

SB

80

<TARGET><BILL>SB 80</BILL><SUBJECT>SB
80</SUBJECT><COMM>STRA27</COMM></TARGET>

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 2/4/11

FURTHER: Finance

Date of 5-Day Notice: 2/9/11
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/15/11

Transportation Committee considered SENATE BILL NO. 80

SB 80-KNIK ARM BRIDGE AND TOLL AUTHORITY

"An Act relating to the authority and obligations of the Knik Arm Bridge and Toll Authority, to bonds of the authority, and to reserve funds of the authority; authorizing the state to provide support for certain obligations of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund."

and recommends:

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

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
DOT			✓	1

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
<i>[Signature]</i>	Menard	✗			
<i>[Signature]</i>	THOMAS			✓	
<i>[Signature]</i>	EGAN			✗	
CHAIR: <i>[Signature]</i>	Kookesh			✗	

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Wednesday, February 16, 2011 7:34 AM
Subject: Sean Cockerham: Bridge request gets cool reaction in Juneau

Bridge request gets cool reaction in Juneau

\$150M: Knik crossing funds debated in committee, then moved to others.

By SEAN COCKERHAM
scockerham@adn.com

Published: February 15th, 2011 11:17 PM
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A proposal to give at least \$150 million in state money for the Knik Arm bridge is moving forward in the Alaska Senate despite big questions raised by legislators.

The Senate Transportation Committee on Tuesday moved out with no objection a pair of bills to give money to the controversial project. But the sponsor of the bills, Wasilla Republican Sen. Linda Menard, was the only committee member to give unqualified support for giving bridge backers what they want.

Fairbanks Democratic Sen. Joe Thomas said he's afraid the state could be on the hook for a lot more than the initial \$150 million. "My concern is knowing exactly what the state's obligation is going to be in the long run," he said.

But the proposal has influential backers, including Anchorage Mayor Dan Sullivan. He wrote a letter urging the Legislature to pass the bills, saying the Knik Arm bridge would be "an asset to Alaskans for generations."

Senate Transportation Chairman Albert Kookesh said the questions about cost will be hashed out in the Finance Committee, where the bills go next. Kookesh, a Democrat from the Southeast community of Angoon, wrote that he had "no recommendation" on whether the bills are a good idea.

The project is a two-lane bridge connecting Anchorage to mostly undeveloped Mat-Su land near Point MacKenzie. The plan is to collect tolls from drivers, with a charge estimated to be \$5 each way per vehicle.

The state would join with a private developer. The developer would borrow to pay for bridge construction and operate it in exchange for the state sharing toll money.

But bridge planners now say the tolls won't cover the payments to the developers in the first years the bridge is open. So the Knik Arm Bridge and Toll Authority, which the Legislature created in 2003 to pursue the bridge project, is asking lawmakers to appropriate \$150 million this year for a reserve fund.

KABATA says the tolls will cover the payments after about the bridge's first three years.

WHO HAS THE RISK?

Menard's Senate Bill 79 would provide the \$150 million in state money for the project. Her other bridge bill, SB 80, says the financial obligations made by KABATA "under the partnerships or contracts are obligations of the state."

Bridge critic Jamie Kenworthy told the Transportation Committee SB 80 amounts to a blank check, giving the state liability for a project that could cost over a billion dollars.

"With these two bills the state will now have the full downside of the project," said Kenworthy, a former director of the Alaska Science and Technology Foundation.

KABATA officials disputed that. The state's commitment would just be to make the annual payment to the developer in exchange for financing building and operating the bridge, said Michael Foster, chairman of the toll authority. There would be bids to see which potential developer asks for the lowest payment and that amount would be agreed on before the bridge is started, he said.

"We're confident that after the first few years of operation the toll revenue will be adequate to pay for that annual payment," Foster said.

He said the surplus toll revenue would eventually go to fund other state projects. KABATA officials said the state money will help lower the cost of financing for the project, which means the annual payment to the developer will be less.

COSTS AND COMMUTING TIME

Democrats in the state House are especially vocal opponents of the bridge. Anchorage Democratic Rep. **Mike Doogan told reporters Tuesday that people need to remember the bridge originally wasn't supposed to cost the state anything.**

"How does this benefit the people of Alaska exactly? I'm not getting it. I really wasn't getting it too much before this and I'm really not getting it when they want to stick their hands in the taxpayer's pocket," he said.

The legislative research agency produced a report Tuesday answering questions about the bridge posed by Anchorage Democratic Rep. Les Gara. It said KABATA's data show the commute time between Anchorage and Palmer or Wasilla wouldn't be any faster if the bridge were built. The report also said the first phase of the construction project is estimated at \$716 million and a second phase would be \$379 million, including additional road upgrades on both sides.

Critics of the project say KABATA's forecast for bridge traffic and Mat-Su growth are far too high. Bridge authority officials told lawmakers Tuesday that they're still confident in the numbers but are reworking the traffic forecast.

KABATA and other bridge advocates say Anchorage is running out of developable land and the bridge would open the area for housing and industry and provide a new route to the growing Mat-Su. The bridge isn't just for the Mat-Su but will handle freight and traffic coming down to Anchorage from the rest of the state, said Jeff Ottesen, director of development for the state transportation department.

He said the bridge would spur growth toward the south end of Knik-Goose Bay Road. Without the bridge, Ottesen said, Mat-Su growth will concentrate in the Palmer and Wasilla areas, which would require road upgrades there.

"We're hearing a lot here about risk," Ottesen told the Transportation Committee. "Alaska is a place where, if you're going to live here, you're going to do things you have to take a little bit of risk ... we're always fighting the naysayers."

Daily News reporter Lisa Demer contributed to this report.

Source: <http://www.adn.com/2011/02/15/1705278/bridge-request-gets-cool-reaction.html#ixzz1E8R2Zev5>

Senator Linda Menard

Session

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Alaska State Legislature

Senate Bill 80 Sponsor Statement

Senate Bill 80 amends the Knik Arm Bridge and Toll Authority's enabling statute to provide for a successful procurement for the Knik Arm Crossing project and to generate the best value for the state. Passing this legislation **this session** is important to seeing the Knik Arm Crossing efficiently move toward a successful and low-cost procurement process and facilitate being open for traffic in 2015. The Knik Arm Crossing will be a significant addition to Alaska's infrastructure that will further facilitate the movement of goods and people in the state.

Senate Bill 80 was written in consultation with the Knik Arm Bridge and Toll Authority (KABATA), which was established in 2003 by the Alaska Legislature. The bill accomplishes many items KABATA has deemed necessary to have a successful public-private partnership procurement. Those items are:

- **Increase in KABATA's Bonding Authority from \$500 million to \$600 million**
 - The \$600 million number represents the same amount authorized under Private Activity Bond (PABs) allocation from FHWA
 - Lowers the cost of capital for the project and ultimately lowers the cost to end users
 - Private partner is the borrower of any PABs issued.
- **Property tax relief – clarify that the Crossing and associated facilities are exempt from state and local property taxes**
 - Like any other transportation project in our State, the roads and bridges are not subject to property taxation.
 - Any private facilities developed outside the crossing will be taxable
 - Property tax exemption reduces the availability payment and reduces the toll
- **Contractual Monetary Obligations**
 - Identifies the *obligations of the State of Alaska* under a P3 process
 - The legislative language applies to "monetary liabilities" which may be incurred by KABATA under a P3 process

- Any P3 agreement needs to be approved by the KABATA Board of Directors, State AG's office, ADOT&PF
- Serves to lower the cost of debt and equity to finance the project
- Keeps the tolls affordable to the traveling public

Project reserve

- Creation of a reserve fund is to provide a backstop for toll revenue fluctuations.
- Serves to enhance the credit worthiness of the project and reduce overall project costs
- Will be repaid over the project life

All of the above language clarifications and additions serve to lower the cost of capital on this much needed infrastructure project and deliver the benefits in a timely and efficient manner.

Please help me by supporting this legislation so a long-term, long sought after project can be realized.

Clinton Sullivan

Subject: STRA/7872/jnu*/1-3p
Location: Clint/ Butrovich 205
Start: Tue 2/15/2011 1:00 PM
End: Tue 2/15/2011 3:00 PM
Recurrence: (none)
Organizer: LIO Juneau

Meeting: new

Sponsor and/or Committee Name: Senate Transportation Committee

Date of Teleconference: February 15, 2011

Start Time: 1pm

End Time: 3pm

Chairing Site: Juneau

Juneau Room: Butrovich Room 205

Testimony: invite only

Testimony Time Limit: three min

Executive Session: no

Stream to AlaskaLegislature.tv: yes

Contact Person: Nancy Barnes

Telephone Number: 465-6828

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LIO Sites:

All LIOs

May other LIO's add: yes

Offnet Name(s):

Invitation only:

Michael Foster, Chair of the Knik Arm Bridge and Toll Authority (KABATA) Board of Directors; Andrew

Niemiec, Executive Director, KABATA; Kevin Hemenway, CFO for KABATA; and Jamie Kentworthy, Former Head of the Alaska Science and Technology Foundation.

Subject of meeting and/or Bills on Agenda:

SB 79: An Act Making a special appropriation to the Knik Aarm Crossing fund and providing for an effective date; and, SB 80: An Act relating to the authority and obligation of the Knik Arm Bridge and Toll Authroity. Both Bills are introduced by Senator Linda Menard.

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MEMORANDUM

February 3, 2011

SUBJECT: Sectional summary of SB 80 (Work Order 27-LS0430\B)

TO: Senator Linda Menard
Attn: Michael Rovito

FROM: Brian J. Kane *BJK*
Legislative Counsel

You have requested a sectional summary of SB 80, a bill relating to the Knik Arm Bridge and Toll Authority.

Please note that a sectional summary of a bill is not an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends the powers of the Knik Arm Bridge and Toll Authority to add that monetary obligations incurred under a public-private partnership or service contract are obligations of the state that are subject to appropriation.

Section 2 of the bill authorizes the authority to borrow money and lists the means by which the principal and interest on bonds of the authority may be paid.

Section 3 of the bill increases the aggregate amount of bonds the authority may issue to \$600,000,000.

Section 4 of the bill restates a portion of what was originally part of AS 19.75.211(a) but was moved to subsection (e) due to drafting constraints. It adds a reference to private revenue under a public-private partnership.

Section 5 of the bill lists what deposits may be made into a reserve fund established under AS 19.75.221(h).

Section 6 of the bill states the purposes for which a reserve fund of the authority may be used and provides for various rules and reports regarding transfers from a reserve fund and amounts of money needed to be in a reserve fund.

Section 7 of the bill states that rights and interests in real and personal property, assets, income, and receipts held by a private person or enterprise under a public-private partnership agreement with the authority, except any rights and interests of the private

• Senator Linda Menard
February 3, 2011
Page 2

person in property serving a business, commercial, or other purpose not necessary to operate the facilities, properties, or projects of the authority, shall be exempt from all taxes and special assessments of the state or a political subdivision of the state.

Section 8 of the bill establishes the Knik Arm Crossing fund as a separate fund in the general fund and states that money from the fund shall be transferred from the fund to a reserve fund of the authority once a public-private partnership agreement is executed.

BJK:plm
11-050.plm

Knik Arm Crossing Public-Private Partnership and Cost of Capital Overview

Availability Payment Structure

- Private partner responsible for finance, design, build, operate and maintain over life of agreement (e.g. 35 years)
- State makes regular annual payments to private partner that cover its:
 - Debt service
 - Operation and maintenance costs
 - Reasonable return on invested equity
- State owns facility and toll revenues
- State funds annual payments from:
 - Toll revenues
 - Then, if necessary, from reserve fund
 - Then, from appropriations (if necessary)
- Annual availability payment amount fixed, except:
 - A portion is indexed to CPI to account for increases in O&M costs
 - Increases if traffic significantly increases over time, to account for resulting increases in O&M costs
 - Reductions if private partner fails to meet contract standards for keeping facility available for public use and in good and safe condition
- Competition is lowest annual availability payment from State to private partner
- Off balance sheet financing for State

Reduces Cost of Capital

- Private partner's cost of capital a significant factor in amount of annual payments
- Credit that backs State's annual payment obligation is a material factor affecting availability and cost of capital
- Senior debt must receive investment grade credit rating for project to be eligible for low cost, federal loan ("TIFIA" financing)

SB 79 and SB 80 enhance project credit, ensuring an investment grade rating is achieved and that the developer can obtain the lowest cost of capital, thereby providing the lowest availability payment offers to the state

Title 23 Eligible Projects and Surplus Toll Revenue from the Knik Arm Crossing

Title 23 United States Code (USC) is the law around the Federal Highways program. The Knik Arm Crossing (KAC) project falls under Title 23 USC because it has been developed with and will have available for construction federal aid provided under Title 23. The Knik Arm Crossing has been designated part of the National Highway System (NHS) by FHWA. The KAC is also a toll project subject to a 23 USC Section 129 Toll Agreement. KABATA and the ADOT&PF are required under federal law to jointly enter into a Section 129 toll agreement with the FHWA/USDOT. The 129 toll agreement limits the use of toll revenue on a federal aid project under Title 23 as follows:

- “first for debt service, for reasonable return on investment of any private person financing the project, and for the costs necessary for the proper operation and maintenance of the toll facility, including reconstruction, resurfacing, restoration, and rehabilitation.
- “If the State certifies annually that the tolled facility is being adequately maintained, the State may use any toll revenues in excess of amounts required under the preceding sentence for any purpose for which Federal funds may be obligated by a State under this title.”

