

ALASKA LEGISLATURE COMMITTEE FILES 2019-2020

2144 ST SB 294 - SB 415

2144

This would increase both fixed and labor costs if those vehicles were used. At distances of 22 miles for 2.5 ton trucks and 26 miles for one ton trucks, the daily harvest would have to be limited to the trucks daily hauling capacity. Again, while this is the least costly of the alternatives analyzed, it offers no long term economic advantages or flexibility and severely constrains the farmers harvest operations in ways similar to those outlined in Scheme III. The results of analysis under Scheme IV are presented in Table L.

### Summary and Conclusions

The analysis of alternative transportation schemes indicated a wide range of methods and equipment handling grain between the field and main elevator in Nenana. It was determined that a 5 ton truck hauling from home storage directly to Nenana, using the farmers own labor most effectively reduced transport costs, while offering the greatest long term economic benefits and flexibility to the farmer. A transfer point in the initial project area was found to be uneconomical and direct haul with home storage was still more cost effective at distances up to 50 miles from the main elevator.

It should be noted that road quality is significant in its affect on vehicle operating costs. AASHTO studies indicate that there is a 30% savings between vehicle operation on pavement and crushed gravel and up to 60% savings between pavement and unsurfaced roads.<sup>1</sup> It is imperative therefore, based on user economics, that a good quality access road be built and maintained in the project area.

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<sup>1</sup>American Association of State Highway and Transit officials, "A Manual on User Benefit Analysis of Highway and Bus-transport Improvements", Washington, D.C., 1960. Assume 0-3 percent grade, 35 mph vehicle running speed.

Table I

## Scheme I - Direct Haul: Farm to Elevator

Vehicle	Distance	Trips Per Day	Bushels Hauled/ Day	Fixed Costs	Variable Costs	Labor Costs	Home Storage	Elevator Fee	Total ¢/Bu	Total Without Labor
A	14	9	2700	.01	.025	.046	.13	.12	33.1	28.5
	18	7	2100	.01	.032	.059	.13	.12	35.1	29.2
	22	6	1800	.01	.039	.069	.13	.12	36.8	29.9
	26	5	1500	.01	.047	.083	.13	.12	39	30.7
B	14	9	6300	.021	.015	.020	.13	.12	30.6	28.6
	18	7	4900	.021	.019	.025	.13	.12	31.5	29.0
	22	6	4200	.021	.023	.030	.13	.12	32.4	29.4
	26	5	3500	.021	.027	.036	.13	.12	33.4	29.8
C	14	9	9450	.14	.029	.013	.13	.12	43.2	41.9
	18	7	7350	.14	.037	.017	.13	.12	44.4	42.7
	22	6	6300	.14	.046	.020	.13	.12	45.6	43.6
	26	5	5250	.14	.054	.024	.13	.12	46.8	44.4

	Distance	Trips	Bushels	Bush- cls/Hr.	Hours/ Harvest	Cost/ Harvest	Cost/ Bu.	Home Storage	Elev.	Total
C o m m e r c i a l	14	7	7350	919	78	4992	.07	.13	.12	32.0
	18	6	6300	788	91	5824	.08	.13	.12	33.1
	22	5	5250	656	109	6976	.097	.13	.12	34.7
	26	4	4200	525	137	8768	.122	.12	.12	37.2

Table J

## Scheme II - Home Storage With Transfer Point in Project

Vehicle	Distance to Transfer	Trips	Bushels/Day	Fixed Costs	Variable Costs	Labor	Home Storage	Transfer	Commercial Haul	Elevator Fee	Total ¢/Bu	Total Without Labor
A	1	25	,500	.01	.002	.017	.13	.12	.08	.12	47.9	46.2
	3	20	6,000	.01	.005	.021	.13	.12	.08	.12	48.6	46.5
	5	16	4,865	.01	.009	.026	.13	.12	.08	.12	49.6	46.9
	7	13	3,900	.01	.013	.032	.13	.12	.08	.12	50.5	47.3
B	1	25	17,500	.021	.001	.007	.13	.12	.08	.12	47.9	47.2
	3	20	14,000	.021	.003	.009	.13	.12	.08	.12	48.3	47.4
	5	16	11,200	.021	.005	.011	.13	.12	.08	.12	48.7	47.6
	7	13	9,100	.021	.007	.014	.13	.12	.08	.12	49.2	47.8

Table K

Scheme III - No Home Storage, Transfer Point in Project

Vehicle	Distance to Transfer	Trips	Bushels/ Day	Fixed Costs	Variable Costs	Labor Costs	Transfer	Commercial Haul	Elevator	Total ¢/Bu
A	1	13	4000	.01	.002	.016	.12	.08	.12	34.8
	3	13	4000	.01	.005	.02	.12	.08	.12	35.5
	5	13	4000	.01	.009	.025	.12	.08	.12	36.4
	7	13	4000	.01	.013	.03	.12	.08	.12	37.3
B	1	6	4000	.021	.007	.016	.12	.08	.12	36.4
	3	6	4000	.021	.009	.02	.12	.08	.12	37.0
	5	6	4000	.021	.012	.025	.12	.08	.12	37.8
	7	6	4000	.021	.014	.03	.12	.08	.12	38.5

Table L

Scheme IV - No Home Storage, No Transfer

Vehicle	Distance	Trips	Bushels Hauled	Fixed Costs	Variable Costs	Labor Costs	Elevator Fee	Total ¢/Bu
A	14	14	4000	.02	.025	.046	.12	21.1
	18	14	4000	.02	.032	.059	.12	23.1
	22	12	3600	.02	.039	.069	.12	24.8
	26	10	3000	.02	.047	.083	.12	27
B	14	6	4000	.021	.015	.02	.12	17.6
	18	6	4000	.021	.019	.025	.12	18.5
	22	6	4000	.021	.023	.03	.12	19.4
	26	5	3500	.021	.027	.036	.12	20.4
C	14	4	4000	.14	.029	.013	.12	30.2
	18	4	4000	.14	.037	.017	.12	21.4
	22	4	4000	.14	.046	.02	.12	32.6
	26	4	4000	.14	.054	.024	.12	33.8

APPENDIX I  
REQUEST FOR PROPOSAL SENT TO VARIOUS ALASKAN PORTS

REQUEST FOR PROPOSAL  
FOR  
GRAIN EXPORT TERMINAL

The State of Alaska, Special Projects Office, is submitting this request for proposal. Our intention is to construct a permanent facility for the exportation of Alaskan produced grains.

The following information will be required in the proposal for our analysis:

1. Financial committment possibilities
  - a. development incentive on real estate taxes
  - b. direct complete or partial financing of the facility
  - c. Bond issuing authority for construction costs
  - d. moratorium on interest and other payments until facility becomes economically viable
2. Location
  - a. acreage of proposed site
  - b. availability
  - c. site development cost
  - d. expansion area
  - e. site accessability
  - f. proximity to available dock space
3. Water depth
  - a. at dock
  - b. in approach channel
4. Wharfage charges

5. Labor-longshoreman and facility personnel
  - a. availability
  - b. charges
6. When construction could be initiated
7. Competing dock users
8. Utilities
  - a. sufficient electrical power available
  - b. other energy forms available
9. Is port served by
  - a. rail
  - b. truck
  - c. air
10. Any potential use of existing equipment and/or facilities
11. Distances from present and future agricultural production areas.
  - a. Delta Junction
  - b. Nenana
  - c. Point MacKenzie
12. Public opinion of facility
13. Safeguard from earthquake damage
14. Possibilities of using flat house facility for importing and exporting other products

See attachments for preliminary plans of this \$4.2 million facility. Please return your proposal no later than <sup>12-31-80</sup>~~11-28-80~~ to:

Alaska Agricultural Action Council  
1514 South Cushman Room 210  
Fairbanks, Alaska 99701

APPENDIX II  
MASTER APPLICATION-ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION  
MASTER APPLICATION - INFORMATION SHEET  
Environmental Procedures Act, AS 46.35

GENERAL INFORMATION

The master application serves as a notice of intent to the State of a proposed project by an applicant. This form was designed to include a broad range of State and local government interests, therefore, many of the questions may not apply to your proposed project. Please read this application before completing it. Answer all questions pertaining to your proposed project. Any missing or misleading answers may delay the processing of your application. Complete a site diagram of the project and submit it with your signed application to one of the Permit Information Centers listed below.

Alaska Permit Information Center  
Department of Environmental Conservation  
437 "E" Street, Second Floor  
Anchorage, Alaska 99501  
Telephone: (907) 279-0254

Alaska Permit Information Center  
Department of Environmental Conservation  
675 7th Avenue, P.O. Box 1601  
Fairbanks, Alaska 99707  
Telephone: (907) 452-2340

Alaska Permit Information Center  
Department of Environmental Conservation  
Pouch O, 3223 Hospital Drive  
Juneau, Alaska 99811  
Telephone: (907) 465-2615

GENERAL PROCEDURES FOR PROCESSING APPLICATIONS UNDER AS 46.35

Upon receipt of the master application in a permit center, the following steps are taken:

Master Application

1. Copies of the master application and the site diagram are sent for review to all State departments and any municipality where the project is located. A statement is requested regarding agency jurisdiction and any permits that may be required for the proposed project.
2. These agencies must respond to the permit center within 15 days. If the agencies have any jurisdiction over the project and require a permit, they will submit their individual applications to the permit center with a statement of whether a hearing is required.

Individual State & Local Permit Applications

1. The permit center will send the individual applications to the applicant for completion. Completed applications and required fees should be returned to the permit center.
2. The returned applications and fees will be sent to the proper agencies. The permit center will make the arrangements for a public hearing on the project, if a hearing is required. Within 30 days receipt of the returned applications, the permit center will have a notice published once a week for three consecutive weeks. The applicant will be required to pay for the publication of these notices.
3. The public hearing will be held in or near the municipality where the major part of the proposed project is located. This hearing will be held within 20 to 30 days of the last publication of the notice. Members of the public and the applicant may be present. Any State agency that requires a permit for the project shall be represented at the hearing.
4. At the close of the hearing, the chairman will establish a date (within 90 days from the hearing date) for the final decisions on all applications on the project. The final decisions will be submitted to the Department of Environmental Conservation. They will be incorporated into one document and submitted to the applicant personally or by certified mail.

INTERIM MASTER APPLICATION

Permit Information Center  
Alaska Department of Environmental Conservation

MASTER APPLICATION

NO. \_\_\_\_\_

CERTIFICATION

(to be completed by local government)

I hereby certify the project described herein is in compliance with all zoning ordinances and associated comprehensive plans administered by

CITY OF NENANA, ALASKA

(Local Government Official's Signature)

Mayor, City of Nenana

(Title)

(Date)

I hereby certify the property described in Section II is not under the jurisdiction of any zoning ordinance or associated comprehensive plan administered by \_\_\_\_\_

(Local Government Official's Signature)

(Title)

(Date)

I. Applicant Information

A. Name of Applicant: CITY OF NENANA, ALASKA

Address: \_\_\_\_\_  
(Street Number or R.F.D.) (City) (State) (Zip Code)

Phone Number: 832-5441

B. Consultant or Contact Person: ALASKA TRANSPORTATION CONSULTANTS, INC.

Address: 212 C Wedgewood Drive, Fairbanks, Alaska 99701  
(Street Number or R.F.D.) (City) (State) (Zip Code)

Phone Number: 456-1967

II. Activity Location

A. Location of Work (smallest legal subdivision): West of the City of Nenana at the Nenana River, East Middle River, and West Middle River bridge sites

Within Section 15-23, Township 4 S, Range 3 W

B. Distance and direction from nearest incorporated town or city:

Four and one-half (4½) W. of City of Nenana

Right-of-way, 200 feet wide to the West Middle River bridge site per project diagram.

