ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 8672

3172 HT HB 661 - HCR 25

3172

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST Page 1 of 2
Bill/Resolution No.: CSHB 661(Trsp)
Title: DOT&PF Toll Facilities Financing Bill
Sponsor: Office of the Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected:
Program Category Affected: Transportation
BRU, Program or Subprogram(s) Affected: Major Projects Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0 (1)*				
CAPITAL		0 (2)*				
REVENUE		0 (3)*				

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		0 (4)*				
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		0 (5)*				
PART-TIME						
TEMPORARY						

*See attached notes

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Costs of issuing revenue bonds will be recovered in the bond sale and liquidated from project revenues. There is, therefore, no fiscal impact from the bill. Fiscal impacts from specific projects will be considered if and when legislation is introduced to contribute capital or operating funds to the projects.

ANALYSIS: Attach a separate page for analysis

Prepared By: John B. Olson Phone: 266-1447
Division: Major Projects Management Date: March 29, 1984

Approved by Commissioner: Date: 3/29/84
Agency: DOT&PF R. J. Knapp

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

March 29, 1984

FISCAL NOTE BACKUP

TOLL FACILITIES FINANCING

CS HB 661(Trsp)

(1) The bill will allow DOT&PF to sell revenue bonds to finance toll producing transportation facilities. The first project to be financed will be the Knik Arm Crossing near Anchorage. Costs associated with the bond issue will be recovered with the issue and paid from revenues. Operating and other costs will also be paid from toll revenues. As a result, no net operating costs will accrue from the bill. Any legislated contributions to operating costs for specific facilities, (such as Knik Arm Crossing) would be the subject of separate legislation and the fiscal impact would be considered with such legislation.

(2) The bill seeks to construct capital facilities through the sale of revenue bonds. Any legislated contributions to capital, if required, would be the subject of separate legislation and the fiscal impact would be considered with such legislation.

(3) Facilities constructed under the bill will be revenue producing. The revenues will contribute to capital and operating costs as explained in notes (1) and (2) above.

(4) Federal Fund eligibility will be determined on a project by project basis.

(5) Employee costs and positions arising from facility operation will be paid from project revenues.

HC Supp 34

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST
Bill/Resolution No: CS HB 661 (Trans.)
Title: Knik Arm Crossing and Toll Facilities
Sponsor: House Transportation
Requestor: House Finance
Date of Request: April 13, 1984

FISCAL DETAIL
Agency Affected: State Bond Committee
Program Category Affected:

BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

		FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
	OPERATING						
100	PERSONAL SERVICES	-	-	-	-	-	-
200	TRAVEL	-	-	-	-	-	-
300	CONTRACTUAL	-	-	-	-	-	-
400	SUPPLIES	-	-	-	-	-	-
500	EQUIPMENT	-	-	-	-	-	-
600	LANDS & STRUCTURES	-	-	-	-	-	-
700	GRANTS, CLAIMS	-	-	-	-	-	-
800	MISCELLANEOUS	-	63000.0	63000.0	63000.0	63000.0	63000.0
	TOTAL OPERATING	-	-	-	-	-	-
	CAPITAL	-	-	-	-	-	-
	REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

	GENERAL FUND	-	-	-	-	-	-
	FEDERAL FUNDS	-	-	-	-	-	-
	OTHER	-	63000.0	63000.0	63000.0	63000.0	63000.0
	TOTAL	-	-	-	-	-	-

POSITIONS:

	FULL-TIME	-	-	-	-	-	-
	PART-TIME	-	-	-	-	-	-
	TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury
Phone: 465-2350
Date: April 17, 1984

Approved by Commissioner: Bill O'Neill
Agency: Revenue
Date: 4/19/84

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

$63,000,000 is the estimated annual debt service on the $500,000,000 revenue bonds authorized in CS HB 661. This debt service estimate assumes 20 year bonds at 11% interest to be conservative. Bonds may have longer maturities and higher or lower interest rates.

The source of funds for debt service would ordinarily be the toll facilities revenue fund. However, until the first project is operating, there will be no revenues. Therefore, for FY 85 at least, the fund source would be the toll facilities construction fund.

NOTE: The amounts requested in this fiscal note need only be appropriated if there is an appropriation enacted to construct toll facilities with bond proceeds. That is, the fiscal note solely for the authorization of $500,000,000 in bonds is actually zero.

- Clean bill
- No obligations on Leg
  No 8
- Just Revenue bonds
- Demon. public effort
  @ Long Meeting

661 188

Rhonda -

Linda Cortez (4939) from Jerry Ward's office called & said he has an amendment to 661 which he would like a CS for. She said the amendment would be coming from the Speaker's office. She needs to know how the process will work. Please call her. I guess we need to check with Neil on that, no?

- Carin

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 4, 1984

MEMORANDUM

TO: Representative Bette Cato
Attention: Rhonda Cargill

FROM: David Teal
Legislative Analyst

RE: HB 661-Knik Arm Crossing
Research Request 84-080

You requested a brief analysis of HB 661, which authorizes the construction of the Knik Arm crossing. We offer the following comments on the draft committee substitute dated March 15, 1984.

Explanation of HB 661

The bill is a framework for the sale of revenue bonds for the purpose of constructing, acquiring, equiping and maintaining toll facilities such as bridges and highways. The emphasis (in the bill title) on the Knik Arm crossing is therefore somewhat misleading; the bill authorizes the sale of bonds for any toll facility "found to be necessary by the commissioner of transportation and public facilities." Note, however, that Sec. 37.15.730 specifies that the Knik Arm crossing will be the first toll facility to be constructed under the proposed law.[1]

As you may know, the State issues three types of bonds. Each of the three types is briefly described below.

General Obligation Bonds (G.O. Bonds) are backed by the full faith, credit and resources of the State. This means that annual debt

---

[1]The present language specifies that the Knik Arm crossing is to be the first toll facility constructed with the proceeds of the revenue bonds authorized by HB 661. The language does not preclude use of the construction fund for other means of acquiring toll facilities or for converting existing state roads, highways, bridges, causeways or crossings to toll facilities. Once a facility is designated as a toll facility, the tolls can be used to pay the cost of operating, maintaining, renewing, replacing and repairing the facility.

service requirements (that is, payment of both principal and interest) have the first claim on all revenues of the State. General Obligation Bonds must be authorized by legislation for capital improvements and be ratified by the voters of the state.

International Airport Revenue Bonds are special obligations of the State. They are payable from and secured by a first lien on gross operating revenues derived from operations of the Anchorage and Fairbanks International Airports. The resolution authorizing sale of the airport bonds requires that rentals, fees and other airport charges be set at a level sufficient to provide annual net revenues at least 30 percent higher than annual debt service requirements. In practice, the net revenue of the airports has been more than five times the amount required for debt service.

Agency Bonds are issued by a number of agencies that have a legal existence independent of the State. The Alaska Housing Finance Corporation is responsible for about 90 percent of bonded debt held by State agencies. Like revenue bonds, agency debt is self-liquidating. That is, principal and interest are payable from earnings derived from user charges.

HB 661 is nearly identical to current statutes related to revenue bonds for international airports (AS 37.15.410-.550). The maximum amount of airport bonds which can be sold is $62.8 million and the amount of airport revenue bonds outstanding on June 30, 1983 was $17.4 million. Similarly, the authorization to issue $500 million in revenue bonds for toll facilities does not mean that the entire amount will be sold and certainly does not imply that the entire amount would be used to construct the Knik Arm crossing.

Analysis of the Knik Arm Crossing

The following analysis of the Knik Arm crossing is based on information contained in a feasibility study of the project.[2] The analysis is highly simplified and is intended to emphasize issues and options rather than to project actual circumstances. The attached tables were prepared by the agency to aid the analysis. Table A shows projected revenues and debt service in a "no inflation" scenario. Table B assumes that tolls increase by five percent per year to offset inflation. The columns in the tables are discussed below.

---

[2]Knik Arm Crossing: Economic Feasibility, prepared for the Alaska Department of Transportation and Public Facilities by EMPS-Sverdrup, April 15, 1983.

- Crossings are based on the projections in the feasibility study. Note that the expected traffic in the first year of operation is equivalent to one vehicle every four seconds throughout the year. Projected traffic nearly doubles by 2030. Although these figures appear somewhat optimistic, I have no suggested alternative projections. Optimistic traffic counts will overstate revenue from tolls.

- Revenue is computed by multiplying annual traffic by the amount of the toll. Table A is a "no inflation" scenario and assumes that tolls remain at $2 per crossing throughout the life of the project. Table B shows higher revenues because tolls are assumed to increase by five percent per year, which is the rate of inflation used in the feasibility study.

- Debt Service is based on the following assumptions:

  1) Bonds are sold to finance only the crossing itself; the approaches and other requirements of the project are assumed to receive funding from other sources.

  2) The crossing is expected to cost $334.6 million, which is about 65 percent of the total cost of the project. All costs are in 1983 dollars.

  3) The bonds have a maturity of 20 years and carry an interest rate of 10.5 percent. Debt service is based on standard amortization schedules. If the bonds were sold at a lower interest rate, annual and total debt service costs would be lower. If the maturity were extended, annual debt service would be lower but total interest costs would be higher.

  4) The total amount of bonds sold to finance the crossing is 15 percent above the anticipated cost of the crossing. The 15 percent cushion is typical of revenue bond sales. The excess is used to cover the costs of the bond issue and to set up reserve accounts.

  5) The bonds are sold as required to meet the construction cost schedule on page III-5 of the feasibility study. Although this schedule of sales is unlikely to occur--interim financing is often used while a project is under construction and bonds are often sold as a large issue after a project is completed--it is used because it provides an approximation of interim financing requirements.

- Debt Service - Revenue is self-explanatory. The figures would change if either debt service or revenues were altered.

- Cumulative Cash Shortage is the cumulative amount by which debt service exceeds anticipated revenue from tolls. The amount does not include the costs of operating or maintaining the project.

The analysis shows that expected revenues from tolls exceeds cumulative debt service by the year 2030. However, there is a cash shortage throughout the life of the 20-year bond issue. Three options to cover the cash shortages are discussed below.

- The debt service can be capitalized, which means that more bonds are sold than are required to construct the crossing. The proceeds of the "excess bond" sale are then used to pay the difference between toll revenues and debt service on the bond package. If the revenue bonds are a tax free issue, the interest cost of the bonds is likely to be less than the interest that can be earned by investing the bond proceeds. Investing money at a higher interest rate than the cost of funds is called "arbitrage" and is generally discouraged by the Internal Revenue Service. In addition, bond purchasers might be wary of an issue which required capitalization of large portions of total debt service costs. Capitalization of interest could increase the interest rate on the bond issue, thereby raising the total cost of the project.

- The legislature could annually appropriate funds to pay debt service costs that exceeded annual revenue from the crossing. This situation would not be attractive to potential bond purchasers, especially because one legislature cannot bind future legislatures to a course of action.

- The bond issue could be reduced so that only a portion of the cost of the crossing is borrowed in the bond market. This would mean that all costs in excess of the bond proceeds would have to come from another source. The proposed Major Projects Fund is one potential source of funds for the crossing. Under current law, the capital budget is the most likely source of the funds necessary to reduce the level of bonding required to construct the crossing.

