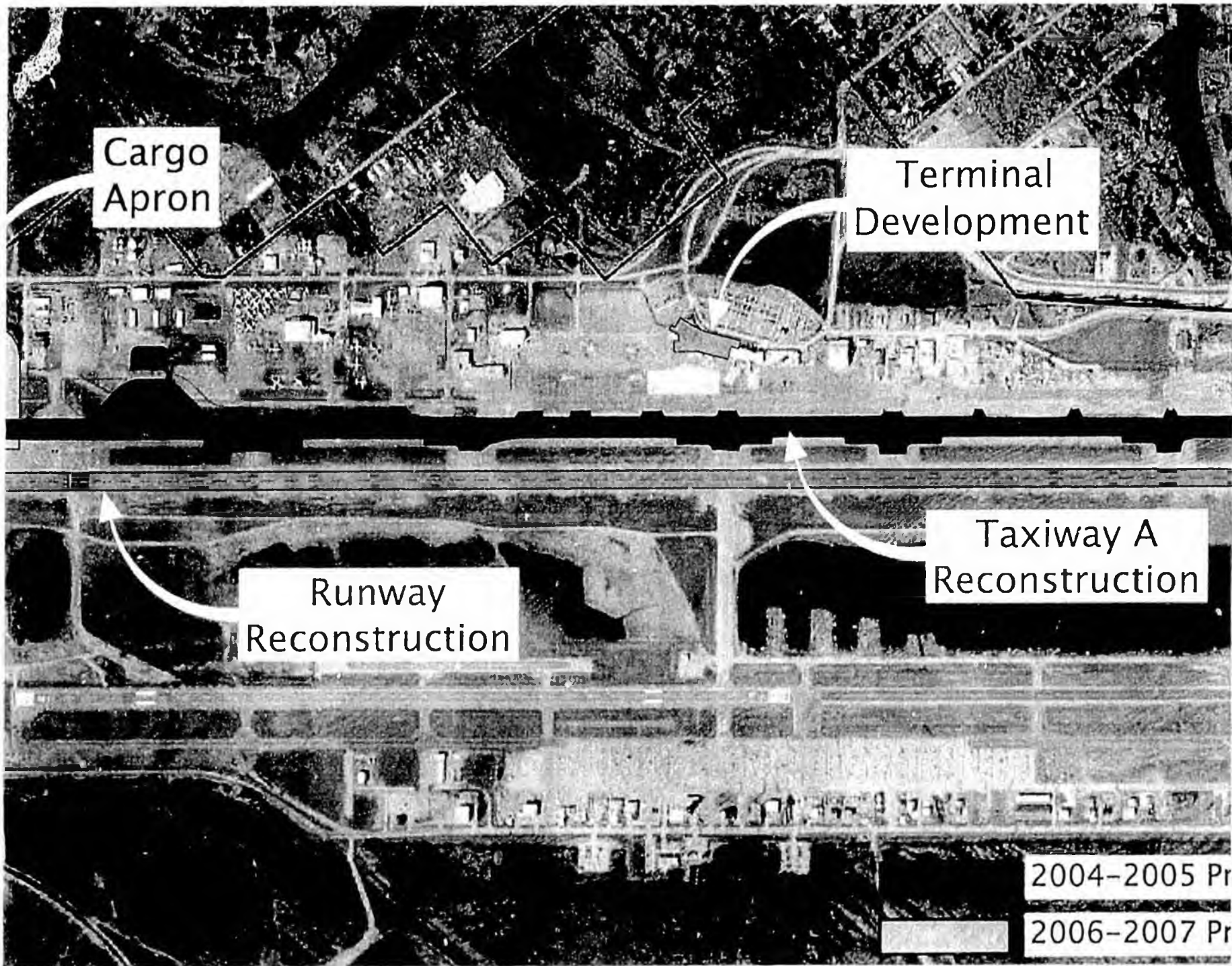
Mike Barton
Commissioner

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
TOTAL		233.1	232.9	466.0
Capitalized Interest			30.2	
Issuance Costs			24.9	
Total Bond Sale			288.0	