III. General Activity Description

A. Beginning Construction Date: January 1, 1981 Completion Date: February 15, 1981

B. Description of Project (describe the project objectives, purpose and need): \_\_\_\_\_  
Determine alignment of bridges across the three (3) above rivers; also alignment of road between bridge sites.

C. Description of Work (describe the project construction and operation): \_\_\_\_\_  
Drilling test holes 10-20 feet deep, each one-fourth (¼) mile, along road alignment. Drilling test holes at bridge piling sites, one of which will be at least one hundred (100) feet deep. Survey alignment of road with bridge.

IV. SPECIFIC ACTIVITY DESCRIPTION

A. The construction or operation of this project involves: (check all appropriate boxes).

- Commercial development
- Industrial development
- Institution
- Residential development

Above checked development includes:

- Electrical
- Plumbing
- Elevator
- Mechanical equipment in structures
- Boiler
- Pressure vessels
- Pressure piping
- Prefabricated structures

Sewage disposal:

- Septic tank and drainfield installation or alternative disposal system
- Connection to municipal sewer system
- Develop or connection to nonmunicipal sewer system
- Connection to municipal water system
- Develop or connection to nonmunicipal water system
- School water supply
- Surface mining (including rock quarry, material borrow site, sand and gravel, etc.)
- Underground mining
- Dredging
- Oil and gas drilling and exploration
- Geothermal drilling and exploration
- Well injection
- Well construction
- Fireworks
- Marine facility (access, dock, float, etc.)
- Explosives
- Disposal of surplus mineral resources

Food service facilities:

- Restaurant
- Temporary
- Limited service restaurant
- Commissary
- Food vending warehouse
- Vending machine
- Mobile unit(s)
- Shellfish distributors
- Shucker/packers
- Harvesters

- Swimming pool
- Health facility (hospital, inpatient care, nursing home, etc.)
- Home for aged
- Group care home
- Child care agency
- Day care facility
- Post secondary education facility at a new location
- Junkyard
- Alcohol or alcoholic beverages (industrial, manufacture, wholesale, retail)
- Hydraulic structure
- Irrigation, drainage
- Hydroelectric facilities
- Mobile home park
- Airfield construction or modification
- Advertising signs
- Cultural site development
- Pneumatic conveyance facilities
- Liquid petroleum gas
- Flammable and/or combustible liquids
- Shore-based handling devices
- Excavation
- Land leveling
- Stream bed alteration, movement of material within banks
- Flood control project (stream channelization)
- Agriculture
- Aquaculture
- Bulkhead
- Burning
- Dam construction
- Forest management
- Tree cutting
- Right of way clearing
- Gravel operation
- Road construction
- Solid waste disposal
- Utilities
- Port Development
- Propagation of fish or wildlife
- Landfill
- Tourist facilities (hotel, motel, recreational park, organization camp, picnic park, mass gathering)
- Other Preliminary geotechnical and survey.

No

B.   All or a portion of the activity will be located within 200 feet of the or water mark or within the floodplain of \_\_\_\_\_, XXXXXXXXX  
(name of stream or body of water)

NENANA RIVER, EAST MIDDLE RIVER, WEST MIDDLE RIVER; a tributary(s) of the Tanana River.

C. Work will be conducted (include anticipated dates work will take place)

Over Water JANUARY 1, 1981 --- FEBRUARY 15, 1981  
(dates)

In or under water JANUARY 1, 1981 --- FEBRUARY 15, 1981  
(dates)

D.   The proposed work will be vented or will release materials into the air. (explain)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E.   Will the construction or use of the final facility result in the discharge of a pollutant? Into:

- Ground water
- Surface water
- Sewer system

Explain (pollutant): \_\_\_\_\_

F.   Will your proposal include facilities for the disposal of sewage?

- Septic Tank and Drainfield Installation
- Connection to Municipal sewer system
- Develop a Nonmunicipal (individual) treatment facility

G.   Will construction or operations of the final facility involve the use of ground or surface water?

- |  |  |
|--|--|
| SOURCE                                 | USE  |
| <input type="checkbox"/> Ground water  | <input type="checkbox"/> Domestic Use              |
| <input type="checkbox"/> Surface water | <input type="checkbox"/> Commercial/Industrial Use |
|  | <input type="checkbox"/> Other _____               |

Quantity of water use: \_\_\_\_\_ cfs, or \_\_\_\_\_ gpm.

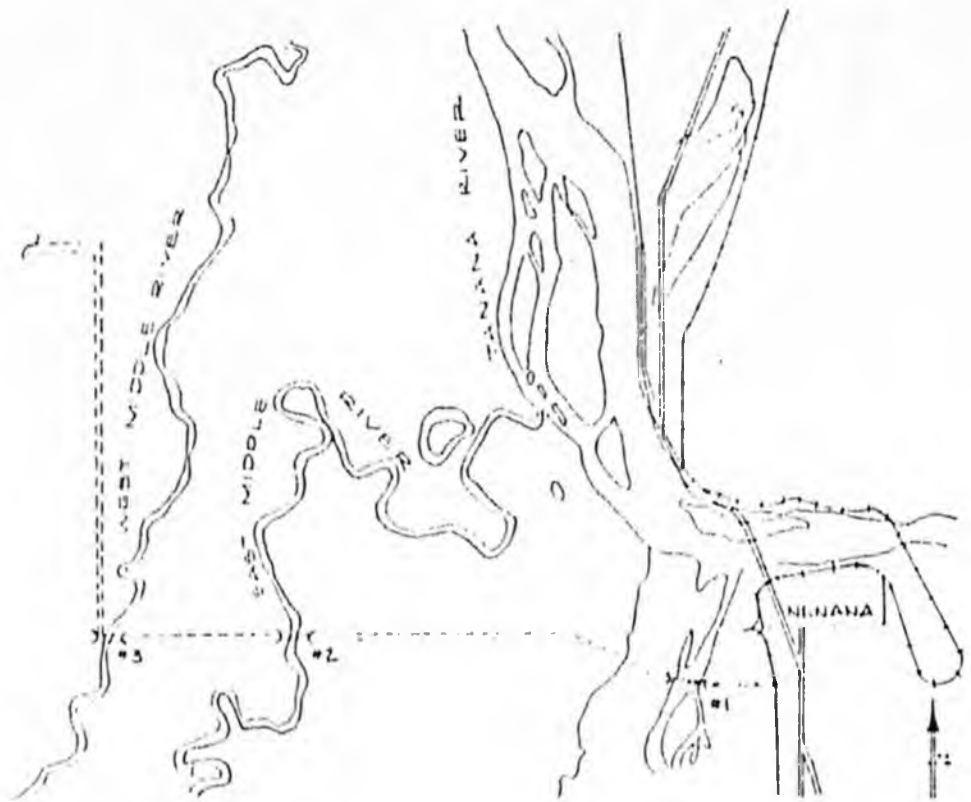
if surface water, name of source: \_\_\_\_\_  
(stream or body of water)

a tributary of \_\_\_\_\_  
(name of stream or body of water)

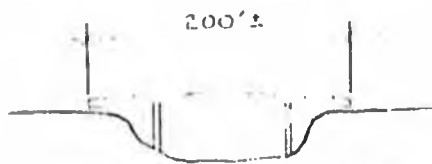
- |    | Yes                      | No                                  |  |
|----|--------------------------|-------------------------------------|--|
| H. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Will your proposal include facilities for public water supply?<br><br><input type="checkbox"/> Connection to Municipal supply system<br><input type="checkbox"/> Develop a Nonmunicipal (individual) supply system   |
| I. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Will your proposal require the construction or modification of a dam for the storage of water?<br><br>Height of dam: ..... feet.<br>Quantity of water to be stored: ..... acre feet.   |
| J. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Do you plan to dispose of material by burning?<br><br><input type="checkbox"/> Natural material (organic)<br><input type="checkbox"/> Man-made material (processed)  |
| K. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Do you plan to dump any mill waste or forest debris?   |
| L. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Do you plan to conduct a commercial operation with power driven machinery in dead or down timber?  |
| M. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Do you propose to remove more than 10,000 tons or disturb more than two acres of land in order to remove gravel, clay, coal, stone, sand, metallic ore, or any other similar solid material or substance to be excavated from natural deposits on or in the earth for commercial, industrial, or construction uses?  |
| N. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Do you plan to conduct any activity on or directly pertaining to forest land and related to grazing, harvesting or processing timber including: road and travel construction; timber harvest; precommercial thinning; reforestation; fertilization; prevention and suppression of diseases and insects; salvage of trees; right-of-way clearing; or brush control?                               |
| O. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Do you plan to recover stray logs, other than logs owned by you, from waters of the State?   |
| P. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Does your proposal involve work within, adjacent to, or near a state park?   |
| Q. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Do you have control of the land on which the project is located? Who does?<br><br><input type="checkbox"/> I own/control the land.<br><input type="checkbox"/> I control the land through a license from a private individual/company.<br><input checked="" type="checkbox"/> The State owns the land.<br><input type="checkbox"/> Federal land.<br><input type="checkbox"/> Locally owned land. |

V. PROJECT DIAGRAM

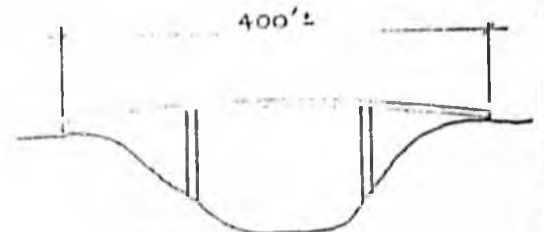
Show the general area involved by the project. Include the proposed project improvements, existing topography, streams or bodies of water, landmarks, property lines, north arrow, scale, etc. (include additional pages if necessary)



LOCATION MAP



TYPICAL BRIDGE 2 & 3  
N.T.S.



TYPICAL BRIDGE 1  
N.T.S.

VI. ENVIRONMENTAL IMPACT

Yes No  
A.   Have you been asked to complete an "Assessment of Environmental Impact"? (If completed, please attach a copy.)

B.   Has an "Environmental Impact Statement" been requested before you begin your project? (If completed, please attach a copy.)

C. Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The information given on this application is complete and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
(Applicant's Signature)

11-15-80  
\_\_\_\_\_  
(date)

APPENDIX III  
SECTION 46.35.030-46.35.210 ALASKA STATUTES

Sec. 46.35.030. Master application. (a) A person proposing a project which requires the issuance of one or more permits may submit a master application to the department requesting the issuance of all permits and documents necessary before the construction and operation of the project in the state. The master application shall be on a form established by the department and shall contain sufficient information as to the location and the nature of the project, including discharge of wastes and use of or interference with natural resources of the state.

(b) Upon receipt of a properly completed master application, the department shall immediately forward a copy of the application to all heads of executive departments of the state and the chief elected official of all municipalities in which a portion of the project is proposed to be constructed, together with the date by which the agency shall respond to the master application.

(c) Each agency notified shall respond in writing to the department by the specified date, not exceeding 15 days from receipt, as determined by the department, advising

(1) whether the agency has an interest in the master application;

(2) if the response to (1) of this subsection is affirmative, the permit program under the agency's jurisdiction to which the project described in the master application is pertinent; and

(3) whether, in relation to the master application, a public hearing as provided in §§ 50 and 60 of this chapter would be in the public interest.

(d) Each notified agency which (1) responds within the specified date that it does not have an interest in the master application; or (2) does not respond as required within the specified date, may not subsequently require a permit of the applicant for the project described in the master application unless the master application contained false, misleading, or deceptive information, or other information or lack of information which would reasonably lead an agency to misjudge its interest in the master application.

(e) The department shall submit application forms relating to permit programs identified in affirmative responses under (c) of this section to the applicant with a direction to complete and return them to the department within a reasonable time as specified by the department.