A reduced bond issue is the most likely scenario. John Olson, director of major projects for the Department of Transportation, expects that borrowing would be limited to about $200 million for a downtown crossing and to no more than $125 million if the access is through the Elmendorf Air Force Base. Debt service on a $200 million bond issue would be about $24 million per year under the assumptions listed earlier in this

memorandum. Debt service on $125 million would be about $15 million per year. The Department of Transportation expects toll revenues from the Elmendorf crossing to be sufficient to pay the debt service costs of a $125 million bond issue.

* * *

If you have questions on the material in this memorandum or would like us to provide additional information, please call the agency.

DT

Attachments

TABLE A
ANALYSIS OF THE KNIK ARM CROSSING
(DOLLARS ARE IN MILLIONS)

YEAR	CROSSINGS	REVENUE*	DEBT SERVICE	DEBT SERVICE - REVENUE	CUMULATIVE CASH SHORTAGE
1985	0	$ 0.00	$ 0.43	$ 0.43	$ 0.43
1986	0	0.00	13.51	13.51	13.94
1987	0	0.00	27.54	27.54	41.48
1988	0	0.00	38.17	38.17	79.65
1989	0	0.00	46.75	46.75	126.40
1990	23,500	17.16	46.75	29.60	156.00
1991	23,895	17.44	46.75	29.31	185.30
1992	24,297	17.74	46.75	29.01	214.31
1993	24,706	18.04	46.75	28.71	243.03
1994	25,122	18.34	46.75	28.41	271.44
1995	25,544	18.65	46.75	28.10	299.54
1996	25,974	18.96	46.75	27.79	327.33
1997	26,411	19.28	46.75	27.47	354.80
1998	26,855	19.60	46.75	27.15	381.95
1999	27,307	19.93	46.75	26.82	408.76
2000	27,766	20.27	46.75	26.48	435.24
2001	28,233	20.61	46.75	26.14	461.38
2002	28,708	20.96	46.75	25.79	487.18
2003	29,191	21.31	46.75	25.44	512.62
2004	29,682	21.67	46.75	25.08	537.70
2005	30,182	22.03	46.32	24.29	561.99
2006	30,689	22.40	33.24	10.84	572.82
2007	31,206	22.78	19.21	-3.57	569.25
2008	31,730	23.16	8.58	-14.58	554.67
2009	32,264	23.55	0.00	-23.55	531.12
2010	32,807	23.95	0.00	-23.95	507.17
2011	33,359	24.35	0.00	-24.35	482.82
2012	33,920	24.76	0.00	-24.76	458.05
2013	34,491	25.18	0.00	-25.18	432.88
2014	35,071	25.60	0.00	-25.60	407.28
2015	35,661	26.03	0.00	-26.03	381.24
2016	36,261	26.47	0.00	-26.47	354.77
2017	36,871	26.92	0.00	-26.92	327.86
2018	37,491	27.37	0.00	-27.37	300.49
2019	38,122	27.83	0.00	-27.83	272.66
2020	38,763	28.30	0.00	-28.30	244.36
2021	39,415	28.77	0.00	-28.77	215.59
2022	40,078	29.26	0.00	-29.26	186.33
2023	40,752	29.75	0.00	-29.75	156.58
2024	41,438	30.25	0.00	-30.25	126.33
2025	42,135	30.76	0.00	-30.76	95.58
2026	42,844	31.28	0.00	-31.28	64.30
2027	43,564	31.80	0.00	-31.80	32.50
2028	44,297	32.34	0.00	-32.34	0.16
2029	45,042	32.88	0.00	-32.88	-32.72
2030	45,800	33.43	0.00	-33.43	-66.15

* assumes 0.0% per year inflation

PREPARED FOR REPRESENTATIVE BETTE CATO BY THE HOUSE RESEARCH AGENCY 04-04-1984

TABLE B
ANALYSIS OF THE KNIK ARM CROSSING
(DOLLARS ARE IN MILLIONS)

YEAR	CROSSINGS	REVENUE*	DEBT SERVICE	DEBT SERVICE - REVENUE	CUMULATIVE CASH SHORTAGE
1985	0	$ 0.00	$ 0.43	$ 0.43	$ 0.43
1986	0	0.00	13.51	13.51	13.94
1987	0	0.00	27.54	27.54	41.48
1988	0	0.00	38.17	38.17	79.65
1989	0	0.00	46.75	46.75	126.40
1990	23,500	17.16	46.75	29.60	156.00
1991	23,895	18.32	46.75	28.43	184.43
1992	24,297	19.56	46.75	27.19	211.62
1993	24,706	20.88	46.75	25.87	237.50
1994	25,122	22.29	46.75	24.46	261.96
1995	25,544	23.80	46.75	22.95	284.91
1996	25,974	25.41	46.75	21.34	306.25
1997	26,411	27.13	46.75	19.62	325.87
1998	26,855	28.96	46.75	17.79	343.65
1999	27,307	30.92	46.75	15.83	359.48
2000	27,766	33.02	46.75	13.73	373.21
2001	28,233	35.25	46.75	11.50	384.71
2002	28,708	37.64	46.75	9.11	393.83
2003	29,191	40.18	46.75	6.57	400.39
2004	29,682	42.90	46.75	3.85	404.24
2005	30,182	45.80	46.32	0.52	404.76
2006	30,689	48.90	33.24	-15.66	389.10
2007	31,206	52.21	19.21	-33.00	356.09
2008	31,730	55.75	8.58	-47.17	308.93
2009	32,264	59.52	0.00	-59.52	249.41
2010	32,807	63.54	0.00	-63.54	185.87
2011	33,359	67.84	0.00	-67.84	118.02
2012	33,920	72.43	0.00	-72.43	45.59
2013	34,491	77.34	0.00	-77.34	-31.75
2014	35,071	82.57	0.00	-82.57	-114.31
2015	35,661	88.15	0.00	-88.15	-202.47
2016	36,261	94.12	0.00	-94.12	-296.59
2017	36,871	100.49	0.00	-100.49	-397.08
2018	37,491	107.29	0.00	-107.29	-504.36
2019	38,122	114.55	0.00	-114.55	-618.91
2020	38,763	122.30	0.00	-122.30	-741.21
2021	39,415	130.57	0.00	-130.57	-871.78
2022	40,078	139.41	0.00	-139.41	-1,011.19
2023	40,752	148.84	0.00	-148.84	-1,160.03
2024	41,438	158.91	0.00	-158.91	-1,318.94
2025	42,135	169.66	0.00	-169.66	-1,488.60
2026	42,844	181.14	0.00	-181.14	-1,669.74
2027	43,564	193.40	0.00	-193.40	-1,863.14
2028	44,297	206.49	0.00	-206.49	-2,069.63
2029	45,042	220.46	0.00	-220.46	-2,290.08
2030	45,800	235.37	0.00	-235.37	-2,525.46

* assumes 5.0% per year inflation

PREPARED FOR REPRESENTATIVE BETTE CATO BY THE HOUSE RESEARCH AGENCY 04-04-1984

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: CSHB 661
Title: DOT&PF Toll Facilities Financing Bill
Sponsor: Office of the Governor
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected:
Program Category Affected: Transportation
BRU, Program or Subprogram(s) Affected: Major Projects Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0 (1)*				
CAPITAL		0 (2)*				
REVENUE		0 (3)*				

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		0 (4)*				
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		0 (5)*				
PART-TIME						
TEMPORARY						

*See attached notes

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Costs of issuing revenue bonds will be recovered in the bond sale and liquidated from project revenues. There is, therefore, no fiscal impact from the bill. Fiscal impacts from specific projects will be considered if and when legislation is introduced to contribute capital or operating funds to the projects.

ANALYSIS: Attach a separate page for analysis

Prepared By: John B. Olson
Division: Major Projects Management
Phone: 266-1447
Date: March 29, 1984

Approved by Commissioner: R. J. Knapp
Agency: DOT&PF
Date: 3/29/84

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

March 29, 1984

FISCAL NOTE BACKUP

TOLL FACILITIES FINANCING

(CS HB 661)

(1) The bill will allow DOT&PF to sell revenue bonds to finance toll producing transportation facilities. The first project to be financed will be the Knik Arm Crossing near Anchorage. Costs associated with the bond issues will be recovered with the issue and paid from revenues. Operating and other costs will also be paid from toll revenues. As a result, no net operating costs will accrue from the bill. Any legislated contributions to operating costs for specific facilities, (such as Knik Arm Crossing) would be the subject of separate legislation and the fiscal impact would be considered with such legislation.

(2) The bill seeks to construct capital facilities through the sale of revenue bonds. Any legislated contributions to capital, if required, would be the subject of separate legislation and the fiscal impact would be considered with such legislation.

(3) Facilities constructed under the bill will be revenue producing. The revenues will contribute to capital and operating costs as explained in notes (1) and (2) above.

(4) Federal Fund eligibility will be determined on a project by project basis.

(5) Employee costs and positions arising from facility operation will be paid from project revenues.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

MAJOR PROJECTS MANAGEMENT CENTRAL REGION

4111 AVIATION AVENUE
POUCH 6900
ANCHORAGE, ALASKA 99502
(TELEX 25-185)

(907) 266-1448

APR 23 1984

April 20, 1984

Re: CSHB 661 - April 12, 1984 Inquiry
From Representative Bette Cato,
House Transportation Committee

Honorable Joe Hayes
Speaker of the House
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Representative Hayes:

In response to a request from Mr. Neil Phelps-Munson of your office, following are answers to questions raised in an April 12, 1984 letter from Representative Betty Cato on CSHB 661.

QUESTION - "The language in the bill specifies that the Knik Arm Crossing is to be the first toll facility constructed with the proceeds of revenue bonds authorized. How does it preclude use of construction fund for other means of acquiring toll facilities or converting existing State roads, highways, bridges, causeways or crossings to toll facilities."

ANSWER - There are three forms of protection against abuses of borrowing authority created by CSHB 661.

1. State Constitution - The constitution allows funds to be created (such as the construction fund, revenue fund and bond redemption funds in CSHB 661) to collect moneys associated with revenue bond payments. The constitution will not allow DOT&PF to charge tolls on a facility and pledge those funds to another facility. If DOT&PF collects tolls on any project for which revenue bonds have not been sold the money would go directly to the general fund. In fact, after the revenue bonds for the Knik Arm Crossing (or any other facility) are paid off, toll revenues will flow to the general fund.

2. Bond market requirements - The bond resolution and other representations associated with selling revenue bonds will assure bond buyers that funds obtained from the bond sale will only be used for the project identified in the offering. No way could any proceeds of a bond sale be used for another project. The "bond test" is probably the best assurance of realistic revenue forecasting and appropriate fund utilization that can be offered to the legislature.

3. Revenue constraints - Toll bridge or highway projects in Alaska characteristically have traffic volumes that are too low to recover even a portion of capital costs from toll revenues. At present the Knik Arm Crossing is the only project we can identify that can generate toll revenues sufficiently in excess of operation and maintenance costs to warrant sale of toll revenue bonds. Even so, action from the legislature will be needed next year to implement the project. We can foresee no Alaska bridge or highway project that will be so lucrative in toll revenue that the DOT&PF would be able to implement the project without discretionary review and support from the legislature.

QUESTION - "Does the language in this bill restrict the use of money for special projects or is the money discretionary? If not restricted, what language could be used to do so?"