**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



Cargo
Apron

Terminal
Development

Runway
Reconstruction

Taxiway A
Reconstruction

2004-2005 Pr

2006-2007 Pr



Ted Stevens
Anchorage
International Airport

2006 PROJECTS

2007 PROJECTS

2008 PROJECTS

2009 PROJECTS

RON PARKING

TAXIWAY Y
GROUP VI

W. AIRPARK STORM DRAIN

TUG ROAD

RUNWAY 6R/24L
GROUP VI

TAXILANE T
GROUP VI

TAXILANE U
GROUP VI

REMOTE REFUELING APRONS

TAXIWAY V

TUG ROAD

AIRCRAFT DRIVE REALIGNMENT

GA PARKING EXPANSION

TAXIWAY SEPARATION

COMBINED FACILITY CENTER

EMERGENCY OPERATIONS CENTER

SOUTH TERMINAL RETROFIT

STORM DRAIN EXTENSION

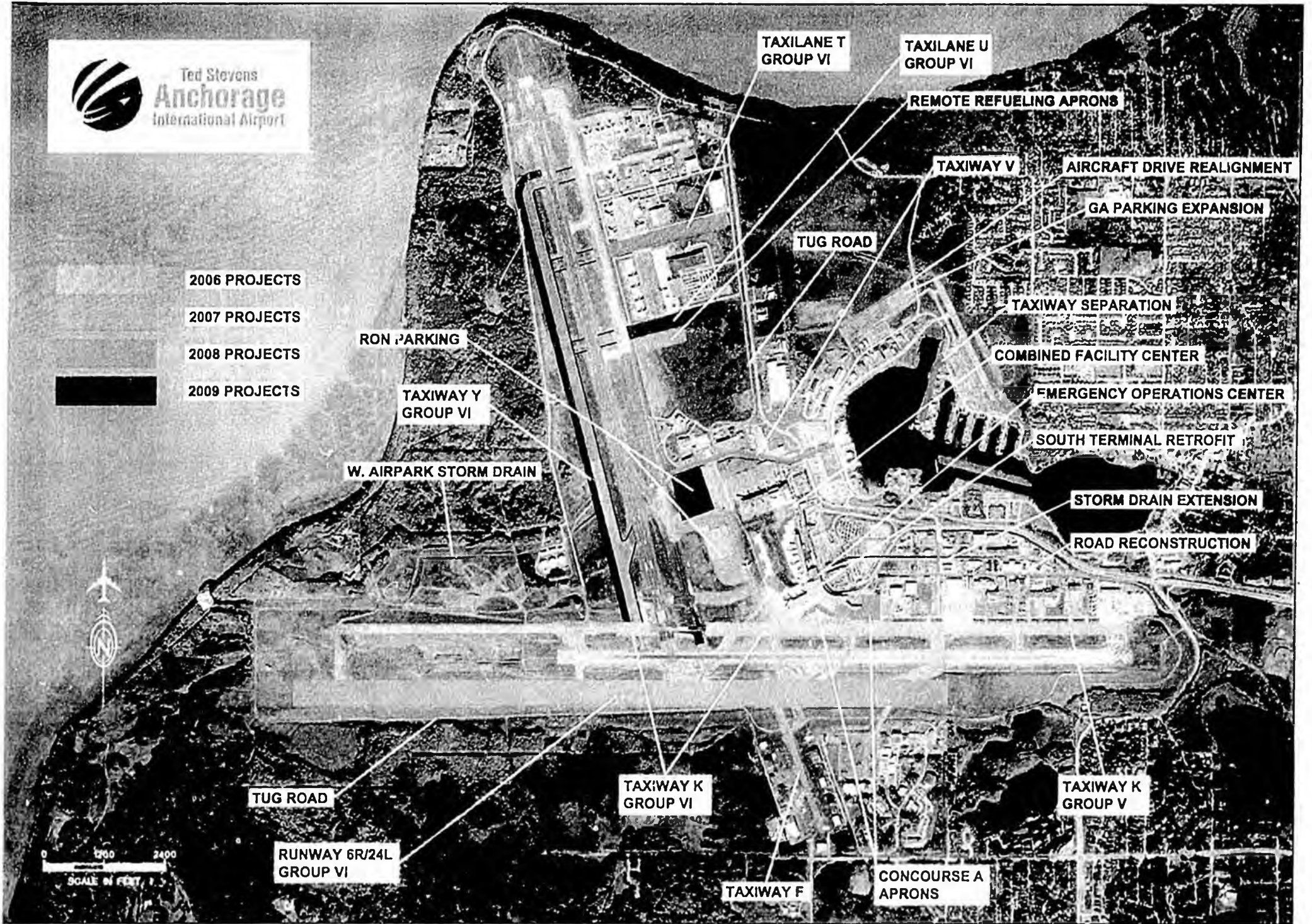
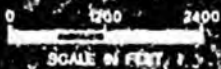
ROAD RECONSTRUCTION

TAXIWAY K
GROUP VI

TAXIWAY K
GROUP V

TAXIWAY F

CONCOURSE A
APRONS



THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

SB153



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 24, 2005

The Honorable Ben Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to international airports revenue bonds.