(f) When the applications, properly completed, have been returned to the department, each of the applications shall be transmitted to the appropriate state agency for the performance of its responsibilities of decision making in accordance with the procedures of this chapter. (§ 1 ch 60 SLA 1977)

Sec. 46.35.040. Withholding final permit. When it appears that the applicant does not own or control the land or water necessary for the siting of the project in the master application, the department shall continue the proceedings under this chapter but may withhold the final permit until the applicant has obtained ownership or control of the land or water necessary for the site of the project. If the applicant has applied

for land or water necessary for the siting of the project from the state or a municipality of the state, the state agency or municipality shall promptly adjudicate the application for the land or water filed by applicant. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.050. Notice of proposed project.** (a) The department, within 30 days after transmittal under § 30(f) of this chapter, shall cause a notice to be published at the applicant's expense once each week for three consecutive weeks in a newspaper of general circulation within each municipality in which the project is proposed to be constructed or operated. The notice shall describe the nature of the master application, including, with reasonable specificity, the project proposed, its location, the various permits or documents applied for, and the state agency having jurisdiction over each permit or document. Except as provided in (c) of this section, the notice shall also state the time and place of the public hearing which shall be scheduled not less than 20 or more than 30 days after the date of last publication of the notice. It shall further state that a copy of the master application and a copy of all applications for the project are available for public inspection in the regional office of the department nearest to where the project is proposed to be constructed or operated, as well as at the department office in the capital and any other locations the department may designate in the notice.

(b) If no part of the project is to be constructed or operated in a municipality, or if there is no regularly published newspaper of frequency at least weekly, the public notice shall be published in a newspaper in the judicial district in which the project is proposed.

(c) If the responses received by the department from state agencies under § 30(f) of this chapter unanimously state the position that a public hearing concerning a master application is not necessary in the public interest, and the department, after a careful evaluation, taking into consideration all interests involved, including the opportunity for members of the public to present views, agrees, the provisions of (a) of this section pertaining to the time and place of a public hearing shall not be included in the notice. In that case the notice shall state that members of the public may present their views and supporting materials in writing to the department regarding any of the permits applied for within 30 days after the last date of publication of the notice in a newspaper. (§ 1 ch 60 SLA 1977)

Revisor's note (1977). — AS 46.35.050(a), as it appeared in § 1, ch. 60, SLA 1977 (HCS CSSB 227), contained reference to "(b) of this section." This citation originally appeared in SB 227; however, the

subsection (b) referred to in that version became (c) of the final version of the bill as enacted. Consequently, the reference in (a) has been corrected to read "(c) of this section."

**Sec. 46.35.060. Public hearing.** (a) Except as provided in § 50(c) of this chapter, before a final decision is made on a permit application relating to a project subject to the procedures of this chapter, a public

hearing shall be held in or near the municipality in which all or a major part of the proposed project is to be constructed or operated, or, if the project is not to be constructed or operated in a municipality, the hearing shall be held at a location reasonably convenient to the site of the proposed project. The hearing shall be held in accordance with the notice given under § 50(a) of this chapter. At the hearing the applicant may submit any relevant information and material in support of his applications, and members of the public may present relevant views and supporting materials relating to any or all of the applications being considered.

(b) Each state agency having an application for a permit before it under § 50(a) of this chapter shall be represented at the public hearing by its commissioner or his designee. The commissioner of the department, his designee, or a hearing officer appointed by the governor, shall chair the hearing; however, the representative of any state agency other than the department within whose jurisdiction a specific application lies shall conduct the portion of the hearing pertaining to submission of information, views, and supporting materials which concern that application. The chairman may continue a hearing from time to time and place to place.

(c) No provisions of AS 44.62 apply to the hearing conducted under this section, and the hearing shall be conducted for the purpose of obtaining information for the assistance of state agencies and not as a trial or adversary proceeding.

(d) Federal and local government agencies may be represented at the hearings, at their option, by their chief executive officer or his designee.

(e) The hearing shall be electronically recorded, and copies of the recording shall be made available to state, federal and local agencies upon request. (§ 1 ch 60 SLA 1977)

Cross reference. -- See revisor's note to AS 46.35.050.

Sec. 46.35.070. Final decision. (a) Upon completion of the public hearing the chairman, after consultation with the state agency representatives, shall establish the date by which all state agencies shall forward their final decisions on applications before them to the department. The date established shall be within the following 90-day period after the public hearing.

(b) In a situation where a notice is provided under § 50(e) of this chapter, the department shall, 30 days after the last notice publication in the newspaper, submit a copy of all views and supporting material received by it to each agency as described in the notice as having an application before it. At the same time, the department shall notify each state agency, in writing, of the date by which final decisions on applications shall be forwarded to the department. That date shall be

no later than 90 days after the date of last publication of the notice, but may be extended by the department for reasonable cause.

(c) Each final decision shall state the basis for the conclusion together with a final order denying the application for a permit or granting it, subject to a condition of approval as the deciding agency may have the power to impose. An agency which denies an application shall, with its final decision denying the application, provide a written summary suggesting alternate means of completing the project, or, if no alternative is feasible, the agency shall provide a written summary of its reasons for that conclusion.

(d) As soon as all final decisions are received by the department under (b) and (c) of this section, the department shall incorporate them, without modification, into one document and transmit it to the applicant either personally or by registered mail.

(e) Each state agency having jurisdiction to approve or deny an application for a permit shall have the power vested in it before October 1, 1977 to make such determinations. Nothing in §§ 30 — 70 of this chapter lessens or reduces these powers, and §§ 30 — 70 of this chapter modify only the procedures to be followed in the carrying out of the powers.

(f) A state agency, in the performance of its responsibilities of decision making under this chapter, may request or receive additional information from an applicant and others before or after the public hearing. (§ 1 ch 60 SLA 1977)

Cross reference. — See revisor's note to AS 46.35.050.

**Sec. 46.35.080. Withdrawal of agency from participation.** (a) A state agency responding affirmatively under § 30(b) of this chapter may withdraw from participation in the processing provided in §§ 30 — 70 of this chapter at any time, by written notification to the department, if it subsequently appears to the state agency that it has no permit programs under its jurisdiction applicable to the project.

(b) A decision by a state agency to withdraw from the proceeding is irreversible, and the state agency may not subsequently require a permit of the applicant for the project described in the master application unless the master application contained false, misleading, or deceptive information, or other information or lack of information which would reasonably lead an agency to misjudge its interest in the master application. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.090. Administrative and judicial review.** (a) A person aggrieved by a final decision issued under § 70(d) of this chapter may file a notice of appeal with the commissioner requesting an adjudicatory hearing within 30 days of transmittal of the final decision to the person. A failure to file a timely notice of appeal constitutes a waiver of the

person's right to review the final decision, unless the failure was due to circumstances beyond the applicant's control.

(b) The commissioner shall grant a request for an adjudicatory hearing within 20 days of filing of the notice of appeal if he determines that the notice raises a reasonable issue of fact or law material to the final decision.

(c) A hearing officer appointed under AS 44.62.350 shall preside at hearings under this section, rule on the admission and exclusion of evidence, advise the deciding officers on matters of law, and participate in posthearing deliberations.

(d) Appeals shall be heard jointly by the commissioner, or his designee, of each agency which rendered a final decision under § 70 of this chapter for which the person requesting the hearing is aggrieved. The commissioner, or his designee, of each agency shall decide only that portion of the appeal which involves his agency.

(e) The commissioner, after consultation with other state agencies and local governments, shall adopt regulations governing the conduct of adjudicatory hearings under this section. The commissioner may enter into cooperative agreements with local governments and federal agencies for the joint holding of adjudicatory hearings. To the extent feasible, regulations adopted under this section shall conform to adjudicatory hearing procedures for the review of permit decisions under AS 30.25 and AS 46.03. Notwithstanding AS 44.62.330(a)(4), adjudicatory hearing procedures to review permit decisions under this chapter, or under AS 30.25 or AS 46.03, need not conform to the Administrative Procedure Act (AS 44.62.350 et seq).

(f) A person aggrieved by a final decision of the commissioner under this section may appeal the decision to the superior court in the manner provided by AS 44.62.560 — 44.62.570. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.100. Time.** It is the sense of the legislature that time is of the essence in the processing of applications under this chapter. Whenever a section in this chapter states a time within which an act or a review is to be completed, the legislature has determined that the time allotted is adequate for a responsive state agency or municipality to complete the act or review. If unusual conditions prevent this from happening, it is the sense of the legislature that minimum extensions of the period established in this chapter may be granted upon a determination that the delay occurred beyond the control of the reviewing agency or municipality. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.110. Application.** Notwithstanding any other provisions of regulation or statute relating to the processing of application for permits, the procedures set out in this chapter are exclusive for applications filed under § 30 of this chapter. The procedures of this chapter are in lieu of any procedures otherwise provided by law or

regulations, and are to be followed by a state agency in ruling upon those applications. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.126. Fee schedules.** Fee schedules previously established or authorized by law for an application for a permit continue to apply. The department shall collect the fees and forward them to the appropriate state agency. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.130. Compliance with local zoning ordinances and plans.** (a) No permit for a project filed under § 30 of this chapter may be issued unless the application has provided a certification from the appropriate local government that the project is in compliance with the zoning ordinances and associated comprehensive plans administered by the local government regarding the project. If the local government has no such ordinances or plans, the local government shall certify that fact. A local government may accept applications for certification under this section and shall rule upon them within 30 days. A local government may impose stipulations of performance in its approval, but, upon certification, the local government may not change the zoning ordinances as to the proposed project until the procedures of this chapter, including an appeal, are completed.

(b) Approval of an application for certification as provided in this section shall not eliminate any requirements of ordinances administered by a local government. A ruling by local government denying an application for certification is not appealable under this chapter, except that the denial of an application for certification under (a) of this section does not preclude the applicant from filing an application under a different statute or procedure. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.140. Applicability of other laws.** Nothing in this chapter modifies in any manner the applicability of a land use law or regulation or local zoning ordinances to land of a state agency. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.150. Regulations and authorities.** The department may adopt regulations to implement the provisions of this chapter. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.160. Permit requirement information centers.** (a) The department shall establish permit requirement information centers at the commissioner's office and in all of its regional offices and may enter into an agreement with the governing body of any municipality having a population of more than 1,000 persons to establish and maintain local information centers to provide information to the public, in readily understandable form, regarding the requirements of federal, state, and local governments for permits which must be acquired before initiating projects in this state and to provide assistance in the completion of permit applications.

(b) Each regional office of the department and other offices as the department may establish shall provide a master application to any

person requesting it. The department shall provide information, forms, instructions, and assistance in the completion of a master application under this chapter to a person requesting assistance. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.170. Conflicts and compliance with federal requirements.** (a) If any part of this chapter is found in conflict with federal requirements regarding the allocation of federal funds to the state, that part of this chapter is inoperative to the extent of the conflict regarding the agencies affected, and the determination shall not affect the operation of the remainder of this chapter.