ANSWER - The bill allows the sale of revenue bonds first for the Knik Arm Crossing, and then for other projects that can produce toll revenues sufficient to make debt service payments. There is no discretion to use the revenue bond money for anything but toll bridges and highways for which revenue bonds have been sold. Language in the CSHB 661, combined with the State constitution, bond market requirements, and revenue constraints for toll bridges and highways (as discussed above) are adequate restrictions to assure the legislature that the bill will be used in the manner intended by the legislature.

QUESTION - "We have been told that CSHB 661 is based on the international airport revenue bonds but the difference we wonder about is:

The maximum amount of airport bonds that can be sold is $62.8 million; the resolution authorizing the sale of airport bonds requires rentals, fees and other airport charges be set at a level sufficient to provide annual net revenues at least 30 percent higher than annual debt service requirements."

ANSWER - The bond market will require a revenue-to-debt service ratio of 1.2 to 1.5. Rather than fix this ratio in law, we would prefer to establish the ratio as a bond covenant in the offering along with other variables such as revenue forecast, debt retirement schedule, term of bonds, and reserve amounts. In other words, the revenue-to-debt service ratio should be set at the time of sale as part of the marketing mix offered to bond buyers.

QUESTION - "CSHB 661 authorizes sell of $500 million in revenue bonds and does not imply that the entire amount will be sold or would be used to construct the Knik Arm Crossing."

ANSWER - That is correct. At the present time it appears the project will support about $200 million in revenue bond borrowing. If interest rates are lower at the time of the sale we could borrow more. The balance of bond

authority remaining after the bond sale for the Knik Arm Crossing would be available for other projects under the framework legislation concept. Again, the authority to sell bonds for other projects will only be used if the project withstands a bond test, which means it must demonstrate sufficient toll revenues to repay the bonds.

The legislature is definitely not offering carte blanche to other toll bridge and highway projects. The legislature will continue to have funding discretion over every project even before it goes to a bond test. At the risk of being repetitious, this is primarily because toll bridges and highways in this State will not produce sufficient revenues to fully repay capital costs over annual operation and maintenance.

QUESTION - "Thus, the question being that what happens if there is a cash shortage throughout the life of the 20 year bond issue, which option will be taken to cover these cash shortages?"

ANSWER - As mentioned earlier, revenues will be programmed to exceed debt service by 20 to 50 percent. There will also be a reserve fund to hold a percentage of bond proceeds to pay debt service. If, however, revenue shortages begin to materialize, DOT&PF could act to increase revenues by toll enhancement (i.e. encourage additional user volume; raise tolls). If these precautions and remedies fail it would be necessary to seek state aid to avoid a default. The bonds are not a general obligation of the State so the legislature could decline to give aid. Not aiding a state bonded project would, of course, have an adverse effect on other state bond issues. The tendency for a state to "rescue" lenders from default on state bonds is often referred to as a "moral obligation" that attaches to all bond issues in the state. Revenue bonds issued by State authorities typically prescribe a procedure whereby the legislature will be notified of an impending shortage, in time for action to be taken. Adding this procedure serves to improve the bond rating.

Realize that there is considerable conservatism in a revenue bond issue to avoid the need for a rescue effort by the legislature. Bond holders demand this conservatism which also works to protect the state from failing revenue bonded facilities.

If you have further questions, please let me know.

Sincerely,

John B. Olson
Director
Major Projects Management

csh

cc: Ray Gillispie, Legislative Ass't, Office of the Governor
Paula Ramsey, Budget Analyst/Legislative Liaison, Statewide Programs

Comments on the applicability of CSHB 661 to financing the Knik Arm Crossing.

1. DOT&PF Position and Perspectives on CSHB 661

2. Summary of Briefing Materials

3. Correspondence from private firms that have expressed interest in financing the Knik Arm Crossing (These letters were requested by the House Transportation Committee on March 28, 1984).

Presented to House Transportation Committee
April 5, 1984
John B. Olson
Telephone 266-1447

DOT&PF Position and Perspectives on CSHB 661

BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

1. Provide DOT&PF the authority to sell revenue bonds to finance toll bridges and highways; and

2. Authorize DOT&PF to collect tolls on bridges and highways to make principal and interest payments on the revenue bonds.

The bill was introduced to provide a financing mechanism for the Knik Arm Crossing. A framework approach was taken on advice of the Attorney General's office, recognizing the State Constitution's requirements to avoid legislation specific to a location or region. We also wanted to preserve the option to recommend the mechanism for future revenue producing highway or bridge projects.

The bill is modeled after the revenue bond provisions of the Airport Revenue Fund. The model was used because it is known to the legislature, and has a good track record to present to bond underwriters and rating organizations.

DEPARTMENT POSITION ON CSHB 661

The DOT&PF continues to recommend a framework concept for bills like HB 661. However, we recognize the committee substitute to be a reasonable bill that addresses concerns expressed by legislators. We, therefore, support the committee substitute and recommend its passage.

APPLICATION TO KNIK ARM CROSSING

The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation plan will lead to the legislative direction needed to construct the crossing. No sales of revenue bonds or other related action will be taken before the next legislative session. DOT&PF staff will be working with legislators to exchange information prior to finalizing our recommendations and presenting the implementation package to the legislature.

APPLICATION TO OTHER PROJECTS

If the Knik Arm Crossing uses the revenue bond sales concept outlined in CSHB 661, the mechanism will be available for other projects. (The bill requires application to the Knik Arm Crossing before any other project.) Is should be recognized that bridge and highway projects that can generate revenues in excess of their operations and maintenance costs are quite unique in Alaska. To the extent such projects are identified in the future (we have none to suggest at this time) the legislature would play an active role in their development and financing.

Presented to the House Transportation Committee, April 5, 1984

KNIK ARM CROSSING - FINANCING

1. Financing Choices
   - Pay Cash
   - Borrow
   - Save
   - Get Equity Partner
   - Combination of Above

2. Pay Cash
   - Appropriation
     - Lump Sum
     - By Component
   - Federal Funds
     - Highway Matching Funds
     - Connecting Roads Only
   - Raise Cash
     - Land Sales/Exchanges

3. Borrow
   - General Obligation Bond
     - Full Faith and Credit Pledge
     - Lowest Cost Borrowing
   - Revenue Bonds (CSHB 661)
     - DOT&PF to Collect Tolls
     - Tolls Pledged to Retire Debt
   - Private Lending Sources
     - Available Through Equity Partnerships

4. Save
   - Allows Cash Payments
   - Major Projects Fund (Or Other "Savings Account" Approach)
     - Toll Revenues Returned to Fund
     - O&M From Account in Major Projects Fund or General Fund

   - General Fund (G.F.)
     - Annual Appropriation to G.F. Account
     - Build By Components
     - Toll Revenues Flow to G.F.

5. Equity Partnership
   - Local Government (Unlikely Equity Partner for Knik Arm Crossing)
   - Private Enterprise (Several Expressions of Interest Received)
     - Service Contract, Lease
     - Full Faith and Credit Pledge (Often Requested to Minimize Risk/Borrowing Cost; Requires Statewide Vote)

   - Constitutional Constraints
     - State Debt
     - Annual Appropriation
     - Direction of Funds
     - Contract Negotiation

   - Source of Funds
     - Tax-Exempt Borrowing
     - Non-Exempt Borrowing (Expensive)

   - Federal Legislation
     - Industrial Revenue Bond Limit (Per Capita Basis)
     - Accelerated Depreciation in Question

6. CSHB 661
   - Model: Airport Revenue Fund
   - Desired This Year
     - Known Entity of Implementation Plan
     - Likely to be Used

   - The CS is a Reasonable Bill
     - Responds to Concerns for Framework Concept
     - Timely for the Knik Arm Crossing Project

Correspondence From Firms Interested In Financing Or Constructing The Knik Arm Crossing.

WILLIAM KENT AND COMPANY
900 WEST FIFTH AVENUE, SUITE 610
ANCHORAGE, ALASKA 99501
(907) 276-0660

March 16, 1984

Mr. Jack Allen, P.E.
Project Manager, Knik Arm Crossing
Sverdrup & Parcel and Associates, Inc.
430 C Street, Suite 200
Anchorage, AK 99511

Dear Mr. Allen:

On March 14, John Olson and I met with Mr. Gopinath, Vice President of Corporate Affairs, Calista Corporation and Mr. Denji, Vice President of Calista International Corporation.

Calista has been dealing with Mitsui Shipbuilding and Engineering regarding the Knik Arm Crossing. Mitsui has done some work on design for the bridge, and has talked to their partners at the Mitsui Bank. Calista offered to meet with us to discuss engineering and financing in more detail, and offered to have Mitsui people come over.

We explained some of the more important constraints in state financing or other state participation, and our timetable for the project, and we offered to meet with them to discuss financing. We did not encourage them to bring any engineers over from Japan, at least not yet. I will arrange a meeting with Calista regarding financing in the next few weeks -- probably during the week of March 26.

Calista seemed interested in getting the following messages to us:

1. Confidentiality of their work is important to them. They believe that they have an advantage in their ability to bring financing into a package deal, and they do not want their concept, or their own engineering, to be public information before the bid.

2. They want the full faith and credit of the state behind the financing.

3. They were interested in seeing the project go forward, whether they were involved in the construction or not.

Sincerely,

Steven A. Rieger
Vice President

SAR/bsb

cc: ADOT/PF

K.I.C Concept
Copy - Hormel

Brown & Root, Inc. 200 Porter Drive, San Ramon, California, 94583

W. D. Arnold
Manager - Business Development
Marine Services

(415) 838-6149

March 19, 1984

John B. Olson
Director, Division of Major Project Management
State of Alaska
Department of Transportation and Public Affairs
Pouch 6900
4111 Aviation Avenue
Anchorage, Alaska 99502

SUBJECT: Knik Arm Crossing

Dear Mr. Olson:

It was a pleasure to have visited with you in your offices in Anchorage on February 21st. The time you spent with us in explaining the situation regarding the Knik Arm Crossing was very much appreciated.

As discussed in our meeting, Brown & Root is very interested in bidding the Engineering/Construction of the Knik Arm Crossing and has had three consortia approach us about possible financing of portions of this project.

During our discussions you indicated that it would be difficult for the Department of Transportation or the State to negotiate an unsolicited bid for the overall package. Therefore, we would like to prequalify for the work in the routine manner that you plan to use later this year. Brown & Root has been involved in several major water crossings in the United States and has the expertise and the equipment available, including derrick barges that might be required for some of the heavy lifts.

Thanks again for the time that you allowed us back in February. We are looking forward to working with you on this project as it develops.

Kind Regards,

Bill

W. D. Arnold
Manager, Business Development
West Coast and Alaska

WDA/lmw

RECEIVED
MAR 27 1984
DOT & PF
Major Projects MGMT.