Repayment of the project reserve fund with tolls falls loosely under “debt service” in the first bullet. Essentially, any surplus toll revenue generated by the KAC after meeting the first bullet above can then be used for Title 23 eligible transportation projects throughout the state or alternatively, tolls could be reduced on the project. The actual allocation mechanism for doing so is best left to be defined in the future by policy makers responsible at the time the decisions need to be made, and certainly best left until after the public-private partnership is entered into and the contractual terms established. The actual definition of what is eligible under the Federal Highways program is quite lengthy. In general, Alaska has been provided more flexibility with respect to what is Title 23 Eligible than most states under Title 23. Eligible transportation projects under Title 23 include generally the construction or reconstruction of:

- Roads and bridges on the Interstate or National Highway Systems (or connecting to them)
- Transit facilities
- Marine Highway System
- Trails
- Transit intermodal parking facilities

Note that the dedication of the surplus tolls to Title 23 Eligible projects does not violate the constitutional prohibition against dedication of funds because there is a carve-out exception where it is required by federal law. Here is section 9.7 of the Alaska Constitution with relevant wording highlighted in yellow:

Section 9.7 - Dedicated Funds.

The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

I have also highlighted in yellow some of the more relevant parts of Title 23 Section 129 below, including some that apply to the Alaska Marine Highway System.

TITLE 23 USC

§ 129. Toll roads, bridges, tunnels, and ferries

(a) BASIC PROGRAM.—

(1) AUTHORIZATION FOR FEDERAL PARTICIPATION.—Notwithstanding section 301 of this title and subject to the provisions of this section, the Secretary shall permit Federal participation in—

(A) initial construction of a toll highway, bridge, or tunnel (other than a highway, bridge, or tunnel on the Interstate System) or approach thereto;

(B) reconstructing, resurfacing, restoring, and rehabilitating a toll highway, bridge, or tunnel (including a toll highway, bridge, or tunnel subject to an agreement entered into under this section or section 119(e) as in effect on the day before the date of the enactment of the Intermodal Surface Transportation Efficiency Act of 1991) or approach thereto;

(C) reconstruction or replacement of a toll-free bridge or tunnel and conversion of the bridge or tunnel to a toll facility;

(D) reconstruction of a toll-free Federal-aid highway (other than a highway on the Interstate System) and conversion of the highway to a toll facility; and

(E) preliminary studies to determine the feasibility of a toll facility for which Federal participation is authorized under subparagraph (A), (B), (C), or (D); on the same basis and in the same manner as in the construction of free highways under this chapter.

(2) OWNERSHIP.—Each highway, bridge, tunnel, or approach thereto constructed under this subsection must—

(A) be publicly owned, or

(B) be privately owned if the public authority having jurisdiction over the highway, bridge, tunnel, or approach has entered into a contract with a private person or persons to design, finance, construct, and operate the facility and the public authority will be responsible for complying with all applicable requirements of this title with respect to the facility.

(3) LIMITATIONS ON USE OF REVENUES.—Before the Secretary may permit Federal participation under this subsection in construction of a highway, bridge, or tunnel located in a State, the public authority (including the State transportation department) having jurisdiction over the highway, bridge, or tunnel must enter into an agreement with the Secretary which provides that all toll revenues received from operation of the toll facility will be used first for debt service, for reasonable return on investment of any private person financing the project, and for the costs necessary for the proper operation and maintenance of the toll facility, including reconstruction, resurfacing, restoration, and rehabilitation. If the State certifies annually that the tolled facility is being adequately maintained, the State may use any toll revenues in excess of amounts required under the preceding sentence for any purpose for which Federal funds may be obligated by a State under this title.

(4) SPECIAL RULE FOR FUNDING.—In the case of a toll highway, bridge, or tunnel under the jurisdiction of a public authority of a State (other than the State transportation department), upon request of the State transportation department and subject to such terms and conditions as such department and public authority may agree, the Secretary shall reimburse such public authority for the Federal share of the costs of construction of the project carried out on the toll facility under this subsection in the same manner and to the same extent as such department would be reimbursed if such project was being carried out by such department. The reimbursement of funds under this paragraph shall be from sums apportioned to the State under this chapter and available for obligations on projects on the Federal-aid system in such State on which the project is being carried out.

(5) LIMITATION ON FEDERAL SHARE.—The Federal share payable for a project described in paragraph (1) shall be a percentage determined by the State but not to exceed 80 percent.

(6) MODIFICATIONS.—If a public authority (including a State transportation department) having jurisdiction over a toll highway, bridge, or tunnel subject to an agreement under this section or section 119(e), as in effect on the day before the effective date of title I of the Intermodal Surface Transportation Efficiency Act of 1991, requests modification of such agreement, the Secretary shall modify such agreement to allow the continuation of tolls in accordance with paragraph (3) without repayment of Federal funds.

(7) LOANS.—

(A) IN GENERAL.—A State may loan to a public or private entity constructing or proposing to construct under this section a toll facility or non-toll facility with a dedicated revenue source an amount equal to all or part of the Federal share of the cost of the project if the project has a revenue source specifically dedicated to it. Dedicated revenue sources for non-toll facilities include excise taxes, sales taxes, motor vehicle use fees, tax on real property, tax increment financing, and such other dedicated revenue sources as the Secretary determines appropriate.

(B) COMPLIANCE WITH FEDERAL LAWS.—As a condition of receiving a loan under this paragraph, the public or private entity that receives the loan shall ensure that the project will be carried out in accordance with this title and any other applicable Federal law, including any applicable provision of a Federal environmental law.

(C) SUBORDINATION OF DEBT.—The amount of any loan received for a project under this paragraph may be subordinated to any other debt financing for the project.

(D) OBLIGATION OF FUNDS LOANED.—Funds loaned under this paragraph may only be obligated for projects under this paragraph.

(E) REPAYMENT.—The repayment of a loan made under this paragraph shall commence not later than 5 years after date on which the facility that is the subject of the loan is open to traffic.

(F) TERM OF LOAN.—The term of a loan made under this paragraph shall not exceed 30 years from the date on which the loan funds are obligated.

(G) INTEREST.—A loan made under this paragraph shall bear interest at or below market interest rates, as determined by the State, to make the project that is the subject of the loan feasible.

(H) REUSE OF FUNDS.—Amounts repaid to a State from a loan made under this paragraph may be obligated—

(i) for any purpose for which the loan funds were available under this title; and

(ii) for the purchase of insurance or for use as a capital reserve for other forms of credit enhancement for project debt in order to improve credit market access or to lower interest rates for projects eligible for assistance under this title.

(I) GUIDELINES.—The Secretary shall establish procedures and guidelines for making loans under this paragraph.

(8) INITIAL CONSTRUCTION DEFINED.—For purposes of this subsection, the term “initial construction” means the construction of a highway, bridge, or tunnel at any time before it is open to traffic and does not include any improvement to a highway, bridge, or tunnel after it is open to traffic. (b) Notwithstanding the provisions of section 301 of this title, the Secretary may permit Federal participation under this title in the construction of a project constituting an approach to a ferry, whether toll or free, the route of which is a public road and has not been designated as a route on the Interstate System. Such ferry may be either publicly or privately owned and operated, but the operating authority and the amount of fares charged for passage shall be under the control of a State agency or official, and all revenues derived from publicly owned or operated ferries shall be applied to payment of the cost of construction or acquisition thereof, including debt service, and to actual and necessary costs of operation, maintenance, repair, and replacement. (c) Notwithstanding section 301 of this title, the Secretary may permit Federal participation under this title in the construction of ferry boats and terminal facilities, whether toll or free, subject to the following conditions:

(1) It is not feasible to build a bridge, tunnel, combination thereof, or other normal highway structure in lieu of the use of such ferry.

(2) The operation of the ferry shall be on a route classified as a public road within the State and which has not been designated as a route on the Interstate System. Projects under this subsection may be eligible for both ferry boats carrying cars and passengers and ferry boats carrying passengers only.

(3) Such ferry boat or ferry terminal facility shall be publicly owned or operated or majority publicly owned if the Secretary determines with respect to a majority publicly owned ferry or ferry terminal facility that such ferry boat or ferry terminal facility provides substantial public benefits.

(4) The operating authority and the amount of fares charged for passage on such ferry shall be under the control of the State or other public entity, and all revenues derived therefrom shall be applied to actual and necessary costs of operation, maintenance, and repair, debt service, negotiated management fees, and in the case of privately operated toll ferry, for a reasonable rate of return.

(5) Such ferry may be operated only within the State (including the islands which comprise the State of Hawaii and the islands which comprise the Commonwealth of Puerto Rico) or between adjoining States or

between a point in a State and a point in the Dominion of Canada. Except with respect to operations between the islands which comprise the State of Hawaii, operations between the islands which comprise the Commonwealth of Puerto Rico, operations between a point in a State and a point in the Dominion of Canada, and operations between any two points in Alaska and between Alaska and Washington, including stops at appropriate points in the Dominion of Canada, no part of such ferry operations shall be in any foreign or international waters.

(6) No such ferry shall be sold, leased, or otherwise disposed of without the approval of the Secretary. The Federal share of any proceeds from such a disposition shall be credited to the unprogrammed balance of Federal-aid highway funds of the same class last apportioned to such State. Any amounts so credited shall be in addition to all other funds then apportioned to such State and available for expenditure in accordance with the provisions of this title.

The AlaskaPoll



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UPDATED 2011: ALASKA STATEWIDE PUBLIC ATTITUDES AND PERCEPTIONS

Knik Arm Bridge And Toll Authority (KABATA)



January 2011



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V. Appendix:
Preliminary Legislative Handout (January 17, 2011)





Methodology





Overview

During the period January 6 through January 16, 2011, six hundred three (n=603) Alaskans over the age of 18, located in 64 communities, were personally contacted via telephone by professional interviewing employees of the Dittman Research & Communications (DRC) of Alaska. All views and data were obtained on a strictly confidential basis.

Research Design

A random sample design was featured which provided that all households listed in the most current telephone directory for each community had essentially an equal chance of being interviewed.

Sample Plan

To provide for independent sub-group analysis in the Anchorage and Mat-Su Valley regions, a sample plan was featured which established that n=179-222 respondents were included in those two geographic regions. Sample allocation to the remaining regions was based on population distribution. To provide for representative statewide analysis, the geographic regions were individually weighted to accurately account for Alaska’s actual geographic population totals.

Regional Distribution and Weighting	
Sample Allocation	Weighted To
n=222 Anchorage	41%
n=179 Mat-Su Valley	15%
n= 56 Other Southcentral	8%
n= 64 Fairbanks (Central).....	16%
n= 42 Southeast	12%
n= 40 Rural	8%

Processing the Data

DRC employees completed coding, editing, data entry, and verification, while data processing was completed through the in-house DRC computer system featuring the Statistical Package for the Social Sciences (SPSS) program. The SPSS program is one of the most sophisticated research-oriented data processing and analytical systems available, and is designed specifically for the processing and analysis of survey research data.

Measurement History

Public opinion measurements by DRC, utilizing the previously described methodology, analytical procedures and data processing systems, have proven to accurately represent the outcome of every Primary and General election for U.S. Senator and Governor of Alaska for the past forty years.