(b) The department, to the extent necessary to comply with procedural requirements of federal law relating to permit systems operated by the state, may modify the notice, timing, hearing and related procedural matters provided in this chapter. (§ 1 ch 60 SLA 1977)

**Sec. 46.35.200. Definitions.** In this chapter

(1) "commissioner" means the commissioner of environmental conservation;

(2) "department" means the Department of Environmental Conservation;

(3) "local government" means a city or borough including a municipality unified under AS 29.68.240 -- 29.68.440;

(4) "permit" means each of the following licenses, permits or authorizations required to be obtained from a state agency before constructing or operating a project in the state, or any other license, permit or authorization which may be designated by the commissioner:

(A) waste water disposal permit -- AS 46.03.100, 18 AAC 72;

(B) solid waste disposal permit -- AS 46.03.100, 18 AAC 60;

(C) air emissions permit -- AS 46.03.150, 18 AAC 50.120;

(D) pesticides permit -- AS 46.03.320, 18 AAC 90;

(E) surface oiling permit -- AS 46.03.740, 18 AAC 75;

(F) open burning permit -- AS 46.03.020, 18 AAC 50.120;

(G) anadromous fish protection permit -- AS 16.05.870, 5 AAC 95.100;

(H) critical habitat area permit -- AS 16.20.250 -- 16.20.260;

(I) state game refuge land permit -- AS 16.20.050 -- 16.20.060;

(J) encroachment permit -- AS 19.25.200;

(K) utility permit -- AS 19.25.010;

(L) driveway permit -- AS 19.05.020, 17 AAC 10.020;

(M) state park incompatible use permit -- AS 41.20.020, 11 AAC 18.010;

(N) access roads permit -- AS 41.20.020, 11 AAC 18.020;

(O) water well permit -- AS 31.05.030, 11 AAC 22.140;

(P) brine or other salt water waste disposal permit -- AS 31.05.070 [AS 31.05.030], 11 AAC 22.250;

(Q) coal development permit -- AS 27.20.010, 11 AAC 46.010;

(R) right-of-way and easement permits -- AS 38.05.330, 11 AAC 58.200;

(S) special land use permit -- AS 38.05.035, 11 AAC 58.210;

(T) tidelands permit -- AS 38.05.320, 11 AAC 62.710;

(U) tidelands right-of-way or easement permit -- AS 38.05.320, 11 AAC 62.810;

(V) limited personal use permit -- AS 38.05.320, 11 AAC 62.820;

(W) permit to appropriate water -- AS 46.15.040, 11 AAC 72.050;

(X) dam construction permit -- AS 46.15.040, 11 AAC 72.060;

(Y) preferred use permit -- AS 46.15.040, 11 AAC 72.160;

(Z) permit for use of timber or materials -- AS 38.05.110, 11 AAC 76.185;

(AA) authorization for tidelands transportation -- AS 38.05.110, 11 AAC 76.205;

(BB) special material use permit -- AS 38.05.115, 11 AAC 76.540;

(CC) mineral and geothermal prospecting permits -- AS 38.05.115;

(DD) tide and submerged lands prospecting permit -- AS 38.05.250;

(EE) surface use permit -- AS 38.05.255, 11 AAC 86.600;

(FF) burning permit during fire season -- AS 41.15.070, 11 AAC 92.010;

(GG) miscellaneous state land use permit -- AS 38.05.035, 11 AAC 96.010;

(HH) right-of-way permit -- AS 38.05.330;

(5) "person" means an individual, municipal, public, or private corporation, or other entity, and includes a state agency and a local government;

(6) "processing" and "processing of applications" means the entire process followed in relation to the making of decisions on an application for a permit and review of it as provided in §§ 30 -- 80 of this chapter;

(7) "project" means any new activity or expansion of or addition to an existing activity, fixed in location, for which permits are required before construction or operation;

(8) "state agency" means a state department, commission, board or other agency of the state; for the purposes of this chapter "state agency" also means a local or regional air pollution control authority established under AS 46.03.210. (§ 1 ch 60 SLA 1977)

Sec. 46.35.210. Short title. This Act may be cited as the Environmental Procedures Coordination Act. (§ 1 ch 60 SLA 1977)

## Chapter 40. The Alaska Coastal Management Program.

### Article

1. Development of Alaska Coastal Management Program (§§ 46.40.010 -- 46.40.100)
2. Coastal Management Programs in the Unorganized Borough (§§ 46.40.110 -- 46.40.180)
3. General Provisions (§§ 46.40.190 -- 46.40.210)

APPENDIX IV

DATA REQUIRED TO DETERMINE NAVIGABILITY OF A WATERWAY,  
CORRESPONDENCE RELATING TO U.S. COAST GUARD  
CLASSIFICATION OF EAST AND WEST MIDDLE RIVERS

DATA REQUIRED TO DETERMINE NAVIGABILITY OF A WATERWAY

1. Name
2. Tributary to
3. Physical characteristics
  - (a) Type of waterway (river, bay, slough, estuary)
  - (b) Length
  - (c) Width
  - (d) Depth at Mean High Water
  - (e) Drainage area
  - (f) Discharge volumes (maximum, minimum, mean)
  - (g) Cross-section or profile at proposed crossing
  - (h) Fall per mile
  - (i) Velocity of flow (maximum, minimum)
  - (j) Elevation of water surface at:
    - Design High Water (~~25~~<sup>100</sup>-year flood)
    - Mean High Water (mean annual flood)
    - Mean Low Water (average low observed during navigation season)
  - (k) Extent of tidal influence
4. Past or present use of the waterway by boats, vessels, barges, rafts, canoes, etc.
5. Past or present use of the waterway for interstate commerce
  - (a) General types, extent and period of time
  - (b) Documentation, if necessary
6. Nature and location of significant obstruction to navigation
7. Length of time the waterway is open for navigation:
  - (a) Time of spring break-up
  - (b) Time of fall freeze-up
8. Description of any known proposed or completed projects to improve the condition of the waterway for navigation.
9. Pictures of the waterway in the vicinity of the proposed crossing at periods of high and low flow.
10. Pictures of any obstructions to navigation.



DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD

Address reply to:  
COMMANDER (oan)  
Seventeenth Coast Guard District  
P.O. Box 3-5000  
Juneau, Alaska 99802  
(907) 586-7368

16590

26 NOV 1980

Alaska Transportation Consultants  
Attn: Mr. Edward Peebles  
212C Wedgewood Manor  
Fairbanks, AK 99701



Dear Mr. Peebles

Thank you for your letter of 18 November 1980, with information on the East Middle River and West Middle River.

A further review of the information available shows that both the East Middle River and West Middle River are distributaries of the Nenana River, rather than independent streams. As such, they are also in the category of "Advanced Approval", and no bridge permits are required for these two waterways.

Sincerely,

W. M. MONCRIEF Jr.  
Commander, U.S. Coast Guard  
Chief, Aids to Navigation Branch  
By direction of the District Commander

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# Alaska State Legislature

## Senate Committee on State Affairs

Vic Fischer, Chairman • Fouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

March 17, 1981

To: Fellow Senators  
From: Senator Vic Fischer  
RE: General Obligation Bond Defeasance legislation

Today, legislation is being introduced that would pay off the entire state debt, erase the millions we pay in debt service and clear the slate for all future generations of Alaskans by getting our financial house in order.

A number of ideas have emerged in this legislation session dealing with how to improve the state's financial image with the rest of the country. Ideas range from a cancer fund to bailing out Chrysler to a high powered advertising campaign. One thing they all have in common is that they appeal to the citizen, to the masses in an attempt to improve the state's fiscal profile.

An idea that is neither a scheme nor an attempt to sway public opinion, deals with defeasing of the state debt. Through a special defeasing [escrow] account, the state could create a monetary approach that would pay off the entire state debt. This account managed by a special bond counselor would invest in the taxable bond market (approx. 12% interest) while paying off the incurred debt in the tax-exempt bond market (approx. 8% interest). The potential is there at the moment to erase Alaska's debt (\$720 million) and take care of all future interest payments with a cash account of \$570 million.

One may ask why not make the investments directly out of the general fund and not set up a special account. It has become clear that we, the Alaska Legislature have the ability to spend all the money before us, no matter the amount. This special escrow account would set this money aside for a specific purpose: to pay off the state debt.

If we were to create this "defeasing escrow account," it would preclude us from going to the bond market for a period (minimum) of 18 months due to IRS regulations. That is why this concept goes hand in hand with substituting cash for all authorized but unissued general obligation bonds.

With continuing pressure from our Washington delegation assuring us that the mood in the "lower 48" is becoming increasingly jealous of our resource wealth, this would be one way of "putting our financial house in order." We would be showing our responsiveness to the nation's financial community by giving a clear signal that we were doing "first things first." We pay off our debts before we borrow money for other purposes.

The best way Alaska can prove that it deserves to manage it's new found oil wealth is to show the country's financial community the state can manage thru fiscal conservatism with an eye on the future. Then, the "outside" ideas of draining off part of the state's wealth will begin to diminish.



# Alaska State Legislature

## Senate Committee on State Affairs

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Official Business

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A number of ideas have emerged in this legislative session dealing with how to improve the state's financial image with the rest of the country. Ideas range from a cancer fund; to bailing out Chrysler; to a high powered advertising campaign. One thing they all have in common is that they appeal to the citizen, to the masses in an attempt to improve the state's fiscal profile.

An idea that is neither a scheme nor an attempt to sway public opinion, deals with defeasing of the state debt. Through a special defeasing (escrow) account, the state would create a monetary approach that would pay off the entire state debt. This account managed by a special bond counselor would invest in the taxable bond market (approx. 12% interest) while paying off the incurred debt in the tax-exempt bond market (approx. 8% interest). The potential is there at the moment to erase Alaska's debt (\$720 million) and take care of all future interest payments with a cash account of \$570 million. In addition to these earnings of \$150 million, there is a \$275 million savings through the relinquishing of the state's debt service.

One may ask why not make the investments directly out of the general fund and not set up a special account. It has become clear that we, the Alaska Legislature, have the ability to spend all the money before us, no matter the amount. This special escrow account would set this money aside for a specific purpose: to pay off the state debt.

FILE WITH BILL

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811

April 2, 1981

The Honorable Vic Fischer  
Chairman  
Senate State Affairs Committee  
Room 205 - Behrends Building  
Juneau, Alaska

Dear Senator Fischer:

Re: Senate Bill No. 296 and Senate Bill No. 297

Senate Bill No. 296, an Act prohibiting the sale of certain general obligation bonds, was introduced in the Senate on March 17, 1981 and was referred to the Senate State Affairs; Senate Transportation and Finance Committees.

Senate Bill No. 297, an Act making special appropriations for capital projects for which general obligation bonds have been authorized but not issued and for defeasance of outstanding general obligation bonds, was introduced in the Senate on March 17, 1981 and was referred to the Senate Resources; Transportation and Finance Committees.

For the consideration of the Senate State Affairs Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Anselm Staack, Treasury Controller, Department of Revenue concerning both bills.

Sincerely,

R. D. Stevenson  
Special Assistant

RDS/rdh

cc: The Honorable Bill Ray  
Chairman  
State Transportation Committee

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee

Anselm Staack  
Treasury Comptroller  
Department of Revenue

The Honorable Bettye Fahrenkamp  
Chairperson  
Senate Resources Committee

Discussion Paper:

General Obligation Bonding Policy and Debt Defeasance

Division of Policy Development  
and Planning  
Office of the Governor  
February 23, 1981

## Discussion Paper:

### General Obligation Bonding Policy and Debt Defeasance

The State of Alaska is receiving (and over the next few years, expects to continue to receive) revenues in excess of current expenditures. It has been suggested that under these conditions it might be appropriate to pay for capital facilities with cash (general funding) rather than to borrow funds for these purposes through the general obligation bond method. Further, it has been suggested that the State consider the advance funding of the general obligation debt owed, thus, in essence, "paying off" and eliminating the State's bonded indebtedness. This process is known as "defeasance" in municipal bond parlance. The purpose of this memorandum is to outline the issues which need to be considered in weighing the pros and cons of these proposals.

The two proposals, paying cash in the future and defeasance of existing G. O. bonds are closely related, although the arguments surrounding each are somewhat different. The initial discussion here will focus on future G. O. bonding, since if it is decided that bonding should continue without interruption, this could constrain the State's ability to forward fund its existing indebtedness.