Copy – [illegible]
File – KAC Corp

SAMWHAN CORPORATION

ARCHITECTS, ENGINEERS & CONTRACTORS

58-20, WOONI-DONG, CHONGRO-KU, C.P.O. BOX 42, SEOUL, KOREA

HEAD OFFICE:
TELEX: SAMWHAN K28212
SAMWHAN K24389
SAMWHAN K25117
CABLE: GREENLIGHT SEOUL
PHONE: 765-0151/9

OVERSEAS BRANCH

JEDDAH BRANCH
[illegible] Palestine Rd. [illegible]
Jeddah, Saudi Arabia P.O. Box [illegible]
Telex : [illegible] SWCJED SJ
Cable : SAMWANHI JEDDAH
Phone: [illegible]

RIYADH BRANCH
Airport Road, Mataz Bldg., No. 20 Al Feradek
St. [illegible], Saudi Arabia P.O. Box 5743
Telex : 201414 SAMWAN SJ
Phone: 476-2347/7014

DAMMAM BRANCH
[illegible]
Nesfan Khaldoon, Dammam, Saudi Arabia
P.O. Box 2502
Telex : [illegible] SAMWAN SJ
Phone: 84-27530, 84-21436, 84-21100

[illegible]
Al Shmeisani Arab College Main St.
[illegible], Ground Fl.
P.O. Box 926295, Amman, Jordan
Telex : 23290 SWC JO
Phone: [illegible]

HODEIDAH BRANCH
P.O. Box 3284, Hodeidah,
Yemen Arab Republic
Telex : 5512 SWCHOD YE
Phone: [illegible]

SANA'A BRANCH
P.O. Box 1329 Sana'a, Yemen Arab Republic
Telex : 2383 SWCSNA YE
Phone: 71736

TOKYO BRANCH
[illegible]
Nishi Azabu, Minato-Ku, Tokyo, Japan
Telex : SAMWHAN J26353
Cable : SAMWHANLIGHT
Phone: 479 [illegible]

JAKARTA BRANCH
Room 405, Korea Center Bldg., Jalan Gatot
Subroto No. 58 Jakarta, Indonesia
P.O. Box 2874/JKT
Telex : 46195 SAMNUCOIA
Cable : GREENLIGHT JAKARTA
Phone: 517439, 510431

MANILA BRANCH
2nd Floor, Alfonso Bldg., Herrera Cor.
Salcedo St., Legaspi Village, Makati, Metro
Manila, Philippine
Telex : 23163 SWC MNL
Phone: [illegible]

SINGAPORE BRANCH
Rm. 3D, Yen San Bldg., 268 Orchard Rd.,
Singapore 0923
Telex : SAMWHAN RS 22086
Cable : SAMWHAN SINGAPORE
Phone: 7377853, [illegible]

KUALA LUMPUR BRANCH
[illegible] 2nd Fl. Wisma Stephens,
Jalan Raja Chulan, Kuala Lumpur,
05-12, Malaysia
Telex : SWCKL MA 32477
Phone: [illegible]

SAN FRANCISCO BRANCH
[illegible], Newhall Street, San Francisco Calif.
94124 U.S.A.
Telex : 278187 SWCUS UR,
171162 SWC SFO
Phone: [illegible]

LONDON BRANCH
Suite No. [illegible], Manfield House
[illegible] Strand London, WC2R 0LR, U.K.
Telex : [illegible] SAMWHAN
Phone: 240-25 [illegible]

AMSTERDAM BRANCH
[illegible] State Bldg., [illegible]
1079 LH Amsterdam, Netherland
Telex : 18763 SWC NL
Phone: (020) [illegible]

February 20, 1984

John B. Olson
Director
Division of Major Projects Development
Dept. of Transportation &
Public Facilities

Dear Sir,

I would like to express my sincere gratitude for your warm hospitality rendered during my visit to your office on February 10,1984, sharing time from your busy schedule.

You were very kind and helpful in conducting my successful survey on future Alaska construction market prospective for our business activities. Our technical engineering Dept.has just begun reviewing the draft of tender documents regarding Nome Harbour Project furnished to me in anticipation of your invitation.

Meanwhile, I sincerely hope that we would be invited to the tenders for the Knik Arm Bridge Project and other various projects planned for the five years ahead according as you promised that our Corporation would be registered with prospective bidder list applicable for your esteemed State Government's projects.

We assure you of our best service to highest standard if an opportunity be given to us.
Wishing the ever-lasting prosperity of your esteemed Department.

Yours Sincerely,

SAMWHAN CORPORATION

[signature]

Young-Ju Moon
Director

RECEIVED
FEB 27 1984
DOT & PF
Major Projects MGMT.

NIPPON KOKAN K.K.

1-1-2, MARUNOUCHI, CHIYODA-KU, TOKYO 100
PHONE: (03) 212-7111
TELEX: 222-2811 NKK J
CABLE ADDRESS: KOKANNK TOKYO

January 27, 1984

Alaska Department of Transportation
and Public Facilities
State of Alaska
4111, Aviation Drive
Anchorage Alaska, 99502

Attn : Mr. J. B. Olson

Gentlemen,

Re : Knik Arm Crossing

We, NIPPON KOKAN K.K. (hereinafter called NKK), have the honour to express out keen interest in participating in the captioned project and to submit herewith our company brochures, experience record and technical documents in which you will find activities and performance of our company.

As you may see from the above documents, NKK is now ranked as the third largest steelmaker in the world and in terms of all around technical expertise, NKK holds an unrivaled position because it is simultaneously a world leader in three major industrial fields - Steelmaking, Heavy Industries and Shipbuilding - allowing it to supply a comprehensive range of products and services to you.

In the field of bridge construction, NKK has considerable experience about supply and erection of steel superstructure of various type of bridge and has enjoyed good reputation in our achievement abroad as well as domestic.

Furthermore NKK has remarkable speciality of steel structures for low temperature service and has executed structural steel works in your esteemed province, such as Kenai Bridge, Sagavaiktok River Croosing,

- Cont'd on Page 2 -

Alyeska Pipe Support Bridge, Gulkana Bridge and Pipe Support structures for Trans Alaska Pipeline Project, etc.

Judging from the foregoing, we are confident that NKK is capable enough in undertaking and proceeding this bridge construction project meeting with your expectation and requirements of price, engineering service, performance and quality.

We would highly appreciate it if you could invite us to the forthcoming qualification and tender and let us have a chance to work together with you toward successful construction of this bridge.

Thank you for your attention and we are looking forward to serving you in the near furtue.

Very truly yours,

T. Suganami
Deputy General Manager
Steel Structures &
Construction Dept.

MITSUBISHI BANK, LIMITED
7-1, MARUNOUCHI 2-CHOME, CHIYODA-KU,
TOKYO 100, JAPAN

August 6, 1983

Mr. Mead Treadwell
Executive Director
Governor's Economic Commitee
On North Slope Natural Gas
P.O. Box 1700
Anchorage, Alaska 99510

Dear Mr. Treadwell,

Mr. Norio Yamamoto of Mitsubishi Research Institute kindly forwarded to us your Economic Feasibility Report on the Knik Arm Crossing dated April 15, 1983 for our reference.

After a brief review, we have found the project interesting and wish to cooperate with you for the promotion of the project.

Accordingly, we appreciate it if you could let us know the area in which we shall be of assistance to you as a member of the Mitsubishi group which is the largest industrial groups in Japan. At the same time, it will be most helpful to us if you could provide us with a detailed financial plan for the project so that we shall be able to better analyze the project from the financial point of view.

It will be a great pleasure for us to exchange ideas with you how to promote the project and we wish to continue a dialogue on the development of the project. Please contact us at any time when you need our assistance.

Looking forward to hearing from you soon, and please give my best regards to Mr. Walter J. Hickel.

Very truly yours,

K. Nakamura

Kazuo Nakamura
Director

KN/ri

P.S.

For your reference we enclosed herewith a memorandum in regards to the Yen-Financing market.

C: Copy - Jerry Hammond (for Ref (Keep original here -- give to me) JD

YUKON PACIFIC CORPORATION

12/13 Copy to J Allen

November 4, 1983

Mr. John Olsen
Major Projects Management
Department of Transportation and Public Facilities
4111 Aviation Drive
Pouch 6900
Anchorage, Alaska 99502

Dear John,

Enclosed is the letter I received from Mr. Kazuo Nakamura at the Mitsubishi Bank. Governor Hickel and I have had dinner with Mr. Nakamura twice before in Japan and he shares a strong interest in Alaska.

Either his bank, or some other part of the Mitsubitshi Group could be called upon to play a role in the Knik Arm Project. I'd keep chumming the waters by providing information his way so that they can respond when the time comes.

Congratulations on your appointment. We should be working together as time passes.

With best wishes,

Sincerely,

Mead Treadwell
Secretary

/Enclosure

RECEIVED
Project Development
NOV 7 '83
R/

	Copy	Act
Project Dev. Engr.	O	
Recon. Engr.		
Consultant	L	
Hand w/attach		
Locations		
Other		
FILE		

RECEIVED
NOV 07 1983
DOT & PF
Major Projects MGMT.

P.O. Box 101700 • Anchorage, Alaska 99510 • 907-279-1596 • Telex 25-340 Capt. Cook AHC
515 South Post Oak Road • Suite 225 • Houston, Texas 77027 • 713-960-1889 • Telex 775202 SUPRA

prepare a response for this ... carefully consider his ideas thoughtful ... suggestion

action 6/20

RECEIVED

June 2, 1983

'83

Mr. Richard S. Armstrong, P.E.
Director, Central Region
Design and Construction
State of Alaska
Dept. of Transportation and Public Facilities
4111 Aviation Avenue, Pouch 6900
Anchorage, Alaska 99502

Dave Haugen
Tom Singer
John Bechtold
Jack Allen

Re: Knik Arm Crossing

Dear Mr. Armstrong:

Thank you for your letter of May 18 and the Economic Feasibility Report on the Knik Arm Crossing. We are strongly interested in financing, design, construction and operation of the toll bridge.

Based on our experience in similar projects in Greece and Kuwait, we imagine that a possible scenario may look as follows:

1. Project will be formulated by the State. Bridge design criteria will be set; evaluation criteria for prequalification and final contract award will be laid out; and the terms of the eventual contract between the State and Contractor will be spelled out.

2. State will prequalify bidders (typically consortia of banks, engineering consultants and general contractors) on their financial, engineering and management strengths.

3. The prequalified bidders will submit their final designs, construction schedules and operation plans. State will select a successful bidder according to the preset criteria.

(continued)

4. Contractor will construct, operate and maintain the toll bridge.

5. After a certain number of years, State will purchase the bridge from Contractor for a predetermined price, and take over the operational responsibilities.

It appears from your report that most work necessary for establishment of design criteria has already been done. You could easily prepare a final design with State's fund and let bidders bid for it. This approach will simplify your task of bid evaluation, but you may miss an opportunity to take advantage of bidders' design ingenuity and particular strengths in performing certain types of construction.

Simple and loosely written design criteria helped the Government of Kuwait to get an ingeniously designed bridge (Bubiyan Bridge) inexpensively while the same approach muddled everything in the case of Rion-Antirion Crossing in Greece. My personal preference for the Knik Arm Crossing is to have relatively tight design specifications--at the level of your Conceptual Details--and permit the bidders to design only the details and construction methods to suit their capabilities.

Even with tight design specifications, the task of bid evaluation will not be simple. The fundamental question is what variable should be used as the main determinant of the bid when the construction cost is not a visible factor. One possibility would be the "Sell-back Price" if it is allowed to be bid on. All others being equal (or meeting the minimum criteria), State could pick up the bidder who offers the lowest sell-back price for a given target year.