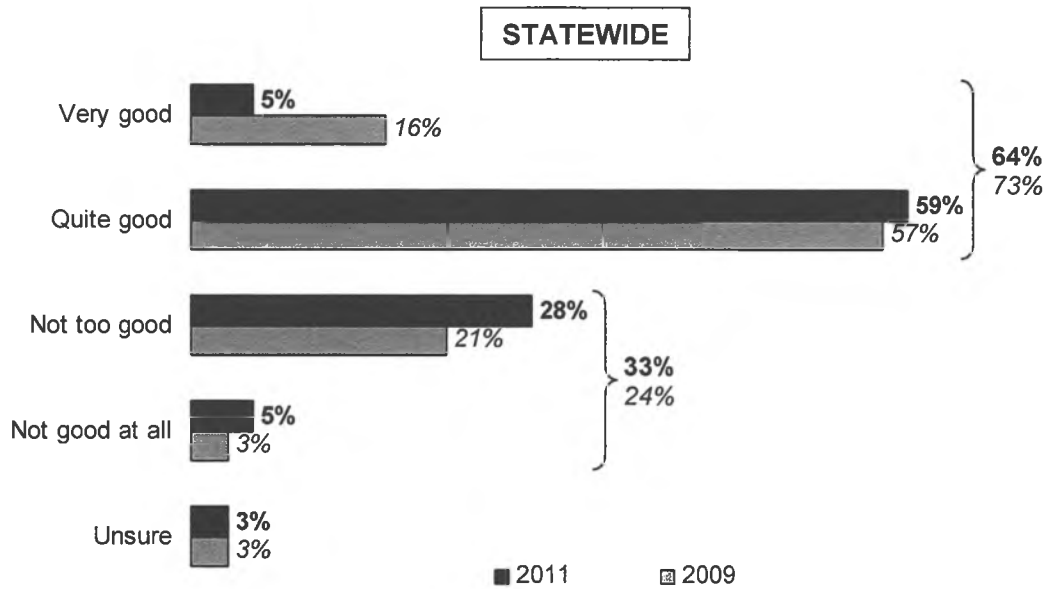
II Findings





On a statewide basis, Alaskans continue to report substantial optimism regarding the future of the state's economy (64% "very" or "quite good"); however, current confidence has declined somewhat compared to two years ago (73% "very" or "quite good" in 2009).

Question: Overall, what's your personal opinion regarding the direction of Alaska's economy -- would you say our economic future is looking...? *



Both Anchorage and Mat-Su residents currently report positive perceptions regarding Alaska's economic future, but Mat-Su respondents appear to remain a little less sure.

"...Alaska's economic future...?"

	<u>2011</u>		<u>2009</u>	
	<u>Good</u>	<u>Not good</u>	<u>Good</u>	<u>Not good</u>
Anchorage	63%	36%	78%	19%
Mat-Su Valley	56%	41%	70%	28%

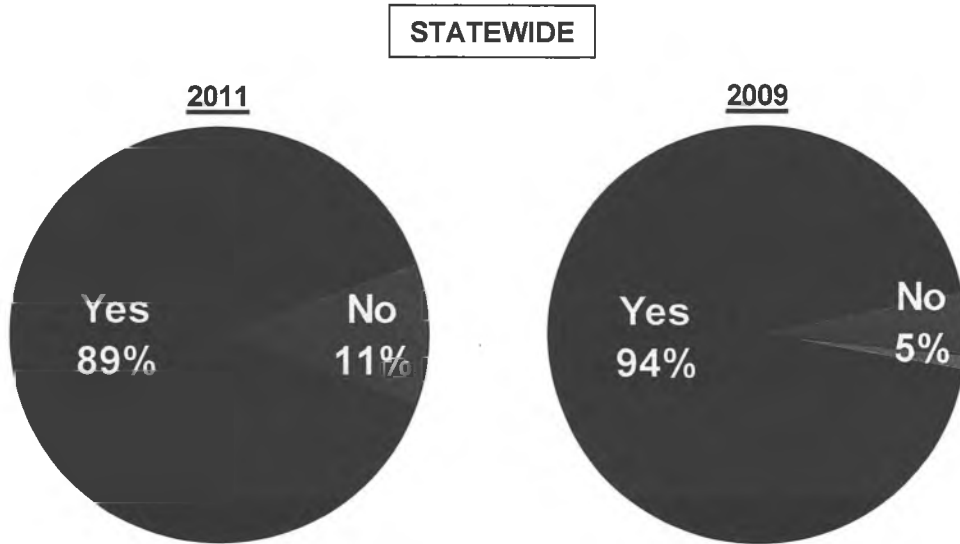
* Note: In 2009, this question was worded: "Looking into the future, how much confidence do you have in Alaska's economy -- would you say our economic future looks...?"





By far, the vast majority of Alaskans (89%) continue to be aware of the proposed Knik Arm Crossing; however, reported awareness has declined slightly during the past two years.

Question: Have you ever heard or read anything about a proposed bridge between Anchorage and the Matanuska-Susitna Borough called the Knik Arm Crossing?



Residents of the most affected communities, Anchorage and Mat-Su Valley, report especially high awareness of the proposed bridge (96-97%).

"...heard or read about proposed Knik Arm bridge...?"

	<u>2011</u>		<u>2009</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Anchorage	96%	4%	100%	-
Mat-Su Valley	97%	3%	98%	2%



Three-out-of-five Alaskan respondents statewide (60%) report it “is getting close to the time to build” a Knik Arm bridge, which may indicate increasing support in recent years -- in 2009: 53% of Alaskans said a bridge “will be needed in the near future”.

Question: *Building a bridge across the Knik Arm connecting Anchorage and the Matanuska-Susitna Borough was first proposed nearly 90 years ago in 1923. Alaska’s population has grown substantially since then, and over half the state’s population now lives in the Anchorage/Mat-Su Valley area. What is your personal opinion -- do you feel it is or is not getting close to the time to build a bridge between Anchorage and the Matanuska-Susitna Valley?*



Support for a potential bridge across Knik Arm is high statewide (60%), higher in Anchorage (62%), and especially strong in the Mat-Su Valley (75%).

“...close to time to build a bridge...?”

	2011		2009	
	<u>Is</u>	<u>Is not</u>	<u>Needed</u>	<u>Not needed</u>
Anchorage	62%	33%	52%	45%
Mat-Su Valley	75%	21%	66%	30%

* Note: In 2009, this question was worded: “Building a bridge across the Knik Arm between Anchorage and the Matanuska-Susitna Borough has been considered for many years. As the populations of these areas continue to grow, interest in the subject appears to be increasing. In your opinion at this time -- based on what you’ve heard or read, or your personal experience -- do you feel a bridge across the Knik Arm connecting Anchorage and the Matanuska-Susitna Valley will be needed in the near future, or not?”





Compared to awareness of a potential Knik Arm bridge (89%, see page 4), statewide awareness that the federal government has approved construction is relatively low (37%).

Question: On December 15, 2010, the Federal Highway Administration announced that after input from state and local governments, tribes, and the public-at-large, and after careful consideration of social, economic and environmental factors, it has approved construction of the Knik Arm bridge between Anchorage and the Mat-Su Borough. Were you aware the Federal government had approved construction of the Knik Arm bridge?

STATEWIDE



And even in the areas most directly affected, awareness of federal construction approval does not exceed 50%.

“...aware Federal government approved construction...?”

	<u>Yes</u>	<u>No</u>
Anchorage	45%	55%
Mat-Su Valley	50%	50%





Three-out-of-four Alaskan respondents (75%) feel that a Knik Arm bridge “will” lead to more jobs and economic growth.

Question: *Following federal approval of the Knik Arm bridge, Governor Sean Parnell said that...
“Alaska is a storehouse of natural resources and human capital. Jobs and new development rely on a solid transportation network, and the Knik Arm bridge is an important link in Alaska’s regional transportation system.”
... What is your opinion, do you feel building the Knik Arm bridge will or will not help lead to more jobs and economic growth?*

STATEWIDE



The vast majority of residents in Anchorage (74%) and the Mat-Su Valley (85%) agree the bridge “will” help the economy.

“...will Knik Arm bridge lead to more jobs and economic growth...?”

	<u>Will</u>	<u>Will not</u>
Anchorage	74%	23%
Mat-Su Valley	85%	13%





The strongest argument for building a bridge across Knik Arm is to have a “second connection for emergencies and evacuations” (77%), followed by “save time, money and provide jobs” (73%), and “meet population and transportation needs” (72%).

Question: *The decision by the Federal Highway Administration to approve construction of the Knik Arm bridge strongly considered social and environmental factors. I'm going to read some other factors and I'd like to know whether you feel they are or are not important reasons to build a Knik Arm bridge.*

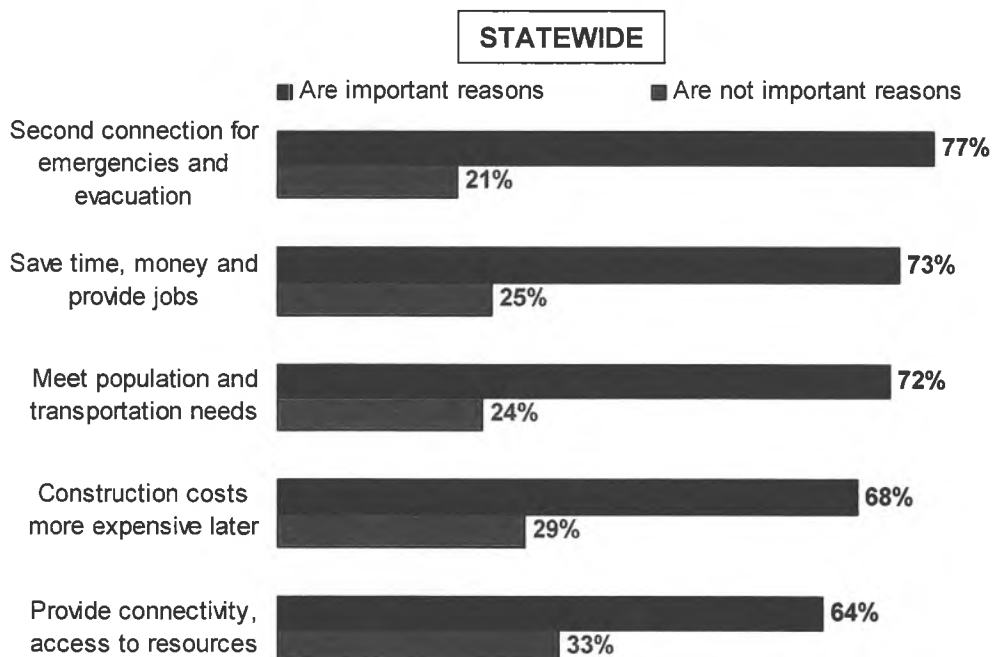
...Provide a second connection between Anchorage and the Mat-Su Valley for emergencies and disaster evacuation

...Save time, money and provide jobs now

...Meet projected population and transportation needs of Anchorage and the Mat-Su Borough

...Construction costs are likely to rise & it will be more expensive later

...Provide community connectivity and access to natural resources





Although all potential factors are considered to be important reasons to build the Knik Arm bridge, the greatest support is reported in the Mat-Su Valley (72-87% "important reasons").

"...reasons to build Knik Arm bridge...?"

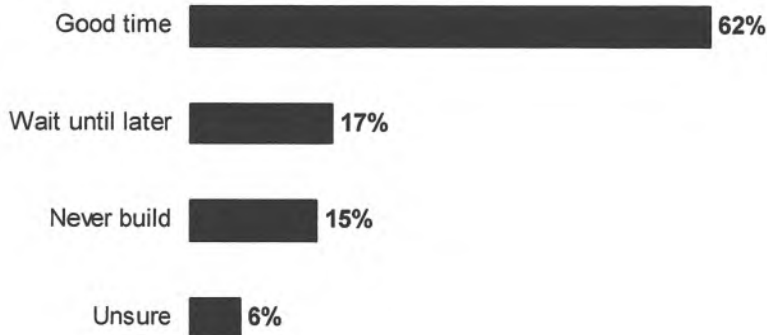
% "Are Important Reasons"

	<u>Emergencies, evacuation</u>	<u>Time, money, jobs</u>	<u>Trans. needs</u>	<u>Construction costs</u>	<u>Access to resources</u>
Anchorage.....	77%	71%	71%	69%	64%
Mat-Su Valley.....	87%	82%	80%	78%	72%

And looking ahead, when timing options are considered, more than three-out-of-five statewide respondents (62%) think "now is a good time" to build a Knik Arm bridge.

Question: Overall, when everything is considered, would you say now is a good time to build a Knik Arm bridge, should we wait until later, or should it never be built?

STATEWIDE



...with a strong majority of Anchorage and Mat-Su respondents (61-73%) saying "now is a good time".

"...good time to build bridge...?"

	<u>Good time</u>	<u>Wait until later</u>	<u>Never build</u>	<u>Unsure</u>
Anchorage.....	61%	18%	17%	3%
Mat-Su Valley.....	73%	12%	12%	3%

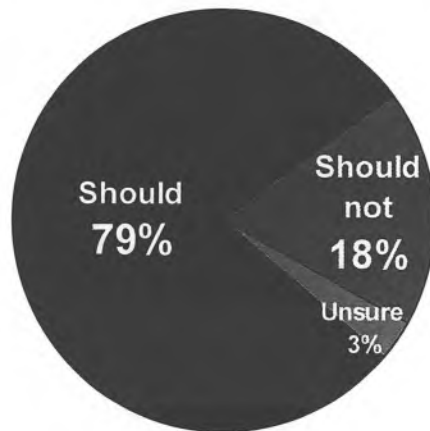




And when everything is considered, if construction of the Knik Arm bridge were to be delayed, nearly four-out-of-five Alaskans (79%) would still like to see the Knik Arm bridge included in the region's Long-Range Transportation Plan.