#### BONDING VERSUS PAYING CASH FOR CAPITAL FACILITIES

##### ISSUE I - FISCAL IMPACT:

###### A. Direct Impacts

1. The use of cash (general funds) instead of bonding would cost the State the opportunity to use the general funds for other purposes. The opportunity cost most easily measured is that of revenues which could have been earned by investing these funds. The State can borrow in the tax exempt market at a lower interest rate than that which it can earn on its investments. For every 1% spread on a 10 year \$100 million bond issue, the present value of this opportunity loss would be in excess of \$8 million. In nominal terms, a one percentage point spread would amount to more than \$22 million for each \$100 million of cash spent instead of borrowed.
2. There are other forms of legal arbitrage the loss of which would represent a cost to the State of paying cash. These include the allowable return on investment of borrowed funds during the lag between the time the funds are obtained and actually committed; and, the investment of 15% of the borrowed funds in certain reserve accounts.

3. On the other hand, use of cash would be administratively cheaper. The State Treasury Division estimates total bonding costs at approximately .35% of the value of bonds issued. These costs include such things as service fees, legal fees, preparation of prospecti, printing and advertising expenses.

B. Indirect Impacts

1. The major direct cost associated with paying cash (1 above) is relevant only if (a) the cash is invested at higher rates, or (b) is spent on projects which offer higher overall returns to the State (such returns being either economic or social in nature). However, if it is assumed that the funds will be spent on low valued activities, the State might be better off to spend the cash on the capital facilities and avoid creation of debt.
2. Another aspect of fiscal impact is concern over the total level of government spending. It has been contended by some, that bonded costs are not carefully considered as a part of overall State spending. A related concern is that there is tremendous pressure from special interest groups to spend all available cash and borrow in addition. Thus, to the extent that paying cash reduces the total fund availability (general funds plus borrowed funds), then overall spending will be reduced.
3. Even though bonding may not be considered by some as equivalent to other types of spending, debt service is a significant, non-discretionary element of the State's operating budget. The Governor's FY 1982 Budget Request contains \$128 million for debt service. Since policy makers have no choice but to pay debt service, it reduces their flexibility in directing and controlling operating expenditures. This issue becomes more important if an expenditure limit, such as is being currently discussed, is established.

ISSUE II - IMPACT ON BOND RATING:

There are several elements which in combination are used to establish the State's credit rating. These include per capita debt levels, general economic health (both current and prospective), and expectations regarding the future tax climate. Thus, the reduction of G. O. bonding and the resultant decline (over time) of per capita debt might contribute positively to the State's credit rating as well as those of its political subdivisions. It is also possible

that there would result positive spillover effects on revenue bond ratings, since the ability of the State to meet any "moral obligation" would appear to be strengthened. However, if the State intends to forego bonding, then the direct benefit of an improved rating is lessened. The possible spillover effects are still relevant, although quantification of this impact would be difficult.

The State's credit rating has improved over the last 20 years from a Baa rating (medium grade with speculative characteristics) to Aa (high grade) in 1980. The State's financial reputation has been carefully established, and significantly decreasing market involvement could result in a loss of market familiarity with Alaskan conditions. If the State's good credit rating were to decline, it would fall to future generations to reconstruct this relationship, perhaps in more difficult times.

The exposure of our financing plans to credit rating agencies and bond buyers offers a slight incentive for fiscal planning and self-discipline. The removal of even this minimal exposure, may leave less reason for caution against the "over-building" and long-term operation and maintenance impacts of capital facilities.

#### ISSUE III - PUBLIC INPUT AND EXECUTIVE CONTROL:

Bonds have the positive aspect of requiring voter approval. It is unconstitutional for the State to incur general obligation indebtedness without a vote of the people. This requirement assures public participation in the bonding decision.

The spending of cash for capital facilities would require no such public vote. Governor Hammond has, however, introduced legislation which would require a public vote on capital expenditures above a limited level as part of his expenditure limitation proposal (SJR 4). If this, or similar legislation were to become law, the loss of this public input would be avoided.

From the viewpoint of executive control of expenditures, the use of cash has more appeal since appropriations of general funds are subject to line item veto by the Governor. Thus, specific projects which were felt to be unworthy could be selectively eliminated. Conversely, the projects to be included in a bond issue are established by statute which must be accepted by the Governor as passed or vetoed in whole.

#### ISSUE IV - THE DISTRIBUTION OF THE COST OF PUBLIC FACILITIES:

One of the standard rationales for bonding for long-lived public assets is that those who benefit from public facilities (the users) should pay for them. Bonding meets this objective

by spreading the payments for facilities out over the asset life. Thus, in a general sense, the people who receive the benefits are those who pay the cost. If the State pays cash for these facilities, future users (be they immigrants or future generations) will not be directly paying their share of the cost.

The user pay approach loses some of its validity however when the source of the cash payment is considered. In essence, neither present nor future users (other than oil companies) are directly paying for capital facilities. However, looked at somewhat differently, both future and present residents would pay indirectly for capital facilities through the cost of the opportunity to use the funds for alternative purposes. Since present residents are not directly responsible for the existence of "surplus" revenues, it might be argued that intergenerational equity would be served by spending these funds on projects which will offer future as well as current benefits.

#### ISSUE V - EXTERNAL PERCEPTIONS OF STATE WEALTH MANAGEMENT:

Some have voiced concern that large general fund balances ("surplus" revenues) represent a serious perceptual problem at the federal level and in the national press. Congressional actions to limit the State's taxing power or to reduce federal revenues to Alaska have been discussed. The existence of the risk of unfavorable Internal Revenue Service rulings on tax or bonding questions has also been suggested.

The question thus arises as to whether a State policy of paying cash for capital facilities would improve the external perceptions regarding Alaska's financial position. Paying cash would reduce the general fund balance, as it increased direct expenditure levels. If the general fund balance is the major indicator looked at by outsiders this might reduce the criticism regarding the State's "surplus" wealth. Or, if paying cash reduces the total level of expenditures by reducing overall fund availability (as discussed in Issue II.B.2 above), this might improve the external view. Likewise, it can be argued that it is fiscally responsible to pay cash and thus refrain from burdening future generations with debt to be repaid when the oil revenues are declining or gone.

On the other hand, since bond costs are often not included in expenditure reports, the use of general funds for previously bonded projects would result in inflated expenditure figures. Those from outside of Alaska who wish to "share" some portion of the State's wealth, could look at increasing expenditures per capita as evidence of profligate behavior. Further, it is possible that individuals with some financial sophistication could view the state's willingness to incur the loss of arbitrage revenues by paying cash, as further evidence that Alaska's current income is indeed "surplus."

On balance it is unclear whether continued bonding or cash expenditures would be viewed more positively at the federal level.

SUMMARY:

The major issues regarding the cash versus the bonding approach which have been discussed here are listed in summary form below. These issues are presented in terms of the pros and cons of the cash approach, since a decision to use that approach would represent a change from the status quo.

ARGUMENTS FOR USING CASH RATHER THAN BORROWED FUNDS (BONDING) FOR CAPITAL FACILITIES

- Reduces administrative costs (.35% of bonds issued).
- Reduces total funds available for spending, thus has the potential of reducing low valued expenditures.
- Reduces the non-discretionary impact of debt service on the State operating budget.
- May positively impact the State's credit rating, with spillover effects for the ratings of municipalities and State revenue bonding agencies.
- Increases gubernatorial control over specific capital projects through line item veto.
- Reduces the debt service burden (from debt which might otherwise have been incurred over the next few years) on future generations.
- Reduces the general fund balance and future debt service requirements, and thus might improve external perceptions (in the national press) regarding Alaska's wealth and its management.

ARGUMENTS AGAINST USING CASH RATHER THAN BORROWED FUNDS (BONDING) FOR CAPITAL FACILITIES

- Imposes the substantial cost of lost interest earnings and revenues from legal forms of arbitrage.
- Reduces public participation in the spending decision since voter approval would no longer be required.
- Bonding for long-lived assets implements the user pay principle over time. If cash is used, future residents will not directly pay for the facilities from which they will benefit.

- To eschew bonding would not necessarily be seen as fiscally responsible, since substantial revenue losses would result from such a policy, and per capita expenditures would appear higher.
- Market exposure of State capital financing and the benefits of the State's carefully achieved credit status, would be reduced by eliminating bonding.

#### GENERAL OBLIGATION BOND DEFEASANCE

A second topic of this paper is the possibility of "paying off" the State's existing general obligation indebtedness. Defeasance of existing debt could be accomplished by making a current appropriation of the amount which will be required to retire the debt as it comes due. The Department of Revenue would use this appropriation to purchase a portfolio of securities which would generate sufficient cash flow to meet principal and interest payments on the portion of State G. O. debt which was to be advance funded. This portfolio would then be deposited with the State's principal paying agent according to an escrow and trust agreement.

There would be no financial disadvantage to the State in pursuing the defeasance of debt issued prior to May 2, 1978. However, Internal Revenue Service rulings in that year limited the yields on portfolios held for the purpose of defeasing debt issued after May 2, 1978. As a result, the State can purchase, or transfer, a high yielding portfolio to pay off the pre-May 2, 1978 debt owed, legally taking advantage of the interest differential between the State's investment earnings and the State's tax exempt borrowing costs. However, post-May 2, 1978 debt can be defeased only with securities earning little (if any) more than the bond rate. Thus, although the defeasance of debt incurred since the 1978 rulings could be handled similarly in a mechanical sense, any possible advantage from interest differentials would be insignificant.

Many of the general issues associated with the future of bonding apply also to the defeasance question. The major difference is that where paying cash in the future potentially represents a financial cost, defeasance of existing debt (at least that portion of the debt incurred prior to the May 2, 1978 effective date of the IRS regulations) does not represent a financial cost to the State.

A minor issue involves the windfall to investors from defeasance of State bonds. Defeasance would be accomplished by escrowing in trust United States Government Securities earning interest and maturing in amounts and time sufficient to retire the debt. The effect of this arrangement is to convert the State bonds defeased into debt with the same value as the United States Securities. When defeasance is accomplished, State bond holders will receive a windfall of increased price and a AAA rated bond. There is nothing counter to public policy in this result per se but it places a heavy burden on all "insiders" not to take advantage of special knowledge. It might be appropriate for those individuals who directly or indirectly might benefit from defeasance to disqualify themselves from participating in this decision.

Another consideration is that G. O. debt defeasance coupled with issuance of new debt, risks the Internal Revenue Service removal of the State's tax exempt bonding status. This would result if the Internal Revenue Service were to declare that new State general obligation bonds were arbitrage bonds and, hence, taxable. Therefore the State's bond counsels have cautioned the State that defeasance may require that the State refrain from issuing bonds, perhaps for one to three years.

In order to avoid undue repetition through restatement of the general arguments at length, the major pros and cons associated with defeasance are summarized below.

SHOULD THE STATE PURSUE DEFEASANCE (ADVANCE FUNDING) OF THE STATE'S GENERAL OBLIGATION DEBT?

Pro Defeasance

- ° The State could advance fund \$718,193,000 of indebtedness owed as of June 1981 at a cost of approximately \$562,527,000; or, if only pre-May 2, 1978 debt were advance funded, \$507,193,000 of indebtedness, at a cost of approximately \$351,527,000.
- ° The debt service period on outstanding bonds runs through the end of this century. Advance funding would relieve the debt service requirements which may become more burdensome as oil revenues decline over this period.
- ° Advance funding would remove a substantial amount of revenues from the general fund reducing the availability of funds to be spent, potentially on low valued projects.
- ° Defeasance would enhance the State's credit rating by reducing outstanding debt per capita. This could result in a lowering of borrowing costs by approximately twenty basis points (.2%). This improvement

might in turn heighten the probability of rating improvements for the State's political subdivisions and revenue bonding agencies.

- Defeasance would increase the State's debt capacity, perhaps for utilization in the future when borrowing may be increasingly important to fiscal health.
- Reduction of the general fund balance, and the removal of the debt service burden, might be viewed as conservative financial policies as compared with a large direct spending program, and thus could improve the external perceptions (at the federal level and in the national press) regarding Alaska's wealth and its management.