As a part of the Contract terms, we expect the State to stipulate the maximum tolls chargeable to each type of vehicle for each period of years. We also expect the State to guaranty the minimum revenue traffic, and subsidize the Contractor if the traffic volume does not reach it. It will be a formidable task to devise a subsidy formula that will satisfy both the State and the Contractor. However, it is essential that it will be spelled out before bidding.

(continued)

Finally, because of Alaska's proximity to Japan, we expect Japanese consortia, and perhaps some Koreans, to offer very competitive bid packages. We also work closely with Japanese companies. We therefore urge you to keep the competition open to all international bidders and eliminate any and all Buy-American and U.S.-Flag requirements and penalties from this project, except that the local labor should be used for construction and operation, and that the operating company should be an Alaskan corporation.

If you wish, we will be happy to provide more detailed input as a potential bidder. Please feel free to call me anytime for informal discussion.

We wish you a great success in this challenging project.

Sincerely,

Tito.

Y. Tito Sasaki
President

STATE OF ALASKA
BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

March 29, 1984

Re: DOT&PF Position and
Perspectives on CSHB 661

The Honorable Joe Hayes
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

In response to a March 28, 1984 request from Mr. Neil Phelps-Munson of your office, following is a brief summary of the DOT&PF position and perspectives on CSHB 661. I have discussed this information with Commissioner Knapp to assure accurate presentation of our Department's position.

BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

1. Provide DOT&PF the authority to sell revenue bonds to finance toll bridges and highways; and

2. Authorize DOT&PF to collect tolls on bridges and highways to make principal and interest payments on the revenue bonds.

The purpose of the bill was to provide a financing mechanism for the Knik Arm Crossing. A framework approach was taken on advice of the Attorney General, recognizing the State Constitution's requirements to avoid legislation specific to a location or region. We also wanted to preserve the option to recommend the mechanism for future revenue producing highway or bridge projects.

The bill is modeled after the revenue bond provisions of the Airport Revenue Fund. The model was used because it is known to the legislature, and has a good track record to present to bond underwriters and rating organizations.

DEPARTMENT POSITION ON CSHB 661

The DOT&PF continues to recommend a framework concept for bills like HB 661. However, we recognize the committee substitute to be a reasonable compromise recognizing concerns expressed by legislators. We, therefore, support the committee substitute and recommend its passage.

APPLICATION TO KNIK ARM CROSSING

The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation plan will lead to the legislative direction needed to construct the crossing. No sales of revenue bonds or other related action will be taken before the next legislative session. I and other DOT&PF staff will be working with legislators to exchange information prior to finalizing our recommendations and presenting the implementation package to the legislature.

APPLICATION TO OTHER PROJECTS

If the Knik Arm Crossing uses the revenue bond sales concept outlined in CSHB 661, the mechanism will be available for other projects. (The bill requires application to the Knik Arm Crossing before any other project.) It should be recognized that bridge and highway projects that can generate revenues in excess of their operation and maintenance costs are quite unique in Alaska. To the extent such projects are identified in the future (we have none to suggest at this time) the legislature would play an active role in their development and financing.

Please contact me if you have any questions regarding our position on CSHB 661 or the Knik Arm Crossing.

Sincerely,

FOR R. J. Knapp
Commissioner

ajh

cc: Ray Gillispie, Legislative Assistant, Governor's Office
Jerry Hamel, Project Manager, Knik Arm Crossing
David Haugen, Deputy Commissioner, Central Region
Paula Ramsey, Budget Analyst/Legislative Liaison
William R. Snell, Director Planning & Programming, Central

HB

701

Revision Date:

REQUEST
Bill/Resolution No.: H.B. 701
Title: Renaming Klutina Rd. as Brenwick/Craig Rd.
Sponsor: Resources Committee
Requestor: Rep. Cato
Date of Request: 3/27/84

FISCAL DETAIL
Agency Affected: DOT&PF
Program Category Affected: Northern Region

BRU, Program or Subprogram(s) Affected: Maintenance & Operations - Southcentral District

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING			.10			
100 Pers. Svc.						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment			.60			
600 Lnd & Struc						
700 Grnts, Clms						
800 Misc.						
TOTAL OPERATING			.70			
CAPITAL			.70			
REVENUE						

FUNDING: (Thousands of Dollars)

General Fund			.70			
Federal Funds						
Other						
Total			.70			

Positions:

Full-Time			-0-			
Part-Time			-0-			
Temporary			-0-			

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Source of offsetting funds not identified by sponsor.

ANALYSIS: Attach a separate page for analysis

Prepared By: D. Truax
Division: Planning & Programming
Phone: 479-4281
Date: 3-28-84

Approved by Commissioner: Daniel F. Malick
Agency: DOT&PF
Date: 3/29/84

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

H.B. 701
Analysis Attachment

Assumptions

Assume replacement of old road sign with new one identifying new road name and two new advance signs on the north and south ends of roads intersection. Signs would be erected by Maintenance & Operations forces.

Program Summary

Positions: No new positions would be required.

Other Expenditures: One new road sign at approximately $200.00
Two new advance signs at approximately $150.00 (each)
M&O forces time (based on 25% of equip. costs) = $125.00
Total cost (rounded to nearest $100.00) = $700.00

Funding: Would assumably come from general funds.

Section Cost Analysis: Explained under "other expenditures".

Computations: Explained under "other expenditures".

Economic Impact: None

Impact on Local Government: None

HB 701

BILL HB0701
PAGE 02938
DATE 03/15/84
CHAMBER HOUSE
TEXT HOUSE BILL NO. 701 by the Resources Committee, entitled:
"An Act renaming Klutina Road as
Brenwick/Craig Road."
was read the first time and referred to the Transportation Committee.

BILL HB0701
PAGE 03101
DATE 03/29/84
CHAMBER HOUSE
TEXT The Transportation Committee has had HOUSE BILL NO. 701 (renaming Klutina Road as Brenwick/Craig Road) under consideration and reports it back as follows: Cato (Chairman), Herrmann, McBride, Davis, Flood, Szymanski and M. W. Miller recommend do pass. A fiscal note was attached. The Speaker added a Finance Committee referral to HB 701, and so HB 701 was referred to the Finance Committee. The fiscal note appears in House Journal Supplement No. 117.

Klutina Road (renaming) HOUSE BILL NO. 701, by the Resources Committee. Seeks to rename the Klutina Road near Copper Center the Brenwick/Craig Road. Does not provide for an effective date (becomes law 90 days after Governor signs bill).

Introduced March 15 and referred to Transportation.

Klutina Road (renaming) HOUSE BILL NO. 701, (see page 565). Reported back to the House March 29 by Transportation recommending it do pass. Concurring: Cato (Chair), Herrmann, McBride, Davis, Flood, Szymanski

COMMITTEE REPORT

HOUSE

4/6 Rules

(11)

FURTHER:

Date: 4-5-84

3/29/84

The Committee on FINANCE has had HB 701

"An Act renaming Klutina Road as Brenwick/Craig Road."

under consideration and recommends:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for ______ [ ] same title [ ] new title

and recommends ______

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[X] Zero Fiscal Note Attached

[X] reports it back without recommendation

[ ] referred to the ______ Committee

MEMBERS SIGNING DO PASS

R B Bettisworth
Walt Furnace
T. H. Martin
[illegible]
MILO H FRITZ

MEMBERS HAVING OTHER RECOMMENDATIONS:

J. Duncan (No Rec)
[illegible] (no rec)
Fred F. Zharoff (No Rec)

R B Bettisworth

COMMITTEE REPORT

3/29

HOUSE

(9) FURTHER:

3/15/84 Date: 3-29-84

The Committee on TRANSPORTATION has had HB 701

"An Act renaming Klutina Road as Brenwick/Craig Road."

under consideration and recommends:

[X] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [X] New Fiscal Note [ ] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

_____

_____

_____

_____

_____

_____

_____

_____

_____

MEMBERS HAVING
OTHER RECOMMENDATIONS:

_____

_____

_____

_____

_____

_____

_____

CHAIRMAN

BACKGROUND ON HOUSE BILL 701

RENAMING KLUTINA ROAD

THE KLUTINA ROAD HAD ITS BEGINNING IN THE FALL OF 1963 WHEN LEONARD BRENWICK AND OSCAR CRAIG WORKED TO CONSTRUCT AND MAINTAIN THIS ROAD AT THEIR OWN EXPENSE. THE ROAD FOLLOWS THE TRAIL USED BY THE MINERS OF 1898-99 IN TRAVELING FROM VALDEZ TO THE INTERIOR. ALONG THE EDGE OF THE ROAD ARE THE REMAINS OF CABINS USED BY THE MINERS WHEN THEY WERE FORCED TO WINTER THERE IN 1898.

LEONARD BRENWICK AND OSCAR CRAIG STARTED TO CONSTRUCT THIS PIONEER ROAD IN 1963 AND COMPLETED 12 MILES OF ITS 125 MILE LENGTH AT HIS OWN EXPENSE. PERMISSION FOR THIS PROJECT WAS GRANTED BY THE DEPARTMENT OF HIGHWAYS AND THE BUREAU OF LAND MANAGEMENT.

IN 1964 LEONARD BRENWICK WAS GIVEN A CONTRACT TO COMPLETE THE REMAINING 13 MILES. THIS CONTRACT AMOUNTED TO $6,440.00 AND IT IS INTERESTING TO NOTE THE DEMANDS OF THE CONTRACT. THE CONTRACT STATED THAT IF HE DID NOT COMPLETE THE PROJECT WITHIN THE ESTIMATED COST THEN HE WOULD BE OBLIGATED TO COMPLETE THE REMAINDER OF THE ROAD AT HIS OWN EXPENSE. LEONARD ACTUALLY MET AND COMPLETED THIS CONTRACT--AT HIS OWN EXPENSE BECAUSE EVEN IN THOSE EARLY DAYS THIS WAS NOT ENOUGH MONEY FOR THIS SIZE PROJECT. OSCAR CRAIG ACTED AS HIS OPERATOR-MECHANIC. NEITHER OF THESE MEN DREW ANY SALARY FOR THEIR EFFORTS.

IT IS ESTIMATED THERE ARE 5 to 10 THOUSAND VISITORS USING THIS ROAD FOR HUNTING, FISHING, SIGHT SEEING AND THE GATHERING OF HISTORIC INFORMATION. THIS ROAD ENCOMPASSES ONE OF THE BETTER SCENIC AREAS OF ALASKA AND ITS HISTORIC ATTRIBUTES ARE UNSURPASSED.

THERE IS A PETITION ON FILE SIGNED BY 60 MEMBERS OF THE COMMUNITY OF COPPER CENTER REQUESTING THE TITLE CHANGE. THE TOTAL POPULATION OF THIS COMMUNITY IS APPROXIMATELY 250 PEOPLE AND THERE WOULD HAVE BEEN MORE SIGNATURES OBTAINED BUT TIME DENIED AS WE WANTED TO GET THIS NAME CHANGE ACCOMPLISHED THIS YEAR AND THE PETITION HAD TO BE MAILED TO JUNEAU.

BOTH OF THESE MEN ARE NOW DECEASED BUT THIS ROAD REMAINS AS A MONUMENT TO THEIR COMMUNITY EFFORT.

HCR

2

how about "Alaska" in Title under committee substitute?

again, if it is not discriminatory to K but I think it will be challenged.