*Question: Regardless of whether or not you support building the Knik Arm bridge at the present time, do you feel it should or should not continue to be included in Southcentral Alaska's Long-Range Transportation Plan? **

STATEWIDE



...and there is growing support in Anchorage and the Mat-Su Valley to include the bridge in the Long-Range Transportation Plan -- 75-88% currently, compared to 67-79% two years ago.

"...include in Long-Range Transportation Plan...?"

	<u>2011</u>		<u>2009</u>	
	<u>Should include</u>	<u>Should not include</u>	<u>Should include</u>	<u>Should not include</u>
Anchorage	75%	23%	67%	31%
Mat-Su Valley	88%	11%	79%	17%

*Note: In 2009, this question was not asked statewide. It was asked only of Anchorage and Mat-Su Valley residents. The 2009 question was worded: "Do you feel planning for a Knik Arm bridge should or should not be included in Southcentral Alaska's long-range transportation planning?"



III Summary





SUMMARY OF FINDINGS

- ◆ Awareness of a proposed Knik Arm bridge remains high (89%)...
- ◆ However, only a little over one-out-of-three respondents (37%) are aware the federal government has approved construction of the Knik Arm bridge.
- ◆ It appears information concerning the federal approval of the Knik Arm bridge will be warmly received by Alaskans -- by a ratio of 2:1, Alaskans now report "*it's getting close to the time to build a bridge*" (60%) compared to "*is not getting close to time*" (31%).
- ◆ And nearly the same percentage (62%) report they feel "*now is a good time to build a Knik Arm bridge*" rather than "*later*" (17%) or "*never*" (15%).
- ◆ And if for some reason construction of the Knik Arm bridge were to be delayed, by far the largest number of Alaskans (79%) believe it should be included in the area's Long-Range Transportation Plan.

IV Crosstabulations



Overall, what's your personal opinion regarding the direction of Alaska's economy -- would you say our economic future is looking...?

		Unsure	Very good	Quite good	Not too good	Not good at all	BASE
TOTAL		3%	5%	59%	28%	5%	100.0%
Region	Rural	3%	5%	60%	25%	8%	8.3%
	Central	6%	2%	59%	30%	3%	15.4%
	Southcentral	9%	7%	59%	20%	5%	8.3%
	Anchorage	1%	5%	58%	29%	7%	41.1%
	Southeast	2%	2%	74%	19%	2%	11.9%
	Mat-Su	3%	6%	50%	35%	6%	14.9%
Registration	Democrat	1%	6%	60%	33%	0%	15.6%
	Republican	5%	2%	53%	33%	7%	26.0%
	Non-Partisan	3%	6%	61%	23%	7%	50.4%
	Other	0%	6%	61%	31%	2%	3.4%
	Not registered	12%	2%	63%	23%	0%	4.6%
Anc/Mat-Su Commute	Unsure	0%	0%	88%	12%	0%	1.3%
	Yes	3%	6%	59%	27%	6%	28.7%
	No	1%	6%	54%	32%	7%	70.0%
Income	Refused	6%	7%	51%	32%	4%	17.5%
	Under \$20,000	10%	6%	46%	37%	1%	6.0%
	\$20-\$40,000	3%	2%	62%	30%	3%	12.3%
	\$40-\$60,000	3%	1%	56%	37%	3%	14.0%
	\$60-\$80,000	0%	3%	69%	22%	5%	13.5%
	\$80-\$100,000	3%	5%	64%	24%	4%	12.9%
	Over \$100,000	1%	7%	61%	20%	11%	23.8%
Age	18-29	4%	5%	63%	22%	6%	9.0%
	30-44	4%	4%	74%	14%	4%	17.7%
	45-59	3%	4%	56%	31%	6%	39.5%
	60+	2%	5%	54%	33%	5%	33.8%
Gender	Male	3%	6%	56%	26%	9%	48.5%
	Female	3%	3%	62%	29%	2%	51.5%

**Have you ever heard or read anything about a proposed
bridge between Anchorage and the Matanuska-Susitna
Borough called the Knik Arm Crossing?**

		Yes	No	BASE
TOTAL		89%	11%	100.0%
Region	Rural	78%	23%	8.3%
	Central	84%	16%	15.4%
	Southcentral	89%	11%	8.3%
	Anchorage	96%	4%	41.1%
	Southeast	67%	33%	11.9%
	Mat-Su	97%	3%	14.9%
Registration	Democrat	77%	23%	15.6%
	Republican	93%	7%	26.0%
	Non-Partisan	92%	8%	50.4%
	Other	96%	4%	3.4%
	Not registered	64%	36%	4.6%
Anc/Mat-Su Commute	Unsure	74%	26%	1.3%
	Yes	97%	3%	28.7%
	No	97%	3%	70.0%
Income	Refused	85%	15%	17.5%
	Under \$20,000	71%	29%	6.0%
	\$20-\$40,000	79%	21%	12.3%
	\$40-\$60,000	91%	9%	14.0%
	\$60-\$80,000	97%	3%	13.5%
	\$80-\$100,000	95%	5%	12.9%
	Over \$100,000	92%	8%	23.8%
Age	18-29	65%	35%	9.0%
	30-44	85%	15%	17.7%
	45-59	93%	7%	39.5%
	60+	93%	7%	33.8%
Gender	Male	89%	11%	48.5%
	Female	89%	11%	51.5%

Building a bridge across the Knik Arm connecting Anchorage and the Matanuska-Susitna Borough was first proposed nearly 90 years ago in 1923. Alaska's population has grown substantially since then, and over half the state's population now lives in the Anchorage/Mat-Su Valley area. What is your personal opinion -- do you feel it is or is not getting close to the time to build a bridge between Anchorage and the Matanuska-Susitna Valley?

		Unsure	Is	Is not	BASE
TOTAL		9%	60%	31%	100.0%
Region	Rural	8%	68%	25%	8.3%
	Central	13%	56%	31%	15.4%
	Southcentral	14%	52%	34%	8.3%
	Anchorage	5%	62%	33%	41.1%
	Southeast	24%	38%	38%	11.9%
	Mat-Su	4%	75%	21%	14.9%
Registration	Democrat	8%	52%	40%	15.6%
	Republican	10%	69%	21%	26.0%
	Non-Partisan	8%	57%	34%	50.4%
	Other	16%	60%	24%	3.4%
	Not registered	17%	59%	24%	4.6%
Anc/Mat-Su Commute	Unsure	26%	37%	37%	1.3%
	Yes	3%	66%	31%	28.7%
	No	5%	66%	29%	70.0%
Income	Refused	17%	48%	35%	17.5%
	Under \$20,000	13%	68%	19%	6.0%
	\$20-\$40,000	6%	62%	32%	12.3%
	\$40-\$60,000	6%	63%	31%	14.0%
	\$60-\$80,000	10%	61%	29%	13.5%
	\$80-\$100,000	7%	61%	32%	12.9%
	Over \$100,000	7%	62%	30%	23.8%
Age	18-29	9%	63%	29%	9.0%
	30-44	14%	65%	20%	17.7%
	45-59	10%	58%	32%	39.5%
	60+	6%	59%	36%	33.8%
Gender	Male	6%	63%	32%	48.5%
	Female	12%	57%	31%	51.5%

On December 15, 2010, the Federal Highway Administration announced that after input from state and local governments, tribes, and the public-at-large, and after careful consideration of social, economic and environmental factors, it has approved construction of the Knik Arm bridge between Anchorage and the Mat-Su Borough. Were you aware the Federal government had approved construction of the Knik Arm bridge?

		Unsure	Yes	No	BASE
TOTAL		1%	37%	62%	100.0%
Region	Rural	3%	23%	75%	8.3%
	Central	3%	22%	75%	15.4%
	Southcentral	0%	30%	70%	8.3%
	Anchorage	0%	45%	55%	41.1%
	Southeast	0%	26%	74%	11.9%
	Mat-Su	0%	50%	50%	14.9%
Registration	Democrat	0%	23%	77%	15.6%
	Republican	2%	37%	61%	26.0%
	Non-Partisan	0%	41%	59%	50.4%
	Other	0%	47%	53%	3.4%
	Not registered	5%	30%	66%	4.6%
Anc/Mat-Su Commute	Unsure	0%	26%	74%	1.3%
	Yes	0%	47%	53%	28.7%
	No	0%	46%	54%	70.0%
Income	Refused	0%	35%	65%	17.5%
	Under \$20,000	0%	20%	80%	6.0%
	\$20-\$40,000	2%	30%	68%	12.3%
	\$40-\$60,000	0%	31%	69%	14.0%
	\$60-\$80,000	0%	37%	63%	13.5%
	\$80-\$100,000	3%	44%	53%	12.9%
	Over \$100,000	0%	46%	54%	23.8%
Age	18-29	0%	12%	88%	9.0%
	30-44	0%	31%	69%	17.7%
	45-59	1%	44%	55%	39.5%
	60+	1%	38%	61%	33.8%
Gender	Male	1%	43%	56%	48.5%
	Female	0%	31%	69%	51.5%

Following federal approval of the Knik Arm bridge, Governor Sean Parnell said that:

'Alaska is a storehouse of natural resources and human capital. Jobs and new development rely on a solid transportation network, and the Knik Arm bridge is an important link in Alaska's regional transportation system.'

...What is your opinion, do you feel building the Knik Arm bridge will or will not help lead to more jobs and economic growth?

		Unsure	Will	Will not	BASE
TOTAL		6%	75%	19%	100.0%
Region	Rural	0%	75%	25%	8.3%
	Central	3%	83%	14%	15.4%
	Southcentral	13%	59%	29%	8.3%
	Anchorage	3%	74%	23%	41.1%
	Southeast	24%	64%	12%	11.9%
	Mat-Su	2%	85%	13%	14.9%
Registration	Democrat	7%	68%	25%	15.6%
	Republican	7%	80%	13%	26.0%
	Non-Partisan	5%	74%	21%	50.4%
	Other	18%	64%	18%	3.4%
	Not registered	4%	82%	14%	4.6%
Anc/Mat-Su Commute	Unsure	26%	37%	37%	1.3%
	Yes	2%	76%	22%	28.7%
	No	3%	78%	19%	70.0%
Income	Refused	15%	59%	26%	17.5%
	Under \$20,000	4%	82%	14%	6.0%
	\$20-\$40,000	6%	79%	15%	12.3%
	\$40-\$60,000	3%	80%	17%	14.0%
	\$60-\$80,000	5%	75%	20%	13.5%
	\$80-\$100,000	1%	74%	25%	12.9%
	Over \$100,000	5%	78%	17%	23.8%
Age	18-29	7%	80%	14%	9.0%
	30-44	5%	80%	15%	17.7%
	45-59	8%	68%	24%	39.5%
	60+	4%	78%	18%	33.8%
Gender	Male	5%	78%	17%	48.5%
	Female	7%	72%	21%	51.5%

**...I'm going to read some other factors and I'd like to know whether you feel they are or are not important reasons to build a Knik Arm bridge:
Provide a second connection between Anchorage and the Mat-Su Valley
for emergencies and disaster evacuation.**

		Unsure	Important reason	Not important reason	BASE
TOTAL		1%	77%	21%	100.0%
Region	Rural	0%	73%	28%	8.3%
	Central	0%	78%	22%	15.4%
	Southcentral	0%	79%	21%	8.3%
	Anchorage	0%	77%	23%	41.1%
	Southeast	12%	67%	21%	11.9%
	Mat-Su	0%	87%	13%	14.9%
Registration	Democrat	0%	77%	23%	15.6%
	Republican	1%	87%	12%	26.0%
	Non-Partisan	2%	72%	27%	50.4%
	Other	8%	65%	26%	3.4%
	Not registered	0%	94%	6%	4.6%
Anc/Mat-Su Commute	Unsure	0%	63%	37%	1.3%
	Yes	0%	78%	22%	28.7%
	No	0%	81%	19%	70.0%
Income	Refused	6%	69%	25%	17.5%
	Under \$20,000	0%	90%	10%	6.0%
	\$20-\$40,000	0%	77%	23%	12.3%
	\$40-\$60,000	2%	77%	21%	14.0%
	\$60-\$80,000	0%	77%	23%	13.5%
	\$80-\$100,000	0%	82%	18%	12.9%
	Over \$100,000	0%	78%	22%	23.8%
Age	18-29	0%	87%	13%	9.0%
	30-44	2%	85%	13%	17.7%
	45-59	2%	73%	25%	39.5%
	60+	1%	75%	24%	33.8%
Gender	Male	1%	75%	24%	48.5%
	Female	2%	79%	19%	51.5%