#### Con Defeasance

- The State could achieve the same interest differential by investing the funds necessary for defeasance through the Permanent Fund, some other account, or as general fund surplus. Or, there may be expenditures which offer a higher social rate of return (i.e., there may be higher valued alternative uses of the funds).
- Whether an actual credit rating change would result from advance funding of G. O. debt is uncertain. If there were a rating improvement, the maximum reduction in interest rates expected would be less than twenty basis points (.2%). The present value of this savings is relatively insignificant.
- Pre-funding of debt incurred after the 1978 IRS regulation would cost the State lost interest earnings, since under these rulings the interest on investments used for this purpose are limited to the tax exempt rate borne by the bonds in question.
- Defeasance may elicit a response from the Congress or the Internal Revenue Service declaring further State general obligation bonds, at least for a period of time, to be arbitrage bonds and, hence, taxable instead of tax-exempt bonds.

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342

# Alaska State Legislature

BETTYE FAHRENKAMP  
ALASKA STATE SENATOR

4016 EVERGREEN  
FAIRBANKS, ALASKA 99701

907-479-3550



Senate

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
OFFICE 907-465-3763  
HOME 907-789-9182

TO: Senator Bill Ray  
Chairman  
Transportation Committee

FROM: Bettye Fahrenkamp

DATE: April 6, 1981

RE: SB 342 and SB 343

I would ask that you waive referral of SB 342 from the Transportation Committee since, except for the second section, it is identical to SB 37 which passed from the Transportation Committee on March 12. I am also requesting of Senator Bennett, Chairman of the Finance Committee, that SB 37 be amended with the same language as section two of SB 342. The language in this section just calls for an immediate effective date.

SB 343 is a companion bill to SB 37 and specifies where the source of funds for the projects now being constructed at the Fairbanks International Airport be taken from. I would ask too that this bill, SB 343, be granted an early hearing by the Transportation Committee; or, if you feel that enough testimony has been received, you would waive referral of this bill to the Finance Committee.

Thank you.

BF/ab

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# Paug-vik Inc. Ltd.

P.O. BOX 61  
NAKNEK, ALASKA 99633

# 2,500,000

check w/ DOT to see if feasibly study down?

RESOLUTION 80-3

- WHEREAS The Beach Access Road is part of the Overall Economic Development Plan of the Borough and,
- WHEREAS the State and Federal governments participated in an attempt to build a beach access road a couple of years ago and,
- WHEREAS August 12, 1980 storm washed 15 to 20 feet of the River Bank and,
- WHEREAS Economy of the area was jeopardized by the storm torn beach which meant fish could not readily be delivered to the buyers and,
- WHEREAS vehicles used on the beach have a life span of two years because of the unkept beach road which is hard on the vehicles and,
- WHEREAS the presently used beach by the vehicles is only accessable at low tides making it unusable much of the time for serving the fishing sites.

THEREFORE BE IT RESOLVED that the State Department of Transportation and Public Facilities seriously make every possible effort to construct this beach access road to alleviate the hardships caused by nonexistence of such a road by the next fishing season of 1981.

THEREFORE BE IT FURTHER RESOLVED that copies of this Resolution be sent to the Bristol Bay Borough Assembly, Representative Nels Anderson, Senator George Hohman, Senator Kertula, Congressman Don Young, Senator Ted Stevens and Senator Mike Gravel.

Clyde E. Clark  
Clyde E. Clark - President

Dan O'Hara  
Dan O'Hara - Vice President

Dolly Herrmann  
Dolly Herrmann - Secretary

John C. Knutsen  
John C. Knutsen - Treasurer

This Resolution 80-3 was duly passed by the Board of Directors of Paug-Vik, Inc., Ltd., on September 30, 1980 at a Regular Board of Directors Meeting.

- opens up Peterson Pt. Canning (local mo (SEA WALKER)) to Monson Creek.
- existing trail no right-of-way problem.

FISCAL NOTE: SENATE BILL NO. 372  
Beach Access Road at Naknek

Construction cost estimates are based on the draft of the "Beach Road Location Study Bristol Bay Borough" prepared by consultants for the Alaska Department of Transportation and Public Facilities in 1980. The draft design is for a 32' wide paved road, with three alternate routes. The following estimates are adjusted for a 24' wide gravel surface and are for the shortest proposed route which is 4.37 miles long. This is the most direct route which extends from Naknek to Pederson Point. Adjustments of the unit costs of the roadway items are also made to reflect more realistic values. In this analysis it is assumed that there are no right of way costs associated with the project. Included in the construction cost is a mobilization fee of 20%, contingencies of 10%, and administrative costs of 12%. A consultant design is assumed and is estimated at 6% of the roadway construction costs. Road maintenance costs are based on the Fiscal year 1982 average cost per lane-mile of \$4230 for 12' wide gravel surfaces with a 10% inflation factor applied to each successive year. The following is a summary of the fiscal requirements.

Construction Costs (Includes Camp Facilities)	\$5,148,000
Construction Administration @12%	618,000
Consultant Design @6%	309,000
	<hr/>
	\$6,075,000

Annual Maintenance: \$37,000  
(FY 1982)

The appropriation of \$2,500,000 by SB372 will be insufficient to construct a Beach Access Road at Naknek.

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# DRAFT

MASTER PLAN AND REPORT  
FOR  
PORT DEVELOPMENT  
AT  
BETHEL, ALASKA

GENERAL CARGO DOCK  
PETROLEUM PRODUCTS DOCK  
RIVERBANK STABILIZATION

Prepared For  
THE CITY OF BETHEL



Prepared By

Harold H. Galliett, Jr.  
Consulting Engineer  
Anchorage, Alaska

George C. Silides  
Consulting Engineer  
Fairbanks, Alaska

April 1981

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April 1961

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## PORT OF BETHEL IMPROVEMENTS

### I. CONCLUSIONS AND EXECUTIVE SUMMARY

1. The economic and cultural development of the City of Bethel and of the Bethel Service Area depends largely on the successful retention and development of the Bethel waterfront.
2. Without the immediate undertaking of a sustained program of riverbank stabilization, the Bethel waterfront, including the present location of the bulk fuel tank farm and the future location of the general cargo dock and industrial area, will be lost.
3. The evidence gathered from our studies since 1970, and from 1974 general cargo dock construction, show that port improvements and their protective appurtenances result in permanent, or very long-term riverbank stabilization.
4. Construction should commence in 1981 if possible, or in 1982 at the latest, to prevent the loss of the bulk fuel storage tank farm, and to relieve the expensive congestion at the general cargo handling facility.
5. Once begun, the entire program of port development/riverbank stabilization should be wholly completed with all reasonable dispatch to lessen the penalties of inflation, and to lessen the

chance of losing the partially completed improvements from any eccentricities of the Kuskokwim River.

6. The benefits to Southwest Alaska from Bethel port improvements and bank stabilization exceed the cost of facility construction.
7. Funding of the Bethel port development/riverbank stabilization program is in keeping with legislative fiscal policy of development.
8. That an adequate sum to fund at least the 1981-1982 construction phase should be appropriated from the general fund to the Department of Transportation and Public Facilities for use by the City of Bethel, as per the master plan for port development, upon submission by the City of Bethel of the necessary design and construction plans and specifications.
9. In all phases, time is of the essence.

## II. PORT OF BETHEL SERVICE AREA

The City of Bethel occupies a central location in Southwest Alaska. As the upper limit for oceangoing vessels, the Port of Bethel is the deep water entry port of Southwest Alaska.

The Port of Bethel presently serves a huge region of over 100,000 square miles. The City of Bethel has developed into the center of trade, transportation, distribution, communications, administration, education, health care and cultural activity for over sixty communities located on Kuskokwim Bay and the Kuskokwim River.

The region's complexity and isolation makes water transportation the most cost effective means of moving general cargo and bulk petroleum products in and out of Bethel. These are unloaded at the Port of Bethel and transshipped to other communities by tugs and barges better suited to ply river and shallow coastal waters.

When the Yukon River and the Kuskokwim River are joined together by the Yukon-Kuskokwim Crossing <sup>1</sup>, now being investigated for the Senate Transportation Committee, the Port of Bethel will be the deep water

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1 Preliminary Engineering Report Yukon-Kuskokwim Crossing, Galliett & Silides, December 31, 1980.

terminus of a major river transportation system, on a par with those of the Mississippi and the Amazon systems in terms of length and relative importance to the area served. At that time it will become feasible to ship goods to and from the Yukon River system through Bethel, to the advantage of communities along both rivers.

In addition to general cargo and bulk fuel, it is anticipated that the Port of Bethel will then also handle diverse shipments such as timber harvested along the Yukon and Kuskokwim Rivers, the grain and red meat output of the Nenana Agricultural Project, and NGL's and refined crude oil products from the Fairbanks area. At that time, the Port of Bethel will increase its fuel service area toward Bristol Bay, the Alaska Peninsula, and to Norton Sound. Ties to the Asian Pacific Rim will be established for the shipment of grain, red meat and timber.

Without a plan of development, and a concerted effort to accomplish that plan, the Port of Bethel will never fulfill its future potential. Indeed, unless steps are taken to protect and expand the existing facilities, the port will fail to meet even its present obligations to its service area.

### III. THE PROBLEM

The problems facing the Port of Bethel can best be described as;

#### A. INADEQUATE SIZE

##### 1. The general cargo dock and staging area are too small.

The first, and last, permanent improvement to the Port of Bethel was made in 1974 to accommodate receipt and efficient handling of incoming cargo. Volume of general cargo had increased from 9000 tons in 1967 to 12,000 tons in 1972. About 25% of this cargo was transshipped.

An important additional consideration for port construction in 1974 was the abatement of riverbank loss.

General cargo volumes in 1980 were in the vicinity of 20,000 tons, plus approximately 40,000 tons of gravel. Bulk fuel handlings were 16.5 million gallons (1075 barrels/day), up from 6 million gallons in 1967 and 11 million gallons in 1977. Over half of the incoming bulk fuel is presently redistributed, resulting in the handling of approximately 24 million gallons annually through the Port.

General cargo is now off-loaded at several locations because of the inability of the dock staging area to receive all of this cargo. The extra cost of re-handling the cargo is presently about \$20/ton. This extra handling penalty will increase as the dock becomes more congested.

Further, because of the size and frequency of incoming oceangoing barges, the transshipping barges must be anchored offshore when the ocean barges are unloading. This displacement effectively halts loading for transshipping. In 1980, thirty-six days of river navigation period were lost. It is necessary to provide separate mooring facilities for the transshipping vessels.

2. The construction of the present general cargo dock and staging area is composed of four circular sheet steel pile cells and wing walls, giving a working frontage of approximately 240 feet. By the end of the 1980's decade, the Port of Bethel will require a general cargo dock and staging area having a frontal working area of 1000 feet for oceangoing vessels, plus several hundred feet of mooring facility in Brown's Slough for the activities related to the tugs and barges engaged in transshipping.

3. It is proposed that, during the 1981 and 1982 construction seasons, the river frontage of the dock be extended westward by the addition of two circular cells. Working frontage would thus be increased from the present 240 feet to approximately 360 feet, and offer greater security to the dock from loss by erosion.

To enable the simultaneous mooring and working of the transshipping vessels and the oceangoing barges, it is proposed, during 1981 and 1982, to widen Brown's Slough and construct 400 feet of

wall type bulkhead. The proposed improvements in Brown's Slough will also provide adequate, safe moorage for the numerous small boats that are so important to the lives of the residents of Bethel, and of the visitors to Bethel from nearby villages.

It is proposed that the additional 675 feet of general cargo dock along the river front be constructed as rapidly as funding permits to, a) provide adequate space, b) to combat inflation, and c) to provide positive protection from erosion.