DRAFT

LETTER OF INTENT TO ACCOMPANY
HCR 2
HOUSE TRANSPORTATION COMMITTEE

It is the intent of the House Transportation Committee that the Department of Transportation and Public Facilities establish a procedure to define "space available basis".

The Committee intends the definition of "space available basis" in the context of this resolution to require passengers so traveling, be on stand-by until all paying passengers have been accommodate. Passengers would not be allowed to receive confirmed reservations unless they are paying passengers and would not be allowed reimbursement in the event that they purchased tickets and were later able to travel "space available".

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HCR 2 - Re travel by senior citizens aboard vessels
Title of the state marine highway system.
Requested by Grussendorf & Fritz Date 1/17/83

II. FISCAL DETAIL
Agency Affected DOT/PF
Program Category Affected Transportation
BRU, Program, Or Subprogram(s) Affected Marine Highway Systems
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS,CLAIMS,ETC.						
TOTAL		0	0			

FUNDING (Thousands of Dollars)

GENERAL FUND		0	0			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE 1/26/83 PREPARED BY Marty Nusbaum, Acting Director
AGENCY Marine Highway Systems
PHONE 465-3950

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

III. ANALYSIS

House Concurrent Resolution No. 2, references space available free passage for all senior citizens on an annual basis. It further specifies only the smaller "feeder class" vessels of the system. The exception would be the M/V TUSTUMENA but still one of the smaller vessels.

The Department of Transportation and Public Facilities is in the process of completing a "User Survey" of travelers on vessels of the system. The survey reveals that during the winter, (Sept. 15 through May 14) the majority (about 70%) of the passengers on the Marine Highway are Alaskans, of this group approximately 10% are traveling under the Senior Citizen Free Passage program. Therefore, the majority of beneficiaries of Senior Citizen Free Passage are Alaskans.

In the summer (May 16 through Sept. 30) the majority of the systems users (approximately 80%) as reflected in the survey, are from out of state. It would appear then that the beneficiaries of Senior Citizens Free Passage during this time would be from out of state and the state would be subsidizing this travel. Senior Citizens' groups are well organized on both local levels and nationally. We believe these groups would tend to fill the system vessels to the detriment of full fare paying passengers and would require an expansion of service to meet the needs of the older passengers.

Capacity loads are already experienced on the M/V BARTLETT during the summer on her Valdez to Whittier route. Increasing the number of travelers competing for this space, through free passage incentives, might well be counter productive. This also applies to the M/V CHILKAT and M/V TUSTUMENA on certain portions of their routes.

The "User Survey" information reflects that approximately 10% of the passengers on the Marine Highway would be eligible for Senior Citizen routes. Reducing passenger revenue by 10% for the summer months on the specified vessels would approximate the following estimates of reduced revenue.

Vessel	1982 Passenger Revenue 15 May - Oct. 1	10% of 1982 Passenger Revenue for Period
M/V AURORA	275,000	27,500
M/V LeCONTE	271,000	27,100
M/V CHILKAT	42,000	4,200
M/V BARTLETT	710,000	71,000
M/V TUSTUMENA	468,000	46,800

Free Senior Citizen passage for a full twelve months could approximate a loss of revenue of $175,000 each year.

Assuming a 50% discount was passed on the Senior Citizens for staterooms, for a full twelve months per year, the loss of additional revenue would approximate an additional $100,000.00. This estimate is founded using the same approach as the estimate on revenue loss on passage.

We believe there would be insurmountable administrative problems by the establishment of discounted stateroom tariffs for senior citizens. The main problem would be the establishment of priorities. Would these reduced fare senior citizens be allowed to make reservations for staterooms or would the staterooms be on a "space available basis?

We believe that senior citizens from out of state would again be the beneficiaries of such a program.

III. ANALYSIS - HCR 2

House Concurrent Resolution No. 2, references space available free passage for all senior citizens on an annual basis. It further specifies only the smaller "feeder class" vessels of the system. The exception would be the M/V TUSTUMENA but still one of the smaller vessels.

The Department of Transportation and Public Facilities is in the process of completing a "User Survey" of travelers on vessels of the system. The survey reveals that during the winter, (Sept. 15 through May 14) the majority (about 70%) of the passengers on the Marine Highway are Alaskans, of this group approximately 10% are traveling under the Senior Citizen Free Passage program. Therefore, the majority of beneficiaries of Senior Citizen Free Passage are Alaskans.

In the summer (May 16 through Sept. 30) the majority of the systems users (approximately 80%) as reflected in the survey, are from out of state. It would appear then that the beneficiaries of Senior Citizens Free Passage during this time would be from out of state and the state would be subsidizing this travel. Senior Citizens' groups are well organized on both local levels and nationally. We believe these groups would tend to fill the system vessels to the detriment of full fare paying passengers and would require an expansion of service to meet the needs of the older passengers.

Capacity loads are already experienced on the M/V BARTLETT during the summer on her Valdez to Whittier route. Increasing the number of travelers competing for this space, through free passage incentives, might well be counter productive. This also applies to the M/V CHILKAT and M/V TUSTUMENA on certain portions of their routes.

The "User Survey" information reflects that approximately 10% of the passengers on the Marine Highway would be eligible for Senior Citizen routes. Reducing passenger revenue by 10% for the summer months on the specified vessels would approximate the following estimates of reduced revenue.

Vessel	1982 Passenger Revenue 15 May - Oct. 1	10% of 1982 Passenger Revenue for Period
M/V AURORA	275,000	27,500
M/V LeCONTE	271,000	27,100
M/V CHILKAT	42,000	4,200
M/V BARTLETT	710,000	71,000
M/V TUSTUMENA	468,000	46,800

Free Senior Citizen passage for a full twelve months could approximate a loss of revenue of $175,000 each year.

HCR 2 (cont'd)

Assuming a 50% discount was passed on the Senior Citizens for staterooms, for a full twelve months per year, the loss of additional revenue would approximate an additional $100,000.00. This estimate is founded using the same approach as the estimate on revenue loss on passage.

We believe there would be insurmountable administrative problems by the establishment of discounted stateroom tariffs for senior citizens. The main problem would be the establishment of priorities. Would these reduced fare senior citizens be allowed to make reservations for staterooms or would the staterooms be on a "space available" basis?

We believe that senior citizens from out of state would again be the beneficiaries of such a program.

The figures outlined above are viewed as conservative losses because more senior tourists would change travel plans and travel on these vessels in Southeast Alaska instead of the larger vessels for short trips. We also believe that special rates on certain vessels would cause confusion among people not familiar with the various vessels and greatly increase the demand for expansion of free service to all vessels.

HCR

4

Representative John Lindauer
District 10-A
3933 Geneva Place
Anchorage, AK 99508

While in Juneau
Pouch V
Juneau, AK 99811
465-3709

House of Representatives

March 8, 1983

MEMORANDUM

TO: Governor Bill Sheffield
√Commissioner Casey

FROM: Representative John Lindauer

I deeply resent the inaccurate and misleading testimony presented by the Marine Highway officials at the HCR 4 hearing.

The complete lack of faith which those officials indicate they have in the ability of the Commissioner and the Governor suggests that either you or they should resign.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

(907) 465-3900

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER – ADMINISTRATION

POUCH Z
JUNEAU, ALASKA 99811

March 7, 1983

The Honorable Bette Cato
Chairman
House Transportation Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Cato:

As requested by a member of your staff, we are providing the attached position paper on HCR 4, "Relating to expansion of ferry service."

Sincerely,

Donna Page

Donna Page
Acting Deputy Commissioner

Attachment

cc: Commissioner Casey

HCR 4 - Relating to expansion of ferry service.

The preamble of HCR No. 4 alludes to issues and concerns the Department of Transportation and Public Facilities has recently addressed. These overall objectives and sensitive public concerns were addressed in the "Southeast Alaska Transportation Study" by Wilber Smith and Associates, et al. As a major transportation link, MHS operations were addressed in depth. The study does not bear out an immediate requirement to expand ferry service nor did it identify any Alaskan communities needing or requesting ferry service that were not presently connected with a marine transportation link to a larger community or on to a road or highway connection.

In the third paragraph of the resolution there is an assumption that there are, "private companies and the governments of British Columbia and the State of Washington to provide ferry service to Ketchikan without subsidy by the State of Alaska:".

At the present time there are no known, privately owned, U.S. registered vessels, capable of R.O. and R.O. plus passenger capacity available to operate either to or from Ketchikan to other ports except those of the Alaska Marine Highway Systems. To our best knowledge the State of Washington does not presently own a vessel capable of "coastwise" service as certificated by the U.S. Coast Guard.

Canada does own two vessels that are adequate and would meet our needs for R.O. and R.O. cargo plus passengers. These vessels are now fully committed to B. C. Ferry routes between Vancouver, B. C. and Prince Rupert, B. C. Should the B. C. Ferry abandon their own commitments, some major problems would have to be addressed.

The basic disadvantage to ending the Alaska Marine Highway in Ketchikan is that Ketchikan is not where the people wish to go.

The primary destination of people traveling the Marine Highway south from Petersburg is not Ketchikan, it is Prince Rupert or Seattle where the highway network begins.

For northbound traffic, the primary destination is not Ketchikan, it is north of Ketchikan. Only some 25% of the traffic wishes to disembark in Ketchikan.

To force everyone off of one vessel at Ketchikan and onto another would be a considerable inconvenience to 75% of the travelers and an inefficient use of time as well as money.

If the vessels discharging traffic were not of a similar capacity to those receiving that traffic, there would be gross inefficiencies, i.e., the larger vessel would depart less than full and the smaller would leave people behind.

All unaccompanied vehicles, such as vans, trailers, new cars, etc. would require unnecessary handling at Ketchikan to move them from one vessel to another. This would be an added expense to the consumer as these costs would be passed along.

Another possible issue would be the State's liability to the U. S. Government

for past and present Federal Aid funds expended on the present fleet. The Alaska Marine Highway is just what the name implies, a highway. Stopping the marine highway at a point short of a connection with another highway would be parallel to building two-thirds of a highway between two population centers. Not much practical use to either.

At the present time the Ketchikan Maintenance Facility is in the second stage of its construction. Upon completion of this stage, Marine Highway Systems vessels should be able to moor along side and perform both voyage maintenance and emergency repairs not requiring drydocking. This facility will not be capable of full maintenance of vessels until funding is appropriated to complete the vessel lift mechanism and specialty shops that are necessary to make the facility functional as a total vessel maintenance operation.

The Division of Marine Highway Systems does to the extent possible under the law operate its vessels using Alaska-based crews.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HCR 4 Date on Bill: 1/18/83
Title: Relating to expansion of ferry service
Sponsor:
Requestor: Lindauer

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total								

b. Revenues:

Revenue								

2. Source of funds to offset fiscal impact of bill:

N/A

3. Assumptions:

"See Attached"

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Martin J. Nusbaum Phone: 465-3950
Division: Division of Marine Highway Systems Date: 3/4/83

Approved by Commissioner: [signature] Date: 3-7-83
Department: Transportation & Public Facilities

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

ASSUMPTIONS

Since the inception of Marine Highway Systems, the Administrations and Legislators have directed the system to operate on a cost to revenue ratio of approximately two to one. Basic tariffs and routes have been tested against this philosophy. A demonstration of what this change would do to the system's revenue follows:

Assumptions - All of the systems' vessels would be operating approximately the same number of hours annually. Cost of Operations would not change. The same number of passengers and vehicles would be transported annually. The same basic traffic would be in effect.