**...I'm going to read some other factors and I'd like to know whether you feel they are or are not important reasons to build a Knik Arm bridge:
Save time, money and provide jobs now.**

		Unsure	Important reason	Not important reason	BASE
TOTAL		2%	73%	25%	100.0%
Region	Rural	0%	73%	28%	8.3%
	Central	0%	81%	19%	15.4%
	Southcentral	2%	70%	29%	8.3%
	Anchorage	1%	71%	28%	41.1%
	Southeast	10%	62%	29%	11.9%
	Mat-Su	2%	82%	16%	14.9%
Registration	Democrat	0%	70%	30%	15.6%
	Republican	3%	84%	13%	26.0%
	Non-Partisan	3%	68%	30%	50.4%
	Other	0%	66%	34%	3.4%
	Not registered	0%	84%	16%	4.6%
Anc/Mat-Su Commute	Unsure	0%	63%	37%	1.3%
	Yes	1%	76%	23%	28.7%
	No	2%	73%	25%	70.0%
Income	Refused	8%	59%	33%	17.5%
	Under \$20,000	0%	88%	12%	6.0%
	\$20-\$40,000	2%	80%	18%	12.3%
	\$40-\$60,000	1%	78%	21%	14.0%
	\$60-\$80,000	1%	76%	22%	13.5%
	\$80-\$100,000	1%	68%	31%	12.9%
	Over \$100,000	0%	75%	25%	23.8%
Age	18-29	0%	80%	20%	9.0%
	30-44	1%	82%	17%	17.7%
	45-59	3%	67%	30%	39.5%
	60+	2%	74%	24%	33.8%
Gender	Male	1%	74%	25%	48.5%
	Female	3%	72%	25%	51.5%

...I'm going to read some other factors and I'd like to know whether you feel they are or are not important reasons to build a Knik Arm bridge: Meet projected population and transportation needs of Anchorage and the Mat-Su Borough.

		Unsure	Important reason	Not important reason	BASE
TOTAL		4%	72%	24%	100.0%
Region	Rural	5%	78%	18%	8.3%
	Central	2%	80%	19%	15.4%
	Southcentral	5%	73%	21%	8.3%
	Anchorage	1%	71%	28%	41.1%
	Southeast	19%	55%	26%	11.9%
	Mat-Su	1%	80%	20%	14.9%
Registration	Democrat	0%	73%	27%	15.6%
	Republican	6%	80%	14%	26.0%
	Non-Partisan	4%	68%	28%	50.4%
	Other	13%	63%	24%	3.4%
	Not registered	5%	82%	14%	4.6%
Anc/Mat-Su Commute	Unsure	0%	63%	37%	1.3%
	Yes	0%	71%	29%	28.7%
	No	2%	74%	24%	70.0%
Income	Refused	10%	63%	27%	17.5%
	Under \$20,000	6%	71%	23%	6.0%
	\$20-\$40,000	2%	73%	26%	12.3%
	\$40-\$60,000	2%	83%	15%	14.0%
	\$60-\$80,000	1%	72%	27%	13.5%
	\$80-\$100,000	6%	67%	26%	12.9%
	Over \$100,000	2%	76%	22%	23.8%
Age	18-29	3%	82%	14%	9.0%
	30-44	3%	83%	14%	17.7%
	45-59	5%	66%	28%	39.5%
	60+	3%	71%	26%	33.8%
Gender	Male	4%	73%	23%	48.5%
	Female	4%	71%	25%	51.5%

**...I'm going to read some other factors and I'd like to know whether you feel they are or are not important reasons to build a Knik Arm bridge:
Construction costs are likely to rise & it will be more expensive later.**

		Unsure	Important reason	Not important reason	BASE
TOTAL		3%	68%	29%	100.0%
Region	Rural	5%	65%	30%	8.3%
	Central	2%	78%	20%	15.4%
	Southcentral	4%	43%	54%	8.3%
	Anchorage	2%	69%	29%	41.1%
	Southeast	14%	55%	31%	11.9%
	Mat-Su	1%	78%	21%	14.9%
Registration	Democrat	3%	63%	34%	15.6%
	Republican	5%	75%	20%	26.0%
	Non-Partisan	3%	66%	31%	50.4%
	Other	0%	76%	24%	3.4%
	Not registered	5%	56%	40%	4.6%
Anc/Mat-Su Commute	Unsure	0%	88%	12%	1.3%
	Yes	2%	71%	27%	28.7%
	No	1%	72%	27%	70.0%
Income	Refused	12%	57%	31%	17.5%
	Under \$20,000	0%	73%	27%	6.0%
	\$20-\$40,000	3%	70%	27%	12.3%
	\$40-\$60,000	3%	72%	25%	14.0%
	\$60-\$80,000	1%	69%	30%	13.5%
	\$80-\$100,000	2%	71%	28%	12.9%
	Over \$100,000	1%	68%	31%	23.8%
Age	18-29	5%	51%	44%	9.0%
	30-44	3%	68%	29%	17.7%
	45-59	3%	65%	32%	39.5%
	60+	4%	75%	21%	33.8%
Gender	Male	2%	68%	30%	48.5%
	Female	5%	67%	27%	51.5%

**...I'm going to read some other factors and I'd like to know whether you feel they are or are not important reasons to build a Knik Arm bridge:
Provide community connectivity and access to natural resources.**

		Unsure	Important reason	Not important reason	BASE
TOTAL		3%	64%	33%	100.0%
Region	Rural	3%	55%	43%	8.3%
	Central	0%	78%	22%	15.4%
	Southcentral	2%	57%	41%	8.3%
	Anchorage	2%	64%	34%	41.1%
	Southeast	14%	45%	40%	11.9%
	Mat-Su	2%	72%	27%	14.9%
Registration	Democrat	0%	52%	48%	15.6%
	Republican	3%	79%	18%	26.0%
	Non-Partisan	4%	57%	38%	50.4%
	Other	8%	66%	25%	3.4%
	Not registered	0%	79%	21%	4.6%
Anc/Mat-Su Commute	Unsure	0%	63%	37%	1.3%
	Yes	2%	65%	33%	28.7%
	No	2%	66%	32%	70.0%
Income	Refused	11%	58%	31%	17.5%
	Under \$20,000	0%	62%	38%	6.0%
	\$20-\$40,000	0%	62%	38%	12.3%
	\$40-\$60,000	2%	69%	29%	14.0%
	\$60-\$80,000	1%	63%	36%	13.5%
	\$80-\$100,000	3%	60%	38%	12.9%
	Over \$100,000	2%	68%	29%	23.8%
Age	18-29	0%	75%	25%	9.0%
	30-44	4%	72%	24%	17.7%
	45-59	4%	58%	37%	39.5%
	60+	2%	62%	35%	33.8%
Gender	Male	3%	67%	30%	48.5%
	Female	4%	60%	36%	51.5%

Overall, when everything is considered, would you say now is a good time to build a Knik Arm bridge, should we wait until later, or should it never be built?

		Unsure	Now good time	Wait 'til later	Never built	BASE
TOTAL		5%	62%	17%	15%	100.0%
Region	Rural	0%	63%	18%	20%	8.3%
	Central	3%	64%	22%	11%	15.4%
	Southcentral	11%	55%	21%	13%	8.3%
	Anchorage	3%	61%	18%	17%	41.1%
	Southeast	19%	55%	10%	17%	11.9%
	Mat-Su	3%	73%	12%	12%	14.9%
Registration	Democrat	8%	53%	19%	21%	15.6%
	Republican	4%	74%	15%	7%	26.0%
	Non-Partisan	4%	59%	18%	19%	50.4%
	Other	17%	58%	17%	8%	3.4%
	Not registered	10%	66%	18%	6%	4.6%
Anc/Mat-Su Commute	Unsure	0%	63%	26%	12%	1.3%
	Yes	3%	66%	11%	20%	28.7%
	No	3%	63%	19%	14%	70.0%
Income	Refused	13%	49%	14%	24%	17.5%
	Under \$20,000	7%	61%	20%	11%	6.0%
	\$20-\$40,000	2%	67%	23%	8%	12.3%
	\$40-\$60,000	1%	70%	17%	12%	14.0%
	\$60-\$80,000	6%	61%	19%	14%	13.5%
	\$80-\$100,000	5%	57%	18%	20%	12.9%
	Over \$100,000	3%	69%	15%	13%	23.8%
Age	18-29	4%	69%	20%	7%	9.0%
	30-44	9%	70%	14%	7%	17.7%
	45-59	5%	57%	20%	18%	39.5%
	60+	4%	63%	15%	18%	33.8%
Gender	Male	3%	69%	15%	12%	48.5%
	Female	7%	56%	19%	18%	51.5%

Regardless of whether or not you support building the Knik Arm bridge at the present time, do you feel it should or should not continue to be included in Southcentral Alaska's long-range transportation plan?

		Unsure	Should	Should not	BASE
TOTAL		3%	79%	18%	100.0%
Region	Rural	3%	75%	23%	8.3%
	Central	2%	89%	9%	15.4%
	Southcentral	7%	71%	21%	8.3%
	Anchorage	2%	75%	23%	41.1%
	Southeast	10%	76%	14%	11.9%
	Mat-Su	1%	88%	11%	14.9%
Registration	Democrat	1%	77%	22%	15.6%
	Republican	1%	87%	12%	26.0%
	Non-Partisan	5%	75%	20%	50.4%
	Other	0%	87%	13%	3.4%
	Not registered	6%	80%	14%	4.6%
Anc/Mat-Su Commute	Unsure	0%	88%	12%	1.3%
	Yes	0%	76%	24%	28.7%
	No	2%	79%	18%	70.0%
Income	Refused	6%	68%	26%	17.5%
	Under \$20,000	5%	82%	14%	6.0%
	\$20-\$40,000	6%	81%	14%	12.3%
	\$40-\$60,000	1%	83%	16%	14.0%
	\$60-\$80,000	2%	83%	15%	13.5%
	\$80-\$100,000	3%	76%	22%	12.9%
	Over \$100,000	1%	83%	16%	23.8%
Age	18-29	1%	85%	14%	9.0%
	30-44	3%	86%	12%	17.7%
	45-59	3%	78%	19%	39.5%
	60+	4%	75%	21%	33.8%
Gender	Male	3%	81%	15%	48.5%
	Female	3%	77%	20%	51.5%

**Appendix:
Preliminary
Legislative Handout
(January 17, 2011)**



The AlaskaPoll [®]



DITTMAN RESEARCH
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Information for Solutions

- ❖ Market Research
- ❖ Public Opinion Analysis
- ❖ Political and Government Research
- ❖ Focus Groups

ALASKA STATEWIDE PUBLIC ATTITUDES AND PERCEPTIONS

Knik Arm Bridge and Toll Authority

January 2011

Methodology

Overview

During the period January 6-16, 2011, six hundred three (n=603) Alaskans were interviewed regarding their views concerning a Knik Arm Crossing toll bridge.

Research Design

A random sample design was featured which provided that all households listed in the most current telephone directory for each community had essentially an equal chance of being interviewed.

Sample Plan

A statewide representative sample was designed to provide sufficient respondents in each region for independent geographic sub-group analysis.

	<u>Sample Size</u>
Rural	n=40
Fairbanks	n=64
Matanuska-Susitna	n=179
Anchorage	n=222
Kenai Peninsula	n=56
Southeast	n=42
	<hr/>
TOTAL	n=603

For statewide analysis, the geographic regions were combined and weighted in proportion to their percentage of the total population.

Rural	8%
Fairbanks	16%
Matanuska-Susitna	15%
Anchorage	41%
Kenai Peninsula	8%
Southeast	12%
	<hr/>
TOTAL	100%

Sample Selection

Individual respondents were randomly selected from current telephone subscribers listed in the most current directory for each community.

Measurement History

Citizen opinion measurements by the Dittman Research & Communications Corporation have proven to be perfect predictors of U.S. Senate and Gubernatorial election results in Alaska for the past forty years.



**Knik Arm Bridge and Toll Authority
Alaska Statewide Public Attitudes and Perceptions**

**January 2011
(n=603)
Preliminary Findings**

- ◆ Overall, statewide awareness of the Knik Arm Crossing remains high (89%).

<u>Question:</u>	<u>Answer:</u>	<u>Statewide</u>	<u>Anchorage/ Mat-Su</u>
"Have you ever heard or read anything about a proposed bridge between Anchorage and the Matanuska-Susitna Borough called the Knik Arm Crossing?"	Yes	89%	97%
	No	11%	3%

- ◆ And by far, the largest percentage of Alaskans (60%) feel it is time to build a bridge between Anchorage and the Mat-Su Valley.