4. Essential Warehousing immediately adjacent to dock side is non-existent. When warehouse financing becomes available, the obviously best location would be at the general cargo dock, or in the immediately adjacent industrial area. No such warehousing and industrial area can be safely developed until the cargo handling facility is enlarged, and some further steps taken toward stabilizing the adjacent eroding riverbank.

5. Construction Cost Estimates for the expansion and more efficient utilization of the Port of Bethel General Cargo Handling Facility, expressed in 1982 dollars, are as follows;

Extend Dock from 240' to 360'	\$ 3,640,000
Extend Dock from 240' to 1,000'	13,720,000
Construct Warehouse	1,000,000

These figures do not include the total cost of land acquisition which is subsequently discussed.

B. RIVERBANK EROSION

1. Absent the necessary sustained expansion of the general cargo handling dock and staging area as proposed in the 1971 Bethel Port Study Report<sup>2</sup>, a permanent petroleum dock, warehousing and industrial area, and appurtenant bank stabilization installation, the riverbank available for these improvements is suffering serious loss from erosion. That erosion has reached a crisis stage, threatening property improvements having a replacement value of between 35-50 million dollars. Relocation costs are estimated at about \$25 million.

2. The area of immediate, crucial concern is the bulk fuel storage tank farm. A sudden, massive bank loss just upstream of the tank farm, plus lesser but substantial losses downstream makes it evident that if steps are not taken during 1981-82 to avoid a total \$9 million loss, the tank farm must;

- a) Relocate, temporarily, further from the riverbank (the plant has moved twice before), or
- b) Relocate at some locale other than Bethel.

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<sup>2</sup> Medium Draft Port Facility At Bethel, Alaska, Galliett & Silides,  
November 1971

The cost of a temporary relocation is estimated at \$3 million, exclusive of land acquisition costs. The estimated 1981-1982 cost of the riverbank stabilization program designed to provide the Port of Bethel with a petroleum dock and to secure the safety of the bulk fuel storage facility, is estimated at \$3,230,000. The 1981-1982 facilities are envisaged as a permanent circular cell type dock, wing walls, bulkhead, and articulated concrete mat.

To assist in maintenance, repair, and monetary contribution to following Phases of port development and bank stabilization, the City of Bethel is considering the imposition of a wharfage fee of between 1¢ to 3¢ per gallon handled over the petroleum dock. Such a fee, added to the cargo dock lease and wharfage fees, will spread the maintenance cost to all of the people in the Bethel service area, and provide a dedicated fund for matching funds to State participation in subsequent phases.

Relocation of the bulk fuel tank farm to a locality other than at Bethel will add approximately 25¢ per gallon lighterage fee to all fuel brought to Bethel and the upriver communities. At the 1980 volume

brought in and stored at Bethel, the added cost to the consumer would be \$4 million each year.

3. Industrial Expansion of marine oriented industry is severely inhibited by continuous danger posed by the unstabilized riverbank. The prime example of this is the fishing and fish processing industry.

Currently the value of fish sold at Bethel has an average wholesale value of between \$6-\$10 million. The majority of the fish are exported either semidressed (gutted) or in the round. Most were exported by air. Although barge companies have indicated a willingness to stage freezer vans for backhaul in Bethel, there is no place on the waterfront for such staging.

The value of the locally caught fish product would be substantially increased if finished pack processing could occur at Bethel. However, fish processing facilities require direct access to the river system. Before such fish processing facilities can become a reality, riverbank stabilization and dock space must occur. Lacking such stabilization and space it is impossible to attract long-term capital investment to waterfront industry. Nevertheless, development of such industry is essential to Bethel and its service area.

4. Causes of Erosion. Basically, riverbank erosion is caused by permafrost degradation, rain, wind, water run-off, and wave action generated by wind and passing boats. The erosion is not caused

directly by breakup and attendant high water. What happens is that the permafrost melts, the thawed soil sluffs to the toe and is only then removed by the river which acts as a carrier during high water periods, or when the sluffed soil is carried into the river by wave action. When that soil is removed a new layer is exposed and the process repeats itself.

5. Remedial Measures. It appears that the best method of halting the erosion process is to interpose a covering structure between the soil and the action of the wind, sun, rain, and wave. The structure(s) should have as high a utilitarian value as practical. Once begun, the entire program of port development/riverbank stabilization should be wholly completed with all reasonable speed to lessen the chance of losing the partially completed portion from eccentricities of the river.

Expansion of the general cargo dock and staging area, development of a warehousing and industrial area, and the construction of a petroleum dock and appurtenances are de facto permanent, or very long-term, methods of riverbank stabilization and utilitarian use of the waterfront.

Our experience to date has shown that the safest, longest life construction is that of circular cells, such as those which comprise the existing general cargo dock. This type of

construction is also the most expensive. It is most cost effective when used for dock purposes to accommodate large oceangoing cargo vessels and fuel barges, and to absorb the impact of mooring or of very heavy cargo handling equipment.

For the mooring of the smaller transshipping vessels, and for the stabilization of the warehousing/industrial area, it is proposed to design and install an adequate wall type bulkhead. Given the soil structure at Bethel, and the uncertainties of river bottom migration, wall type construction does not provide the assurance of cellular construction. However, the cost per linear frontage foot is only 40% of the cost of cellular construction. Expressed in 1982 dollars our estimate for a 1200 foot long wall type bulkhead, extending from Lot 11, Block 20 to the West side of Main Street, is \$6,420,000.

Less certain, but, we believe, highly useful and of adequate life expectancy, is an articulated, concrete mat. We propose that such a protective concrete mat be installed between the bulk fuel storage tank farm and Main Street. In 1982 dollars, the estimated installed cost is \$4,759,000. The cost per linear frontage foot of articulated mat construction is approximately one-tenth the cost of circular cells and one fourth that of wall type bulkhead. However, it has little utilitarian use beyond the abatement of riverbank loss and small riverboat tie-up.

6. Alternative To Riverbank Stabilization. Failure to undertake an adequate riverbank stabilization program such as outlined above will result in loss past First Street by the year 2000, including likely isolation of the cargo docking facility. Loss of the tank farm is an early certainty. By the year 2030 erosion will have reached Second Avenue in some places, and will include loss of the dock. Economic and cultural losses from non-development are not calculable.

C. LAND OWNERSHIP, DESIGNATION, AND ACQUISITION

1. Ownership and Present Use

Present ownership and land use within the port development/bank stabilization area is a mixture of sometimes unrelated activity. The economic future of Bethel and the Bethel Service Area would benefit greatly from the logical resorting of these activities and land uses.

2. Needed Area Designation and Allocation

The port development/bank stabilization area described below, and shown on the plats accompanying this report, should be rezoned to port development use. It should be resubdivided, if necessary, and space for specific uses, i.e., docking, staging, warehousing, industrial, should be allocated. A dedicated street should be provided immediately adjacent to pierside for universal public access, and for dock/bulkhead/articulated mat construction, maintenance, and use. All

property within the designated area needed for construction, or which is not in conforming port development use, should be acquired by the City.

3. General Description of Port Development Area

The area that should be designated for port development/bank stabilization purposes is described as follows;

- a) Vacated Second Avenue East of Bridge Avenue, and
- b) Between Brown's Slough and Main Street, all property south of Second Avenue and Bridge Avenue, and
- c) West of Main Street, all of Tract E, Tract B lying south and east of Mission Lake Road except Lots 33 through 41 of Block 3, all property south of First Avenue to U. S. Survey No. 4000 (PHS property), and
- d) All of U. S. Survey No. 4000 south of the State Highway, and
- e) Tracts 42, 43, and 44 west of U. S. Survey No. 4000.

4. Land Acquisition

- a) 1981-1982 Construction. For the 1981-1982 general cargo dock and staging area expansion, the City must acquire the following;

- Lots 3, 4, 5, 6, 7, and 8, Block 20
- Lots 1, 2, and 3, Block 19, and
- Vacation of Second Avenue east of Bridge Avenue.

For the petroleum port and construction to protect the bulk fuel storage tank farm an entry permit will be needed from the Public Health Service.

b) Future Construction and Development

It is proposed that the City purchase or otherwise acquire such property within the port development/riverbank stabilization area (project) that is necessary for construction and/or is not being used in conformity with this Master Plan.

The City should immediately seek the acquisition of all vacated Public Health Service property within the designated project area for use in connection with the petroleum products port and probable secondary general cargo port facilities. Such public lands should be transferred free of cost. The acquisition of any private property necessary to future construction and development can be aided through the use of part of the petroleum dock gallorage fee and general cargo wharfage fees.

5. Land Costs

The cost of land acquisition for proposed 1981-1982 general cargo dock expansion and Brown's Slough widening and moorage is included in the construction estimates shown herein. Total cost of land

acquisition for port development depends greatly on the cooperation of all present inholders and potential beneficiaries. Therefore, this total land acquisition cost must await the 1982-1983 annual updating of the Port Development Master Plan and the City of Bethel Comprehensive Plan.

#### IV. MAXIMUM TERM CONSTRUCTION SCHEDULE

The following schedule of improvements is the maximum reasonably allowable term of construction to first protect vital existing facilities, and then to develop the economic potential of the Port of Bethel. An accelerated construction program would lessen the chance of the entire problem becoming moot through loss of existing and partially completed improvements from eccentricities of the Kuskokwim River.

##### A. 1981 - 1982

1. Petroleum Dock And Tank Farm Protection
  - a) One 60 foot diameter circular cell
  - b) 200 feet of wall type bulkhead
  - c) Approximately 700 feet of concrete mat
  
2. Transshipping vessel moorage
  - a) Widen Brown's Slough
  - b) 400 feet of wall type bulkhead
  - c) Dredging and backfill
  
3. Enlarge General Cargo Dock
  - a) Two 60 foot diameter circular cells
  - b) Acquire land

4. Industrial Area Protection

- a) Acquire land
- b) Construct warehouse

B. 1982 - 1983

1. Tank Farm Protection

- a) 1000 feet of articulated concrete mat

2. Industrial Area Protection

- a) 400 feet of wall type bulkhead commencing at Main Street and proceeding upstream toward general cargo dock.

C. 1983 - 1984

1. Industrial Area

- a) 800 feet of wall type bulkhead, proceeding upstream to Lot 11, Block 20, to complete industrial area protection.

D. 1985 and 1986

1. General Area Bank Stabilization

- a) Approximately 3,200 linear feet of articulated concrete mat, to complete bank stabilization other than industrial and cargo dock areas.

E. 1987 - 1990

1. Protection and Completion of General Cargo Dock and Staging Area

- a) Incrementally extend general cargo dock and staging area to the SW Corner of Lot 11, Block 20 through the construction of eight additional 60 foot diameter circular cells.

F. 1981 - 1990

1. Designate Port of Bethel development area limits, to include all of the lands described in Section III C 3, General Description of Port Development Area.
2. Acquire all vacated Public Health Land for use and lease in connection with the petroleum products docking and storage facility and secondary general cargo dock.
3. Acquire all other available vacated Federal lands within the Port of Bethel development area.
4. Resubdivide and allocate lands within port development area for specific uses.
5. Acquire such property that is presently in non-conforming, port development, use.

## V. CONSTRUCTION COST ESTIMATES

### A. NOTES

1. Inflation. The following construction cost estimates for alternatives A - D include a 15% annual increase attributable to inflation in material and labor costs.
2. Design. Estimates are based on existing state-of-the-art. Technical advances and innovative design may reduce the costs shown. For example, in 1972 we were told that, "nothing can be done at Bethel." The existing medium draft cargo handling facility refuted that contention.
3. Effect of Accelerated Schedule. Accelerated construction schedules can reduce costs by taking advantage of economies of scale, and by offsetting the penalty of annual inflation. Moreover, quick completion reduces potential loss of existing and partially completed facilities, from riverbank erosion, prior to completion of the total port facility/bank stabilization program described herein.