	In Millions
Anticipated System Operational Cost - present operation	$60.0
Anticipated System Revenue - present operation	$31.4
Ratio 2 to 1 approximately.	
Adjusted System Operational Cost - Ketchikan Base	$60.0
Adjusted System Revenue - Ketchikan Base	$20.3
Ratio 3 to 1 approximately.	

To adjust the ratio back to the directed 2 to 1 ratio would require a substantial tariff increase.

One important issue would be clearing vehicles and passengers through either U. S. Customs or Canadian Customs. There are presently no facilities in Ketchikan for this operation. It probably would be necessary to expand the existing shore facility by approximately three times. There would be a need for an additional docking facility, a sterile area for customs checking as well as Customs offices. The details of such an operation would rest primarily with the Customs agencies.

If Customs issues were not addressed in Ketchikan they would have to be accomplished at the other end of the route at a cost to that operator.

Alaska State Legislature

Representative John Lindauer
District 10-A
3933 Geneva Place
Anchorage, AK 99508

While in Juneau
Pouch V
Juneau, AK 99811
465-3709

House of Representatives

March 7, 1983

TO: House Transportation Committee

FROM: Representative John Lindauer

RE: House Concurrent Resolution #4: "Relating to expansion of ferry service."

House Concurrent Resolution 4 asks the governor to direct the Commissioner of Transportation and Public Facilities to do three things to expand the amount of ferry service.

First, the resolution calls for the administration to integrate the schedules of the Alaska Marine Highway system with the schedules of ferry systems operated by public and private companies.

Second, the resolution calls for the southern terminus to be designated in an American or Canadian community which can provide adequate service to Ketchikan without subsidy from the State of Alaska.

Third, the resolution calls for the administration to repair and maintain Alaska's ferrys within Alaskan ports. The resolution also asks that there only be Alaskan-based crews.

HCR

10

CS FOR HOUSE CONCURRENT RESOLUTION NO. 10 (TRANSPORTATION)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

Relating to access to Whittier, Alaska.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS there are a number of places along the railbed of the Alaska Railroad that are paved for temporary use by automobiles when snowslides cover the Seward Highway, making it impassable; and

WHEREAS a significant number of people seek access to and from Whittier, Alaska, and access is limited to service on the Alaska Railroad; and

WHEREAS the railroad service to and from Whittier is inadequate or inconvenient and a significant number of people would prefer to drive to and from Whittier;

WHEREAS highway development to Whittier would create greater recreational opportunities for Southcentral Alaska and provide access to beautiful Prince William Sound thereby adding another important tourism attraction base, along with future harbor facilities;

BE IT RESOLVED by the Alaska State Legislature that the Governor is respectfully requested to direct the Department of Transportation and Public Facilities to complete (before the convening of the second session of the Thirteenth Legislature) a preliminary design for one way traffic facilities through Whittier tunnels and, if needed, ventilation, lighting and other amenities such as traffic control systems; and provide the legislature with construction cost estimates and projected cost per passenger based on anticipated traffic volume.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HCR 10 Date on Bill: 1/21/83
Title: Relating to access to Whittier, Alaska
Sponsor: Fritz, Szymanski & Barnes
Requestor: House State Affairs

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			0	* 250.0	0	0		
Operating								
Total			0	250.0	0	0		

b. Revenues:

Revenue			0	0	0	0		

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Cost of Preparing the existing tunnel for:

One Way Joint Use: $77,220,000 assuming 42 months design period and construction beginning in the summer of 1987.

Two Way Joint Use: $135,300,000 assuming 42 months design period and construction beginning in the summer of 1987.

* A new feasibility study to examine one way joint use, two way joint use, and

4. Disclaimer: (cont'd)
statement has not been reviewed by the OMB in the Office of the Governor. It there
fore does not represent the final estimate of fiscal impact.

Prepared By: Phone:
Division: Date:

Approved by Commissioner: C.J. Bettes Date: 3/4/83
Department: DOT&PF

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83

Assumptions (cont'd)

a new automobile tunnel would cost approximately $250,000. Due to the lead time needed for design of this project, and the progress in transferring the Alaska Railroad to the State, it would be more appropriate to begin negotiations at a later stage of the design process.

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES

RECEIVED
MAR 24 1983

4111 AVIATION AVENUE, POUCH 6900
ANCHORAGE 99502 (TELEX 25-185)

March 21, 1983

The Honorable Mitch Abood
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Abood:

The following is in response to your recent request regarding Whittier Access.

Attached are xerox copies of the section of the Executive Summary of the Whittier Transportation Options Study (WTOS) which outlines the Alternatives which were considered and the conclusions reached.

The WTOS included an effort to estimate demand for facilities which would increase access to Whittier as well as to assess the technical feasibility of such facilities. In that effort it was assumed that demand resulted from full development of Whittier according to the City comprehensive plan in existence at that time as well as an existing Shotgun Cove Road and Small Boat Harbor. Based on these assumptions and comments received from the public and other interested agencies, the demand to be expected was forecast. In consideration of the extensive technical analysis of the various options coupled with the demand forecast, Alternative 1A was recommended as a short-term solution and Alternative 1 was recommended as a medium to long-term solution. Now that time has provided perspective on the factors underlying the demand forecast, it is appropriate to update and further refine those underlying assumptions. Similarly, it is also an appropriate time to refine the engineering assumptions in light of any new technology which has become available in the interim.

Alternative 1A was developed as a short-term improvement to provide an increase in capacity and convenience until traffic increased significantly in response to full development of the Whittier area. Four trips between Portage and Whittier would be scheduled instead of the existing three. Minor track modifications would facilitate more efficient operations and reduce loading time. An additional two trips daily could be scheduled by basing the shuttle train in Whittier instead of Anchorage, for a total of six trips daily, and bus service would be provided between Portage and Anchorage. Selection of this alternative would not preclude selection of a different alternative at a future date.

Alternative 1A includes the following:

1) Ramp and track modifications and improvements and passenger stations at Whittier and Portage. These improvements would facilitate more efficient operations, at a cost of $854,000 (1983 dollars).

2) Additional rolling stock and equipment, at a total cost of $1,464,000 (1983 dollars).

3) If the Alternative 1A improvements are used for a longer period (10-20 years), significant tunnel repair work will be needed, at a total cost of about $10.0 million (1983 dollars). This work would also be required for any other rail-based alternative, including joint rail auto use of the tunnel and to facilitate continued use of the tunnel by the Alaska Railroad. Therefore, expenditures for tunnel improvements would not be "wasted" if an additional "long-term solution" alternative using the existing tunnel is implemented at a future date.

The Department will be looking at the feasibility of converting the existing railroad tunnel into a vehicular tunnel. This would allow an increase in access to Whittier and Prince William Sound. A study to determine the feasibility will begin this spring and there should be sufficient information available on such a proposal of paving the tunnel for vehicular travel by the next legislative session. Once this information is available, a copy will be sent to you.

If our office can be of further assistance please call.

Sincerely,

William R. Snell
Acting Deputy Commissioner
Central Region

Attachments

FINAL REPORT
System Alternatives & Recommendations

WHITTIER TRANSPORTATION OPTIONS STUDY

PREPARED FOR

STATE OF ALASKA
DEPARTMENT
OF TRANSPORTATION
AND PUBLIC FACILITIES

ANCHORAGE, ALASKA 99502

MARCH 1981

DMJM

420 L STREET/SUITE 406/ANCHORAGE,ALASKA 99501 907/274-1554
3250 WILSHIRE BOULEVARD/LOS ANGELES, CALIFORNIA 90010 213/381-3663

IV. TRANSPORTATION ALTERNATIVES, COMPARISONS AND EVALUATION

This chapter describes options applicable to Whittier access and discusses them from several standpoints including feasibility, construction costs, operating costs, convenience of users, safety, short and long term benefits to users, land owners, developers, etc. The options are based on current railroad technology and highway vehicles in various combinations. It is presumed that any selected alternative will require soils investigations, title searches, Environmental Impact Statements and Federal, State and Municipal reviews and approvals prior to engineering, design and construction. These items therefore are not developed further in this section. This discussion is concluded by a summary matrix which compares the features of each alternative.

Null Alternative

This is the existing system and is included only for use as a basis for comparison with alternatives that would improve access to and from Whittier. Under this alternative, Whittier residents will continue to be relatively isolated and will continue to compete with visitor and ferry traffic in and out of Whittier. With the expansion of the Whittier small boat harbor doubling its capacity, increased congestion will occur. Access will continue to become more and more inconvenient under this alternative and the existing system and service level cannot meet the maximum demand. Furthermore, the limited access capacity will act as a constraint to future growth and development in Whittier.

Alternative No. 1 - Improved Auto/Passenger Shuttle Between Bear Valley and Whittier

This alternative is a significant upgrading of the existing shuttle access to Whittier. It would reduce both travel and turn around time by relocating the western terminal from Portage to new facilities in Bear Valley with a new road connecting to the Portage Glacier Visitor's Center access road. The shuttle train would be

based in Whittier rather than Anchorage. It also reduces the waiting time by providing additional regularly scheduled shuttles and extends the daily period of shuttle service. Initially, seven (7) shuttle trips each way over a 12-hour span would be provided with provisions to increase service to thirteen (13) trips each way over 16 hours when travel demand warrants.

The initial service level would have a total capacity of about 350 vehicles per day each direction and approximately 2,100 passengers. In the expanded service, this capacity would increase to approximately 590 vehicles and 3,900 passengers each way. This service would meet about 45% of peak day person trip demand. However, additional passenger coaches could be added to the shuttle train and total person trip demand could thus be met. Auto capacity cannot meet the potential summer maximum demand, however, winter capacity would be adequate.

Total capital cost including the Bear Valley access road, improved terminal facilities, tunnel improvements, new passenger cars, etc. would be approximately $20 million for the initial system and about $24 million for the expanded level of service. Annual operating and maintenance costs were estimated at $559,000 for initial service and just over $1 million for the expanded system.

Alternative 1 could be implemented relatively quickly and its selection would not preclude the future choice of another alternative. Convenience for Whittier residents is greatly improved without opening Whittier up to unlimited access and the potential congestion which would result. A gradual development of Whittier would be encouraged by this alternative. It would also open Bear Valley to recreational use and to more spectacular views of Portage Glacier. Alternative 1 would result in increased revenues and potential funding subsidies might exist for this alternative.

Alternative No. 1-A - Improved Auto/Passenger Shuttle Between Portage and Whittier

This alternative also consists of upgrading the existing shuttle access to Whittier but retains the existing Portage terminal point. It too reduces waiting time by providing additional regularly scheduled shuttles to provide four (4) trips initially with potential for expansion to six (6) and extends the daily period of shuttle service. The initial service level retains the rail connection to Anchorage but the expanded system calls for bus service on the Anchorage link. Because the distance is identical to the existing route, travel time is the same but by improving the auto loading procedure and adding one set of rail passenger and flat cars, turn around time can be reduced. This alternative has somewhat limited capacity and could not accommodate the full maximum demand levels. However, the initial service improvements would allow about a 33% increase in existing demand and, if expanded, could provide capacity for more than double the average demand experienced during 1979.