<u>Question:</u>	<u>Answer:</u>	<u>Statewide</u>	<u>Anchorage/ Mat-Su</u>
"...What is your personal opinion -- do you feel it is or is not getting close to the time to build a bridge between Anchorage and the Matanuska-Susitna Valley?"	Is	60%	65%
	Is not	31%	30%
	Unsure	9%	5%

- ◆ However, most Alaskans statewide reported they didn't know the Federal government had recently approved construction.

<u>Question:</u>	<u>Answer:</u>	<u>Statewide</u>	<u>Anchorage/ Mat-Su</u>
"...Were you aware the Federal government had approved construction of the Knik Arm Bridge?"	Yes	37%	46%
	No	62%	54%
	Unsure	1%	--

- ◆ On a statewide basis, three out of four Alaskans (75%) believe the Knik Arm Bridge will lead to more jobs and a better economy.

<u>Question:</u>	<u>Answer:</u>	<u>Statewide</u>	<u>Anchorage/ Mat-Su</u>
"...What is your opinion, do you feel building the Knik Arm bridge will or will not help lead to more jobs and economic growth?"	Will	75%	77%
	Will not	19%	20%
	Unsure	6%	3%



- ◆ **And strong majorities (64-77%) also believe a Knik Arm Bridge will provide community connectivity and access to natural resources; meet projected population and transportation needs; save time, money, and provide jobs; and provide a second connection for emergencies and evacuation.**

	<u>Good Reason</u>	<u>Not Good Reason</u>	<u>Unsure</u>
Provide community connectivity and access to natural resources	64%	33%	3%
Meet projected population and transportation needs of Anchorage and the Mat-Su Borough	72%	24%	4%
Save time, money and provide jobs now	73%	25%	2%
Provide a second connection between Anchorage and the Mat-Su Valley for emergencies and disaster evacuation	77%	21%	2%
Construction costs are likely to rise & it will be more expensive later.....	68%	29%	3%

- ◆ **In total, by far, the largest number of Alaskans (62%) report they believe “now” is a good time to build the Knik Arm Bridge.**

<u>Question:</u>	<u>Answer:</u>	<u>Statewide</u>	<u>Anchorage/ Mat-Su</u>
“Overall, when everything is considered, would you say now is a good time to build a Knik Arm bridge, should we wait until later, or should it never be built?”	Now is good	62%	64%
	Wait until later	17%	17%
	Never be built	15%	16%
	Unsure	6%	3%

- ◆ **If, for some reason, the Knik Arm Bridge isn’t built in the near future, approximately four out of five Alaskans (79%) believe it should continue to be included in the region’s long-range transportation plan.**

<u>Question:</u>	<u>Answer:</u>	<u>Statewide</u>	<u>Anchorage/ Mat-Su</u>
“Regardless of whether or not you support building the Knik Arm Bridge at the present time, do you feel it should or should not continue to be included in Southcentral Alaska’s long-range transportation plan?”	Should	79%	79%
	Should not	18%	20%
	Unsure	3%	1%

Final statewide research results will be available January 28, 2011.



SB79 and SB80 Summary of Legislation

The Knik Arm Crossing is a vital infrastructure project, a bridge that will connect Alaska, help create jobs, encourage smart growth, and economic development, while improving the environment and the quality of life for the people served by the project. Simply said, this is an investment in Alaska's future that will pay dividends for years to come.

SB 80 and SB 79 will aid in the successful procurement of the Knik Arm Crossing, reduce the cost of project finance and generate the best value to the State of Alaska. The passage of this legislation will facilitate the project to be open for traffic in 2015.

Proposed Legislation – SB 80

Amends 19.75 with structural amendments summarized below

Increase in Bonding Authority from \$500 million to \$600 million

- Matches \$600 million in federal Private Activity Bond (PABs) capacity allocated to the project
- PABs require a public entity to act as conduit issuer for the private borrower
- Any PABs issued are a liability of the private partner, not the State
- Tax-exempt nature lowers the cost of capital and provides better value proposals to the State

Property Tax Clarification

- Clarifies that the bridge and associated connectors are not subject to property taxes if operated by a private partner on behalf of the state (already exempt if operated by the state)
- Identical to all other publicly owned transportation projects in the State
- Any private facilities of the developer, not serving the public transportation purpose, remain subject to property tax

Contractual Obligations

- Language creates a moral obligation of the state to stand behind liabilities that may arise under the public-private agreement, subject to appropriation
- Improves the project's credit rating, reducing the cost of debt and equity to finance it
- Results in lower availability payment proposals, generating best value for the State
- Serves to keep tolls affordable to the traveling public and supports the shortest possible contract term
- Toll revenue is projected to be more than sufficient to repay all project obligations over the life of the public-private agreement.

Project Reserve Fund.

- Establishes the ability for KABATA to create specific reserve funds and accounts necessary to properly manage the revenues and contractual obligations for the project
- Used to make availability payments to compensate the private partner for the finance, design, construction, operations and maintenance of the facility
- Results in lower availability payment proposals, generating best value for the State
- Serves to keep tolls affordable to the traveling public and supports the shortest possible contract term
- As the reserve fund builds a surplus, the surplus will be used to fund other needed transportation projects
- Establishes the Knik Arm Crossing Fund to hold the appropriation until the agreement is executed

SB79 and SB80 Summary of Legislation

Proposed Legislation – SB 79

Appropriates the funding for a project reserve account

\$150 Million Appropriation.

- Appropriates funds for the project reserve account created under SB 80
- Funds managed by the Department of Revenue as fiduciary until an acceptable public-private partnership agreement is executed
- Demonstrates State commitment to the project, generating greater competition, resulting in best value private sector proposals
- Repaid to State general fund as toll road matures and reserves are no longer required

SB79 and SB80 Analysis of Legislation

Introduction and Need for Legislation

SB 79 and SB 80 will ensure the successful procurement of the Knik Arm Crossing and generate the best value to the State of Alaska. The passage of this legislation will facilitate the Knik Arm Crossing being open for traffic in 2015, thus expediting for the State of Alaska the benefits generated from the Crossing.

In 2003, the Alaska Legislature created the Knik Arm Bridge and Toll Authority "... to develop, stimulate, and advance the economic welfare of the state and further the development of public transportation systems in the vicinity of the Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage and the Matanuska-Susitna Borough" (Alaska Statutes § 19.75 [AS § 19.75]). Since its creation KABATA has been working toward this goal by diligently pursuing the necessary environmental clearances and preparing the ground work to develop the Knik Arm Crossing once a Record of Decision was granted, including the development of a financial plan for the project.

After many years of hard work by both KABATA and ADOT&PF, the Federal Highway Administration signed the Record of Decision for the Knik Arm Crossing on December 15, 2010. Reaching this milestone provides the environmental clearance necessary for the Crossing to move forward and become a reality.

Project Benefits

The Knik Arm Crossing will serve generations of Alaskans by providing improved access to the regional transportation network. Some of the benefits of this interconnection include:

- More efficient movement of people, goods, and services between Anchorage, the Mat-Su Borough, and Alaska's interior.
- Providing jobs and supporting economic and population growth.
- Increasing the efficiency of freight movements to and from the Ports of Anchorage and MacKenzie and Ted Stevens Anchorage International Airport.
- Providing an alternative route for freight movement, thus reducing the number of trucks traveling through Anchorage and along the Glenn Highway.
- Helping the environment by reducing carbon emissions, reducing vehicle miles traveled, and improving sustainability.
- Improving access to and from economic activities in the interior of the State.
- Providing a vital second evacuation route for Anchorage and Kenai residents in case of an emergency.
- Helping fund future needed capacity improvements and other transportation and transit needs.

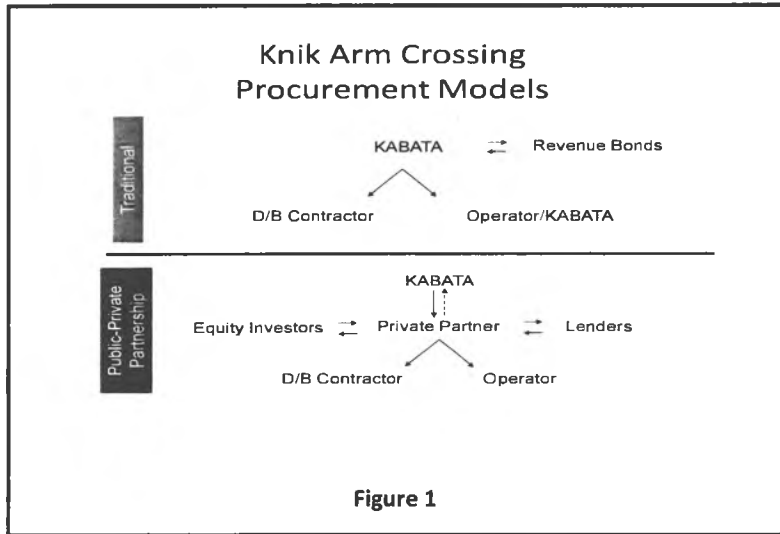
Finally, in addition to the positive impacts on employment during the construction of the Knik Arm Crossing, the Crossing is estimated to have a positive economic impact on the State of Alaska in excess of \$18 billion dollars over the project's first 24 years.

Public Private Partnerships

SB79 and SB80 Analysis of Legislation

KABATA plans to finance, deliver and operate the Knik Arm Crossing through a public-private partnership. Figure 1 graphically shows the major differences between how KABATA might develop the Crossing under a traditional procurement model and how the Crossing will be developed under a public private partnership.

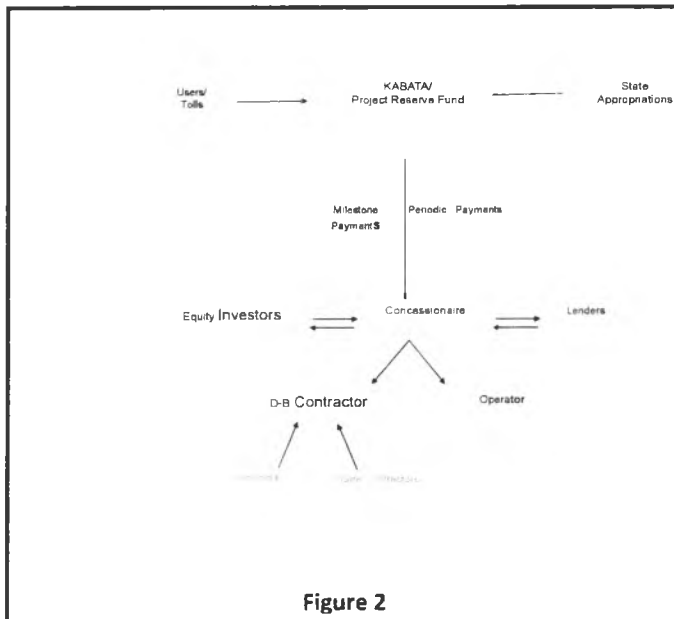
Under a traditional approach, KABATA would take significant design and construction risk for the Crossing. In addition, KABATA, either through a private operator or directly, would be responsible for operating and maintaining the Crossing. This includes operating the toll facilities and collecting tolls.



With a public-private partnership, KABATA will contract directly with a private partner. That private partner would be required to work with equity investors and lenders to raise the finances necessary to design and construct the Crossing to the standards required by KABATA, ADOT&F and FHWA.

The contract with the private partner will require the private partner to design, build, finance, operate, and maintain the Crossing for a set number of years. In return, KABATA would pay to the private partner pre-determined, fixed payments upon achieving certain milestones – especially project completion – and periodic payments during the operating period based on meeting performance requirements. Under this structure, KABATA and the State would retain the right to all of the toll revenues and use these revenues as the main source for the periodic payments. KABATA would use a

portion of the requested appropriation to pay the fixed milestone payment. Figure 2 graphically shows these relationships.



The private partner will use the payments it earns to service its debt, pay its operating and maintenance expenses, and provide a return to its equity investors. The State, through KABATA, would define its financial obligation to the private partner. There would be no recourse to KABATA or the State beyond these defined obligations. KABATA and the State will not have any direct liability for debt

SB79 and SB80 Analysis of Legislation

repayment and will not pledge any KABATA or State revenues or assets to lenders to secure debt repayment.

Under the public-private partnership, the private partner will be responsible for maintaining the Crossing, operating the toll facilities, collecting tolls on behalf of KABATA, and providing customer service. These services will be performed pursuant to standards established by KABATA and the cost of these services will be included as part of the proposals. KABATA will monitor, audit and inspect the work and enforce contract requirements.