B. ESTIMATES (In Thousands)

1. <u>Alternative A</u>		\$ 1982	\$ Future
1981-1982	General Cargo Dock	3,640	3,640
	Petroleum Dock and Protection	3,230	3,230
	Warehouse	1,000	1,000
	1981-1982 Project	<u>7,870</u>	<u>7,870</u>
1982-1983	1000 linear feet mat protection	1,286	1,479
	400 linear feet wall bulkhead	2,140	2,460
	1982-1983 Project	<u>3,426</u>	<u>3,939</u>
1983-1984	800 linear feet wall bulkhead	<u>4,280</u>	<u>5,564</u>
1985	1600 linear feet mat protection	<u>2,058</u>	<u>2,984</u>
1986	1600 linear feet mat protection	<u>2,058</u>	<u>3,293</u>
1987	2 circular cells	<u>2,520</u>	<u>4,410</u>
1988	2 circular cells	<u>2,520</u>	<u>4,788</u>
1989	2 circular cells	<u>2,520</u>	<u>5,166</u>
1990	2 circular cells	<u>2,520</u>	<u>5,544</u>
TOTAL PROGRAM		<u>\$29,772</u>	<u>\$43,558</u>
1981-1990			

Recapitulation of Alternative A, By Allocation

(In Thousands)	\$ 1982	\$ Future
1. General Cargo Dock	\$13,720	\$23,548
2. Petroleum Dock & Tank Farm Protection	\$ 3,873	\$ 3,969
3. Waterfront Industrial Area Protection	\$ 6,420	\$ 8,024
4. General Area Riverbank Protection	\$ 4,759	\$ 7,017
5. Warehouse 1982	<u>\$ 1,000</u>	<u>\$ 1,000</u>
	\$29,772	\$43,558

Alternative A gives maximum benefit per dollar invested. It allows cargo handling facilities and industrial area to reach fullest potential while simultaneously providing for bank stabilization.

Construction cost savings can be realized by shortening completion period. Accelerated construction will take advantage of economies of scale and offset inflation.

2. Alternative B

1981-1982 Cargo Dock	\$ 3,640
1981-1982 Petroleum Dock & Protection	3,230
1982-1983 1200 feet bulkhead	7,382
1983-1984 8000 feet mat protection	<u>13,376</u>
	<u>\$27,628</u>

Alternative B continues to provide the needed industrial area and bank protection. It does not allow the general cargo handling facilities to reach their needed size and, therefore, will add to cargo handling costs.

3. Alternative C

1981-1982 Cargo Dock	\$ 3,640
1981-1982 Petroleum Dock & Protection	3,230
1982-1983 9000 feet mat protection	<u>13,311</u>
	<u>\$20,181</u>

Alternative C provides the minimum reasonable alternative. Though it provides bank stabilization for an indeterminate period, possibly 25 years, it provides only temporary relief to the increasing problem of efficient cargo handling. Under this alternative, expansion of the general cargo dock will require removal of earlier construction.

4. Alternative D

1982-1983 10,000 linear feet of mat protection \$13,825

Alternative D is an emergency measure to safeguard existing facilities only. It provides the minimum acceptable alternative.

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# Alaska State Legislature

Senator Vic Fischer • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

## MEMORANDUM

DATE: April 14, 1982

TO: Senator Bill Ray, Chairman Senate Transportation Committee

FROM: Senator Vic Fischer

RE: Fiscal Note for CSSB 415

The Senate State Affairs Committee, at a recent meeting, took issue with the fiscal note prepared for CSSB 415 by the Department of Administration.

The Department of Administration fiscal note is a manipulation of numbers to support their stated bias against giving any preference to Alaska bidders. As they point out, their national association opposes all forms of state preference. In contrast, it was our point of view that any encouragement we give to creating healthy private businesses in Alaska benefits the whole state.

The fiscal note is based on a 10 percent cost increase. However, CSSB 415 provides that the Alaska bidders preference will only be raised by 5 percent and the minority bidders preference will be raised by a formula which will only result in a 5 percent preference. The fiscal note should, at a minimum, be reduced from \$6 million to \$3 million to reflect a 5% increase in bidders preference. We maintain that the 10% preference used in the fiscal note is incorrect!

Minority preferences would only be granted if target levels for minority participation are not met, and large contracts would always be excluded from preference. The fiscal note ignores these cost saving provisions.

CSSB 415 would increase economic participation for all Alaska businesses. There may be some cost to state purchasing, but these costs can at least in part be more than offset by development of our domestic economy and increased overall efficiency. Purchasing efficiency is only one factor in overall market efficiency; and what's best for purchasing may not be best for the development of domestic business.

The Senate State Affairs Committee also took issue with the concluding editorial comment in the fiscal note that, "The preference is little more than a token gesture of appeasement to an interest group."

Committee members responses were: "I do not vote for token gestures to appease special interest groups...", "This accusation is a slander against senators who favor preferences for Alaskans and minorities...",

"The bill provides a system to insure that public contracting procedures will favor Alaskans. I think I can speak for my fellow legislators when I say that Alaskans are not an interest group; they are the interest of all legislators and they are our only reason for existence. One might expect the federal government to refer to Alaskans as a special interest group. I am shocked and dismayed when our own government makes this inference...".



# Alaska State Legislature

Senator Vic Fischer • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

## MEMORANDUM

DATE: April 13, 1982

TO: Senator Bill Ray, Chairman, Senate Transportation Committee

FROM: Senator Vic Fischer

RE: CSSB 415, Summary

CSSB 415 provides a system to insure that public contracting procedures will favor Alaskan bidders. Existing statutes are full of loopholes which result in state subsidization of out-of-state interests. The major features of CSSB 415 are:

1. The proposed legislation closes loopholes which currently allow various state funded contracts to be issued without regard for formal state bidding requirements.
2. The 'Alaska bidders preference' is raised to 10%, from the existing 5%.
3. CSSB 415 closes loopholes which currently result in state subsidization of out-of-state bidders posing as Alaska bidders. This is accomplished by providing the following qualifications for an Alaska bidders preference: a business must have 50% of its employees residing in Alaska or employ at least 10 resident employees. These requirements do not prevent non-residents from bidding.
4. If during the prior fiscal year a proportionally smaller dollar amount of contracts are awarded to minority bidders compared to target levels, then businesses owned by economic minorities, including women, Alaska Indians, Eskimos, Aleuts, Blacks, and Viet Nam veterans, receive a 10% bidders preference on contracts less than \$1,000,000 for the next fiscal year.
5. The Department of Administration is required to prepare an annual count of contracts awarded in accordance with bidders preference lists by all state agencies, municipalities, and other entities for contracts using State monies. The results shall be submitted to the House and Senate State Affairs Committees.

CSSB 415 is very similar to FCCSSB 114 which passed the Senate and the House in 1980 and was vetoed by the Governor. The objections mentioned in his veto message have been corrected by this committee substitute. The primary objection was that the original bill raised the Alaska bidders preference to 15 percent and it was felt that this was too high. This bill raises the preference to only 10 percent.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 23, 1982

SUBJECT: Public contracts -- CSSB 415  
(Work Order No. 12-2755)

TO: Senator Vic Fischer  
Chairman, Senate State  
Affairs Committee

FROM: Tamara Brandt Cook  
Legislative Counsel *TBC*

Here is the section-by-section analysis you requested of the draft of CSSB 415 (State Affairs).

Sec. 1. The Department of Transportation and Public Facilities is required to award a highway construction contract in accordance with bidding requirements if the contract is \$50,000 or more. Existing law requires the department to award a contract in accordance with bid requirements only if it exceeds \$100,000. The reference to AS 44.33.300 is deleted, since that section allows a waiver only if the contract is less than \$50,000 and by its terms it would not apply to contracts awarded for \$50,000 or more.

Sec. 2. The Department of Transportation and Public Facilities is required to award a contract for maintenance of a highway in accordance with bidding requirements if the contract is \$25,000 or more. It is discretionary with the department whether to award smaller contracts in accordance with bidding requirements. The department may not award contracts in smaller increments to avoid the bidding requirements. These are new provisions.

Sec. 3. The Department of Transportation and Public Facilities is required to comply with the bidding requirements and preferences of AS 37.05.230(1) in awarding a contract that is subject to bid requirements. Existing law only requires the department to award a contract to the lowest responsible bidder.

Sec. 4. A local government is required to comply with the bidding requirements and preferences of AS 37.05.230(1) in awarding contracts for a local service road or trail that the local government has assumed from the Department of Transportation and Public Facilities if the amount of state money to be used on the project is \$50,000 or more. Existing law only requires that contracts be awarded on the basis of the lowest responsible bid.

Sec. 5. A contract for maintenance of local service roads and trails that is for \$25,000 or more entered into by the state and a contract for maintenance of local service roads and trails that is for \$25,000 or more for which state money is to be used entered into by a local government is required to be awarded in accordance with the bidding requirements and preferences of AS 37.05.230(1).

Sec. 6. The Department of Transportation and Public Facilities is required to award a public works construction contract in accordance with bidding requirements if the contract is \$50,000 or more. Existing law requires the department to award a contract in accordance with bid requirements only if it exceeds \$100,000. The reference to AS 44.33.300 is deleted, since that section allows a waiver only if the contract is less than \$50,000 and by its terms it would not apply to contracts awarded for \$50,000 or more.

Sec. 7. The Department of Transportation and Public Facilities is required to award a contract for maintenance of a public works project in accordance with bidding requirements if the contract is \$25,000 or more. It is discretionary with the department whether to award smaller contracts in accordance with bidding requirements. The department may not award contracts in smaller increments to avoid the bidding requirements. These are new provisions.

Sec. 8. The Department of Transportation and Public Facilities is required to comply with the bidding requirements and preferences of AS 37.05.230(1) in awarding a contract for a public works project that is subject to bid requirements. Existing law only requires the department to award a contract to the lowest responsible bidder.

Sec. 9. A municipality or regional educational attendance area is required to comply with the bidding requirements and

March 23, 1982

preferences of AS 37.05.230(1) in awarding a contract for a public works project assumed from the Department of Transportation and Public Facilities if the amount of state money to be used on the project is \$50,000 or more.

Sec. 10. Subject to certain bidding preferences added by this bill, a bid shall be awarded by the Department of Administration to an Alaska bidder if his bid is not more than 10 percent higher than the bid of the lowest non-resident and he is on the certified Alaska bidders list. Existing law requires a bid to be awarded to an Alaska bidder if his bid is not more than five percent higher and makes no provision for a bidders list.

Sec. 11. Existing law provides that competitive bids are not required for sales involving fair trade items or when materials for use in laboratory and experimental studies may be purchased otherwise to the best advantage of the state. These two exceptions to the bid requirements have been deleted.

Sec. 12. A contract shall be awarded to a bidder on the certified minority bidders list under certain conditions, including a requirement that during the prior fiscal year a proportionally smaller dollar amount of contracts were awarded to minority bidders compared to the population of minority people in the state, that the bid not be more than 15 percent higher than the lowest bid, that the minority bidder agrees to lower his bid by five percent or match the lowest bid. This preference applies only to contracts of \$1,000,000 or less. A contract shall be awarded to a bidder on the certified women bidders list under similar conditions as those applied to the minority bidders preference, except that during the prior fiscal year women bidders must have received less than 10 percent of the value of contracts of \$1,000,000 or less awarded for the preference to apply. A contract shall be awarded to a bidder on the certified Viet Nam veterans bidders list under similar conditions as those applied to minority bidders preference, except that during the prior fiscal year Viet Nam veterans must have received less than five percent of the value of contracts of \$1,000,000 or less awarded for the preference to apply. If two or more bidders qualify for a minority bidders, women bidders, or Viet Nam veterans bidders preference a contract shall be awarded to the lowest of the bidders. These are new provisions.