The bill would amend AS 37.15.410 to increase the cumulative authorization for international airports revenue bonds from the current \$524,500,000 to \$812,500,000. This increase will allow the sale of up to \$288,000,000 in new international airports revenue bonds to support capital improvement programs for fiscal years 2006 through 2009 at the Ted Stevens Anchorage International Airport and Fairbanks International Airport, which together comprise the Alaska International Airports System (AIAS). AS 37.15.410 states the cumulative amount of bonds authorized since the creation of the international airports revenue bonding program, including those already fully retired, and does not reflect the dollar amount of bonds outstanding at any given time.

Funding for operations and capital improvements of the AIAS is obtained from charges for the use of airport facilities, primarily paid by commercial airlines. The AIAS and the airlines that are signatories to the International Airports System Operating Agreement have agreed to a capital improvement program approved by the signatory airline ratepayers through a voting procedure under the Operating Agreement. With full support of the airlines, revenue bond funding allows the cost of long-term airport projects to be spread over longer periods of time, such as the useful life of the projects. Annual debt service will be paid through airline rates and fees -- and in some cases, federal grant proceeds or passenger facility charges.

COMMITTEE COPY

The Honorable Ben Stevens
March 24, 2005
Page 2

Additional bond authorization under AS 37.15.410 was granted in 2001 and again in 2003, to implement the AIAS capital improvement program through fiscal year 2005. Additional bond authorization is now required to finance the continuation of the capital improvement program. AS 37.15.410 has, to date, authorized the state to issue up to \$524,500,000 of revenue bonds to support airport projects. This authority, cumulative since the inception of AS 37.15.410, has been exhausted, with outstanding bond principal standing at approximately \$427,000,000 as of June 30, 2004. The increase in this bill is required to allow the sale of additional bonds.

The authority sought in this bill would increase the bond authorization limit to finance capital improvements at both the Ted Stevens Anchorage International Airport and Fairbanks International Airport through fiscal year 2009. By including the full authorization in this bill, the state could sell bonds in a single offering or in multiple offerings, as best maximizes the efficiency and reduces the cost of bond issuance, while providing financing as required to meet project needs.

At Anchorage, these bond proceeds would provide some or all of the state share for federal airport improvement program projects such as airfield pavement maintenance, equipment, noise abatement program implementation, master planning, advanced project/parking design study, and aircraft rescue and fire fighting building rehabilitation. Anchorage bond projects not primarily supported by federal money include such projects as information technology improvements, terminal rehabilitation, general aviation parking and taxiway relocation, and homeland security renovation. Bond proceeds also would fund the lion's share of the Anchorage South Terminal Concourse A and B remodel project.

At Fairbanks, these bond proceeds would provide the state share for primary runway reconstruction, including pavement replacement, associated airfield lighting reconstruction, and relocation of the heavy aircraft cargo apron to meet airport design criteria and to permit development of underutilized land. Bond proceeds also would replace worn out airport operations, safety, and maintenance equipment. Finally, the bond proceeds would provide the bulk of the funding necessary for a terminal area development project at Fairbanks. This project would upgrade and replace Fairbanks terminal facilities to resolve seismic and code deficiencies, as well as to accommodate future growth in passenger numbers.

The AIAS is an increasingly vital and growing part of our economic engine. The AIAS and the state's major air carriers propose to continue

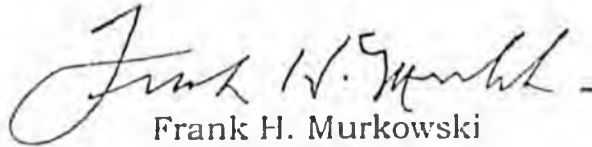
The Honorable Ben Stevens

March 24, 2005

Page 3

developing our world-class international airports through the implementation of the International Airports Operating Agreement, supported by the issuance of the additional revenue bonds that would be authorized by this bill. In order to assure timely project development, I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

**SENATE COMMITTEE REPORT;
First Committee of Referral**

DATE: 3/29/05

FURTHER: Finance

Date of 5-Day Notice: 3/31/05
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/7/05

Transportation Committee considered SENATE BILL NO. 153

SB 153 INTERNATIONAL AIRPORTS REVENUE BONDS

"An Act relating to international airports revenue bonds; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
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CS Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
SCS House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____



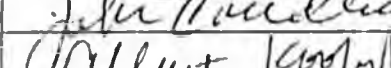
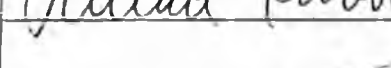
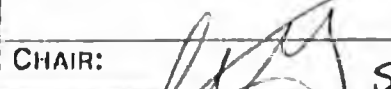
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	3/21/05	✓			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
 Sen. French			X	
 Sen. Theriault			X	
 Sen. Cowdery	✓			
 Sen. Kookesh			X	
CHAIR:  Sen. Huggins	✓			