At all times under the public-private partnership the State, through KABATA, will own the project and the toll revenues.

Advantages of a public-private partnership

A public-private partnership will have distinct advantages over the conventional method of transportation project delivery. Among the advantages are:

- Maximizing up-front capital formation from non-governmental sources.
- Accelerating project delivery through the utilization of private capital and the integration of design and construction under one responsible party.
- Improving cost and schedule certainty early in the design phase.
- Improved risk management and more risk transfer to the private sector.
- Life cycle cost efficiency through private sector profit motivation throughout the contract term.
- Improving project quality, performance and maintenance via opportunity for design and construction innovations early in project development, strong performance standards, and long-term asset condition requirements.

Procurement Process

In late 2007 KABATA began procuring a private partner to design, build, finance, operate, and maintain the Knik Arm Crossing. This procurement was undertaken pursuant to ADOT&PF's innovative project delivery process. After KABATA issued a request for qualifications, two private sector consortia were determined to have the capacity to complete the project and were shortlisted.

KABATA then held several industry meetings with the shortlisted consortia and prepared draft procurement documents. KABATA brought into the process representatives from both ADOT&PF and FHWA to review and comment on the draft procurement documents. Due to delays in the environmental review process, in 2008 KABATA put the procurement on hold, pending the receipt of the Record of Decision. As noted above, the Record of Decision was signed on December 15, 2010.

Since the procurement was put on hold, the market place has changed. The global financial crisis has affected the financial market conditions and requirements for public-private partnerships. Deal structures and sources of funds have changed in response to these new financial market conditions,

SB79 and SB80 Analysis of Legislation

with a strong market swing away from toll revenue concessions toward the form of “availability payment” concession depicted in Figure 2. In addition, participants in the concessionaires market have changed. As a result, changes to KABATA’s enabling statutes are needed to address these new market conditions and allow KABATA to take advantage of the most advantageous deal structure for the benefit of the State.

KABATA will conduct the procurement in close consultation with ADOT&PF and FHWA to ensure KABATA uses sound procurement practices and complies with all legal requirements. This will also help ensure that the State obtains best value.

Proposed Legislation

The requested legislation amends the existing statute and appropriates funds to enable a successful procurement. Action now on these legislative changes will facilitate the Knik Arm Crossing being open for traffic in 2015, accelerating when the State of Alaska will begin enjoying the economic benefits generated by the Crossing. The following explains the reasons for the requested changes and the appropriation.

- **Increase in Bonding Authority.** FHWA allocated \$600 million of Private Activity Bonds to the Knik Arm Crossing. PABs allow tax-exempt bonds to be issued for projects which have a significant private interest, such as the Crossing. This allocation effectively lowers the cost of capital and provides better value for the State.

Based on current analysis, it is anticipated that the entire \$600 million PABs allocation will be utilized. These bonds have to be issued by a governmental entity, in this case KABATA. This request increases KABATA’s ability to issue revenue bonds from \$500 million to the \$600 million expected to be needed. Issuance of PABs by KABATA, as a conduit issuer, will not create an obligation of the State, nor will it constitute a pledging of state revenues or assets.

- **Property Tax Clarification.** This change will clarify ambiguities that the Knik Arm Crossing is exempt from state and local property taxes and assessments whether operated directly by the public authority or on its behalf by a private party through a public-private partnership. This change recognizes that the essential public nature, purpose and use of the Crossing remain unchanged regardless of whether it is operated by the State through KABATA, or by a private operator. Any private activity the private partner may undertake ancillary to operating the toll facility would remain subject to property tax. Under a traditional contracting approach, no private contractor or operator would be subject to property tax on the facility. This change would put the public-private partnership and the private partner on the same footing. It will reduce the availability payment and keep tolls more affordable.
- **KABATA’s Contractual Monetary Obligations.** This requested change removes any ambiguity that may exist about the obligations of the State under a public-private partnership agreement

SB79 and SB80 Analysis of Legislation

between KABATA and a private partner. The requested change applies only to “monetary liabilities” which KABATA may incur pursuant to a public-private partnership. All other KABATA obligations – whether under other contracts, due to tortious conduct, or otherwise – remain separate from the State. Prior to approval and execution of a public-private agreement by KABATA’s Board of Directors, both the Attorney General and ADOT&PF will review the agreement.

The obligation of the State under this change is a moral obligation, not a legal obligation. Satisfaction of the liability is subject to a decision by the Legislature to appropriate money for this purpose.

This change is necessary and essential to attract low cost debt and equity to finance the Project. It will improve the market’s confidence in KABATA’s ability to pay, it will reduce the availability payment owed by KABATA and the State. In turn, this will help keep tolls affordable to the traveling public.

- **Project Reserve Fund.** The project reserve fund is discussed in greater detail in the following section. This reserve fund is not unique; it is patterned after similar reserve funds authorized for other Alaska governmental entities under existing statutes. E.g., AS 14.40.951 (Alaska Aerospace Corporation reserve fund); AS 14.42.240 (Alaska Student Loan Corporation capital reserve fund); AS 18.56.125 (Alaska Housing Financing Corporation capital reserve fund); AS 44.85.270 (Alaska Municipal Bond Bank Authority capital reserve fund); AS 44.88.105 (Alaska Industrial Development and Export Authority capital reserve fund).
- **\$150 Million Appropriation.** This \$150 million appropriation will help keep tolls affordable by reducing the amount of capital costs the private sector must finance, reducing the interest rate on its financing, and providing a backstop for toll revenues.

The appropriated funds will be held in the care and custody of the Department of Revenue until KABATA executes the public-private partnership agreement. At that time, the appropriated funds will be transferred to KABATA and KABATA will deposit this appropriation into the project reserve fund.

At completion of construction and any other milestone specified in the public-private partnership agreement, the appropriation will be used to pay the milestone payment(s) to the private partner. KABATA will devote the balance as a backstop for KABATA’s periodic payment obligations under the public-private partnership agreement. This backstop will be important during the early years of project operations when toll revenues may not be enough to cover these payments.

These uses will enhance KABATA’s credit worthiness and reduce overall project costs.

SB79 and SB80 Analysis of Legislation

Project Reserve Fund

The legislation includes provisions for establishing a project reserve fund. The purpose of the project reserve fund is to reduce KABATA's costs by reducing the developer's cost of financing the project. One of the funding sources for the project reserve fund will be the requested appropriation. The project reserve fund also will be the place where toll revenues are deposited.

The private partner's lenders and equity investors will rely solely on the payment stream from KABATA as the means for the private partner to service its debt and provide a return on equity. The financial markets will carefully examine whether that payment stream is reliable and creditworthy. Reliability is an important factor in whether the senior project debt that the private partner obtains will receive an investment grade credit rating. Such a rating is probably a "must have" for this project to be successful, and will lower the cost of debt and equity. The reserve fund is one of the key measures to establish this reliability and creditworthiness.

The reserve fund will apply KABATA's sources of revenue –tolls and appropriations - for specific purposes. The most important is to use the funds to compensate the private partner for the design, construction, operations and maintenance of the facility for the term of the agreement.

By holding these sources of revenue in a reserve fund dedicated to this purpose, the private partner is assured of an interest in these funds and that they will not be diverted to other purposes. This greatly improves the market acceptance of KABATA's ability to pay. This increased acceptance will lower the cost of the private partner's equity and debt and thereby lower the amount proposers will bid for these payments.

Under the legislation KABATA is required to annually report to the legislature the status of the reserve fund. If the reserve fund drops below a minimum required amount, that will trigger a request from KABATA for further appropriation to meet the minimum required amount. The specifics on the minimum required amount will be developed during the procurement and spelled out under the documents that establish the reserve fund. If the current requested appropriation is made and the reserve fund is authorized, KABATA's latest financial projections indicate that no further appropriation will be needed. These projections are believed to be realistic.

As the reserve fund builds up a surplus, the surplus could be used to fund needed capacity improvements and other federally-eligible transportation purposes and facilities. The specifics on what constitutes surplus funds will be developed and spelled out under the documents that establish the reserve fund.

SB79 and SB80 Analysis of Legislation

Financial Benefit

Passage of SB79 and 80 will facilitate the ability of KABATA to procure a public-private partnership which would greatly increase the benefit to the State. Passage of this legislation would allow KABATA the option to move forward with an availability payment structure, the public-private partnership which will generate the best value for the State.

Based on this structure, KABATA estimates the Knik Arm Crossing could generate for the State net revenue of approximately \$8 billion over the next 60 years. This is shown graphically in Figure 3.

This \$8 billion is in addition to the \$18 billion in economic benefits which are estimated to be generated by the Crossing.

The proposed legislation establishes the framework for KABATA to procure, through ADOT&PF's innovative projects delivery process, a private partner to help the State realize these benefits.

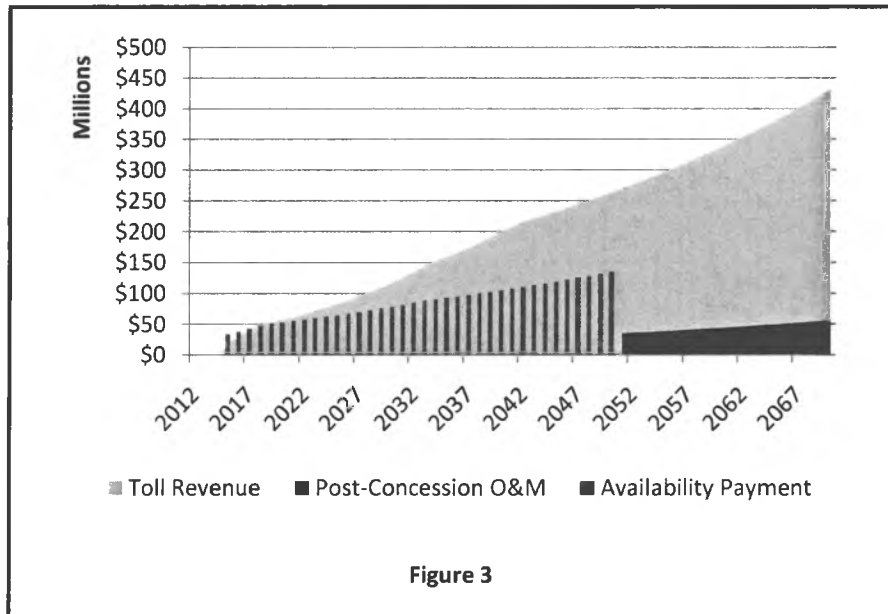


Figure 3



KNIK ARM CROSSING



Delivering Statewide benefits, regional connectivity and economic growth.

www.knikarmbridge.com

Presentation to the Alaska Legislature
Joint Transportation Committee Meeting

February 1, 2011

Knik Arm Toll Bridge Good for Alaska

- Connects Alaska's Infrastructure
- Supports Resource Development
- Provides Jobs and Supports Economic Growth
- Alternative Corridor for Safety
- Helps Fund Future Transportation Statewide

Regular or
even the 90 in
with most
have public
and new tip

credit account

usually not Fall First
Few years

1:35

Appropriate for Tiger account
or Jewittman

Immediate Benefits

Private Public Partnership

- Immediate Economic Stimulus
 - \$700 million of infrastructure and 5,000 construction-related jobs
- Public Benefits First 10 Years:
 - \$326 million lower cost of freight to Interior
 - \$303 million savings to commuters
 - 1,900,000 fewer metric tons of carbon emissions
 - \$30 million savings associated with Goose Creek Correctional Center
- Alternative to Glenn Highway for Safety
- Connects Port of Anchorage and Port MacKenzie to Better Serve the State
- Ties Together State's Transportation Network

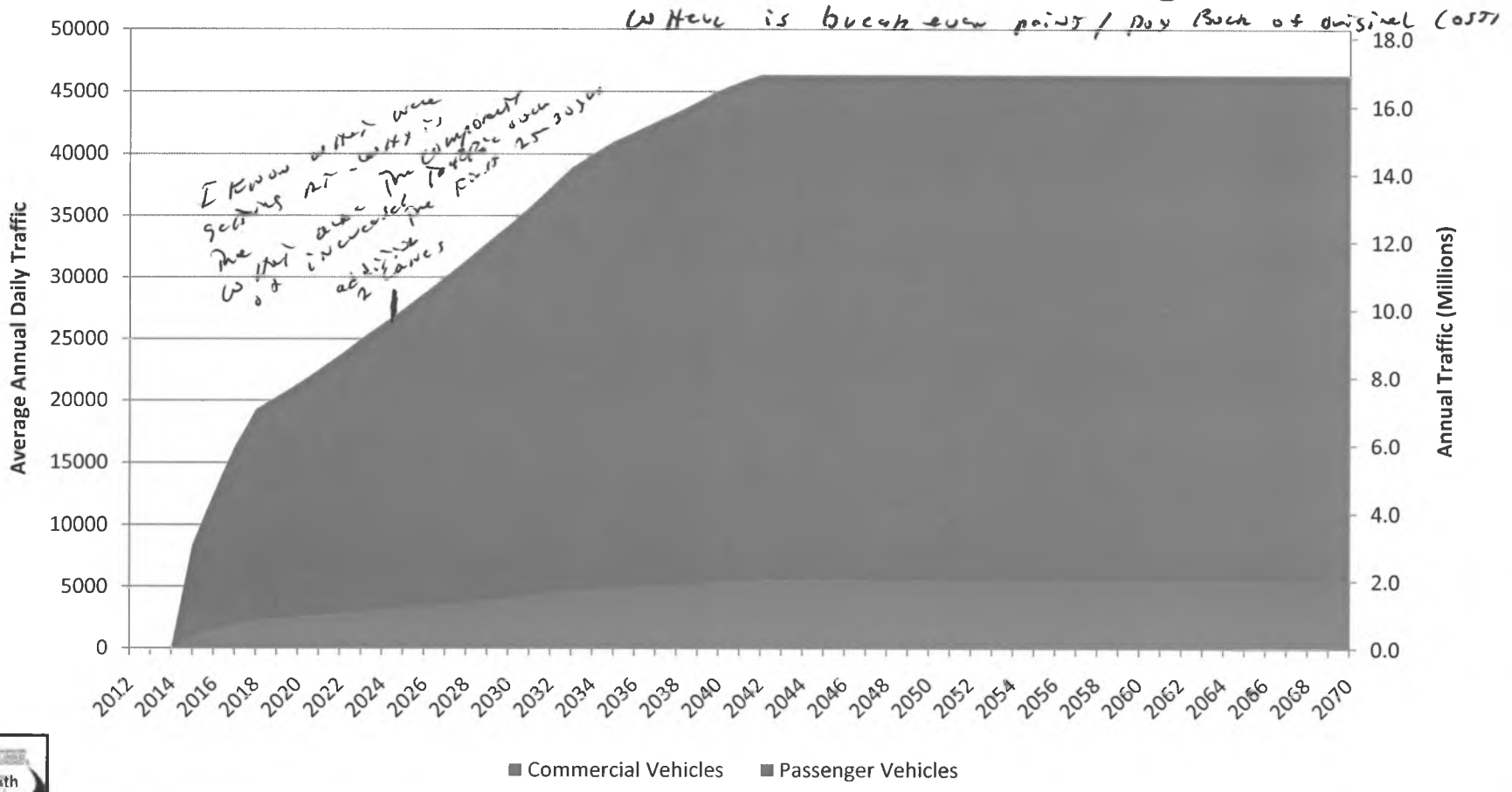
usually ride cost
are underwritten &
benefit overestimated &
we don't put in
if the project is approved
a subsidy & ~~it's~~
or admitted

(150 million up front)

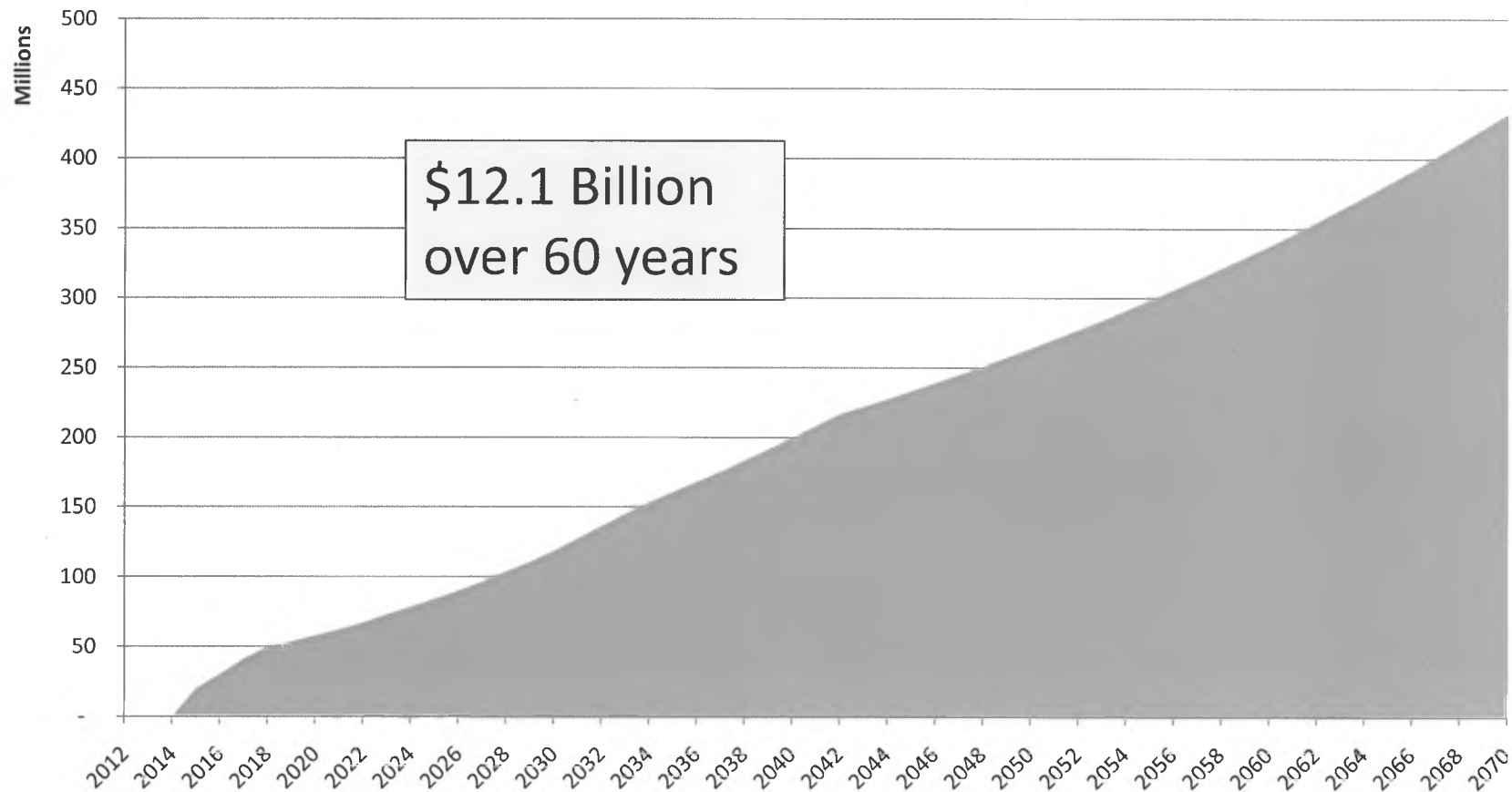
IS JUSTICE SIDE A PUBLIC DOCUMENT - F O S S I O N
YES

QUESTION
FOR
CFO

Base Case Traffic Forecast Assuming 2015 Opening



Projected Toll Revenue



Toll Facility Revenue “Waterfall” Flow of Funds

Toll Revenue



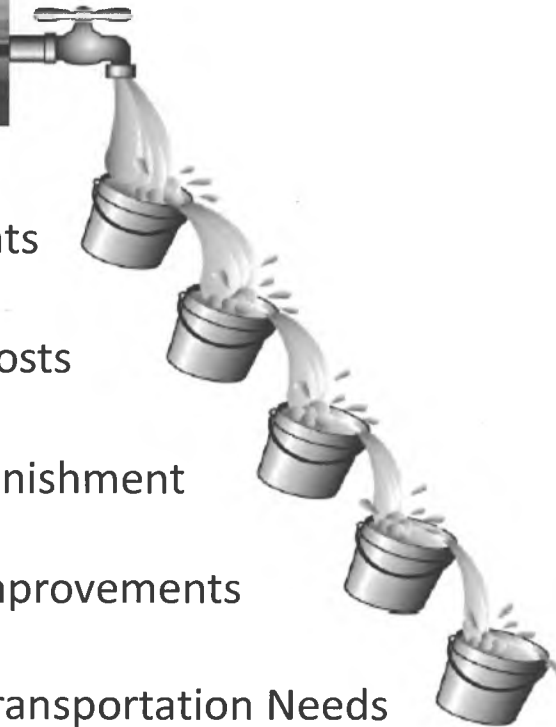
Availability Fee Payments

KABATA Operating Costs

Reserve Replenishment

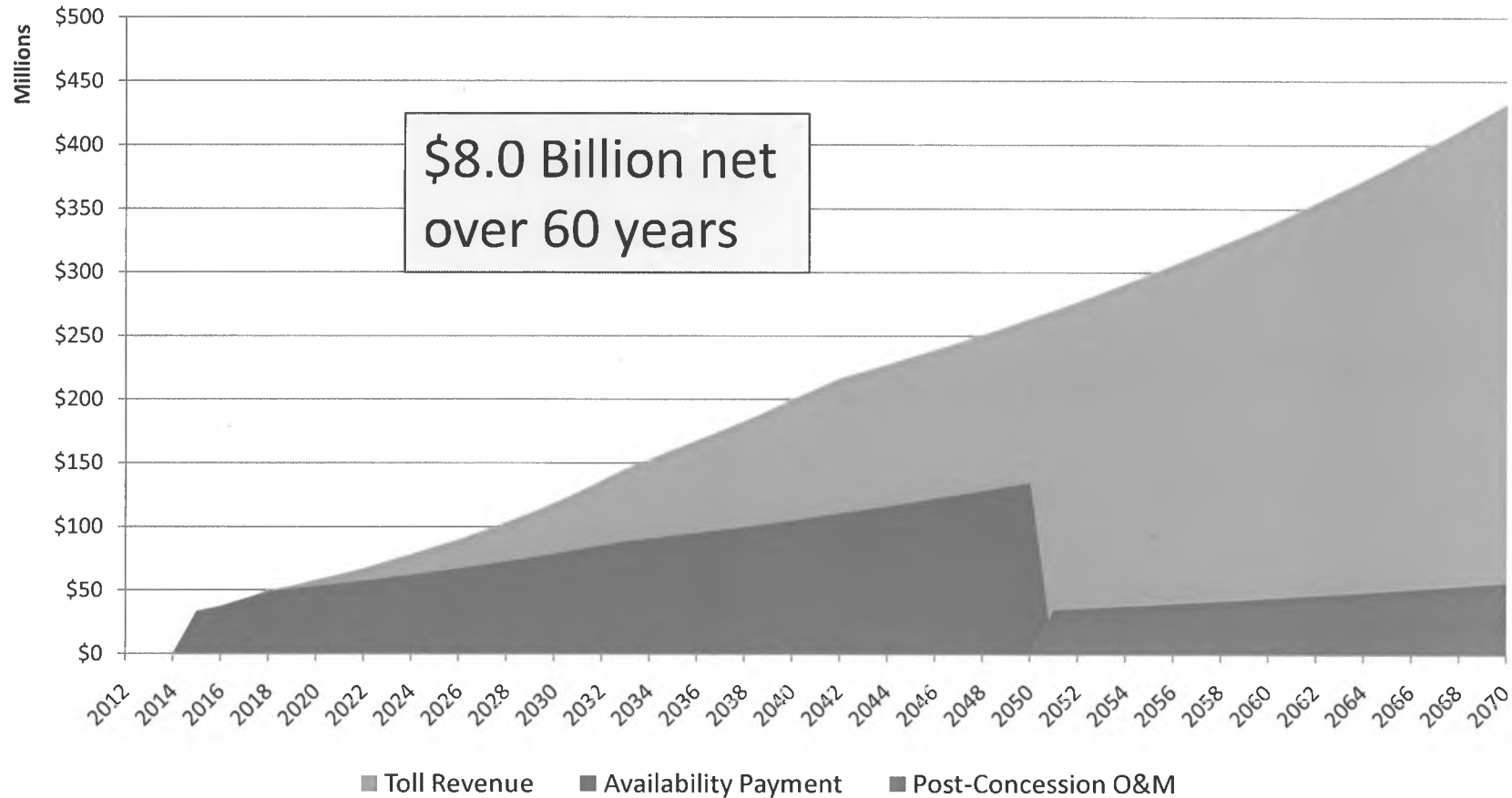
Project Improvements

Other Transportation Needs



Graphic concept courtesy FHWA TIFIA program.

Projected Net Revenue After Availability Payment / O&M



Availability payment includes KABATA oversight costs during the concession term.



www.knikarmbridge.com

KNIK ARM CROSSING

Bathymetry and Tides



Late Season 1



Oscillated Drilled Shaft Operation



Closing the Gap - Late Season 2



Foundation Wrap Up - Season 2



The Future



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Concept Rendering



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