This alternative is also a logical first step in a phased development approach. Under any of the other alternatives, some period of time will be required for necessary design and construction before they can be placed in operation. That period could range from two to five years depending on which alternative was selected. Thus, this alternative could serve either as an interim improvement or as a longer term solution. In any event, it does not preclude a later decision to select one of the other options when the demand levels warrant such action.

This alternative is both the least costly and could be implemented in the shortest period of time. Total estimated capital cost for improved terminals, parking, equipment and tunnel improvements is $8.8 million with annual operating costs ranging from $504,000 to $546,000. This alternative would also have the least overall environmental impacts.

Alternative No. 2 - Improved Rail Passenger Service

This alternative includes the rail shuttle between Bear Valley and Whittier as in Alternative No. 1 but also provides direct passenger-rail service from Anchorage to and from Whittier. No loading, unloading, or rehandling of baggage or recreational gear, etc. is necessary along the line. Some persons would find this more attractive, as it provides fast, efficient and convenient service into Whittier. The existing rail/auto shuttle would still be necessary and would be improved by reducing the length of the rail running time by extending the road into Bear Valley.

Initial service on this alternative would provide four (4) shuttle trips each way plus three (3) round trips between Whittier and Anchorage. Expansion potential could increase service to eight (8) shuttle trips and four (4) round trips to Anchorage on the passenger rail.

System capacity would be similar to Alternative No. 1 in that maximum person trip demand could readily be met but auto ferry capacity would not meet the maximum potential demand at full Whittier development. Capital costs would be similar to those of Alternative No. 1 and were estimated at about $22 million initial and $26 million for the expanded service. Annual operating costs, however, would be about 50% greater than Alternative No. 1 being estimated at $793,000 initial and $1,500,000 for the expanded service.

Overall development and environmental impacts of this alternative are approximately the same as Alternative No. 1.

Alternative No. 3 - One-way Joint Use of Existing Tunnel

This alternative would provide direct auto access by utilizing the existing railroad tunnel through Maynard Mountain between Whittier and Bear Valley. Major tunnel improvements would be required to allow use by both rail and vehicular traffic. Improvements would include lighting, ventilation, widening in selected locations to permit turnouts for disabled cars, paving the tunnel floor for rubber tired vehicles, installation of traffic signals and barriers at

each portal, grouting and lining to eliminate water leakage and ice buildup in winter months, and track reconstruction.

This alternative would have adequate theoretical capacity to accommodate the maximum potential demand. However, delays during peak demand periods could be excessive due to long queues waiting for opposing traffic to clear the tunnel. In addition, disabled vehicles in the tunnel could cause further delays since the tunnel width is inadequate to allow for automobiles to pass. The possibility of a vehicle fire presents safety problems, again due to the inability to clear the tunnel. There are also unresolved institutional issues in this option, particularly acceptance of risk or liability by the State or railroad.

Capital cost for this alternative, estimated at $36.7 million, is higher than the various rail options but lower than other direct access options. The ventilation requirement is a major item in cost for this alternative. Since the existing tunnel does not have adequate height to allow installation of the required ventilation plenum, the tunnel would have to be enlarged, resulting in extensive rock excavation. Maintenance and operating costs have been estimated at $390,000 per year. Direct access would eliminate the rail shuttle fares but the possibility of tunnel use tolls could offset these user savings.

Alternative No. 4 - Two-way Joint Use of Widened Existing Tunnel

This alternative would provide direct access to Whittier by widening the existing railroad tunnel to permit adequate highway width for two auto traffic lanes with the rail line confined to one lane. Other improvements to the tunnel would include the same features as in Alternative No. 3.

Operationally, this alternative is much simpler than the single lane tunnel but signals would still be required at each end to control traffic when a train is approaching or in the tunnel. Safety issues are also reduced but potential conflicts still exist as do the liability issues. This alternative has adequate capacity to meet the maximum demand but some potential for delays exist when train movement would close the tunnel to auto use.

Maintenance of rail facilities during the extensive tunnel expansion work would also be difficult. Capital costs for this alternative have been estimated at $64.3 million with annual operating and maintenance costs of $440,000.

Alternative No. 5 - New Two-way Highway Tunnel

In this alternative, a new two-lane highway tunnel would be constructed just south of the existing rail tunnel. The new tunnel would be approximately two and one-half miles long, provide lighting, ventilation and emergency phones. As with all highway options, the roadway into Bear Valley would be required but the rail terminal facilities would not be constructed.

Operationally, this alternative presents no rail/auto conflicts and would function simply as a highway. This alternative would provide the highest level of service and reliability of all options considered, would meet maximum demand, and also eliminate the institutional problems associated with joint tunnel use. It would also be the most expensive with capital cost estimated at $68.3 million and $440,000 annual operating and maintenance cost.

Alternative No. 6 - Portage Pass Highway

This alternative would provide a two-lane highway from the existing Portage Glacier Visitor's Center into Bear Valley and along the face of Maynard Mountain passing the end of Portage Glacier and over Portage Pass. Several locations in the section on Maynard Mountain may require either snow sheds or a short tunnel to reduce probable avalanche problems in areas of major snow chutes.

From an operational standpoint, this option would function much as other mountain highways and would have adequate capacity to meet maximum demand volumes. However, heavy winter snows, icing conditions and avalanche dangers would present severe road hazards in the winter months and high winds through Portage Pass would be a year round problem, particularly for campers and trailers. There are also steep grades (up to 9%) required between Portage Pass and Whittier which make the roadway more hazardous, particularly in winter months.

There is also a high probability of the highway being closed for periods in the winter, particularly during adverse weather conditions. Since the rail shuttle operations would probably be terminated under this option, this could result in periods of almost total isolation for the residents in Whittier.

Total capital costs for this alternative have been estimated at $47.8 million with annual maintenance and operating cost of $270,000.

Summary of Environmental Issues

While no environmental impact studies were made to quantify the various impacts, an overall assessment was conducted. In general some impact would be associated with all options. However, Alternative No. 1-A would produce by far the least impact with only minor upgrading of the Portage terminal area and Whittier terminal involved. Whittier impacts associated with development pressure would also be less than with other options.

Alternatives No. 1 and No. 2 would have similar impact since essentially the same facilities would be developed in both options. The environmental impacts would relate primarily to the Bear Valley Access Road and new terminal facilities in Bear Valley. Development pressures in Whittier would be somewhat greater than with Alternative 1-A, however, they would be more gradual and easier to control than with any of the direct access options.

In the highway options, Alternatives No. 3, 4 and 5 would have approximately equal impacts as they all require development of the Bear Valley road and extensive tunnel construction activities. Development pressures in Whittier would be about equal also given the perception of direct auto access. However, the traffic problems would be greatest with Alternative No. 3 if maximum demand was reached due to the long lines of traffic waiting to use the tunnel. Direct access could also produce severe traffic problems in Whittier given the relatively small land area and limited opportunity to develop adequate circulation and parking systems.

The Portage Pass Highway, Alternative No. 6, has all of the impacts associated with the other direct access options plus a much greater environmental consequence because of the cut along Maynard Mountain and the road through the Pass. While this route would offer excellent vistas of the glacier, it would also be visible from the visitor's center and would detract from that visually aesthetic experience.

Table S-4 presents a comparison matrix summarizing the various features of each alternative.

Cost Effectiveness

In addition to the evaluation factors summarized in Table S-4, an assessment of the relative cost effectiveness of each alternative was accomplished. This analysis was based on the assumption that the maximum demand levels would be reached at some point in time. Capital costs were annualized at various discount rates and then added to annual operating cost. Total annual costs were then divided by annual person trips to determine a cost per trip. Annual person trips were determined on the basis of maximum demand for the direct access alternatives and at system capacity for the rail systems. Tabel S-5 shows the result of this analysis.

It should be noted that this analysis tends to favor the direct access alternatives since they reflect accommodation of the number of trips under the maximum demand projections while the rail options reflect only the system capacity described in the report. However, as noted in the report, it would be possible to meet person trip demand by adding more passenger cars to the rail options even though auto access would still be limited and therefore user convenience would be lower. If maximum demand were met by the rail systems, direct cost per trip would be substantially lower than for the auto access options. Similarly, the rail options are lower in direct cost at any comparable demand level. This is particularly important since volumes lower than the maximum would undoubtedly prevail for at least a number of years.

Revenue estimates were also made for the rail systems to provide a comparison of potential net public costs since that could bear

TABLE S-4
COMPARISON MATRIX

	ALTERNATIVE							
	NULL	1	1-A	2	3	4	5	6
	No Change	Improved Auto/ Passenger Shuttle	Improved Portage Whittier Shuttle	Improved Rail Passenger Service	One-way Joint Use of Existing Tunnel	Widened Existing Tunnel, Two-way Joint Use	New Vehicle Tunnel	Portage Pass Highway
Use Existing Tunnel	X	X	X	X	X			
Enlarge Existing Tunnel						X		
New Highway Tunnel							X	
New Surface Highway								X
Bear Valley Road		X		X	X	X	X	X
Bear Valley Parking & Facilities		X		X	X			
Tourism/Recreation	None	Low	Low	Low to Medium	Medium	Medium to High	High	High
Employment opportunities	None	Low	Low	Medium	Low	Medium	High	High
Whittier Area Development	None	Low	Low	Medium	Low	Medium	High	High
Environmental Impact	None	Low	Very Low	Low	Low	Medium	Medium	High
Service Level/Capacity	Low	Medium	Medium	Medium	Medium	High	Very High	Very High
Summer Reliability	High	High	High	High	Medium	High	Very High	Very High
Winter Reliability	Medium	High	High	High	Low	High	High	Very Low
Summer Availability	Medium	High	High	High	Medium	High	High	High
Winter Availability	Very Low	Medium	Medium	Medium	Medium	High	High	Very Low
Convenience/Comfort	Very Low	Medium	Medium	Medium	Medium	High	Very High	Very High
Safety	High	High	High	High	Medium	Medium	High	Medium
Probability of Funding	N/A	Medium	Medium	Medium	Medium	Low	Low	Low
Construction/Implementation Time	N/A	Short	Very Short	Short	Medium	Long	Long	Long
Annual Maintenance & Operating Costs (thousands)	N/A	$559 Initial $1041 Exp.	$504 Initial $546 Exp.	$793 Init. $1500 Exp.	$390	$440	$440	$270
Construction/Capital Cost (millions)	N/A	$20.0 Init. $24.2 Exp.	$8.8	$21.9 Init $26.0 Exp.	$36.7	$64.3	$68.3	$47.8

TABLE S-5

ESTIMATED COST EFFECTIVENESS

Assumed Discount Rates		Alt. 1		Alt. 1-A		Alt. 2		Alt. 3		Alt. 4		Alt. 5		Alt. 6	
		10%	15%	10%	15%	10%	15%	10%	15%	10%	15%	10%	15%	10%	15%
Annual Cap. Cost	($1000)	2,055	3,030	909	1,203	2,273	3,326	3,706	5,509	6,496	9,862	6,894	10,254	4,875	7,197
Annual O/M Cost	($1000)	559	559	504	504	793	793	390	390	440	440	440	440	270	270
TOTAL	($1000)	2,614	3,589	1,413	1,707	3,066	4,119	4,096	5,899	6,936	10,302	7,334	10,794	5,145	7,467
Cap or Demand	(1000)	756	756	432	432	576	576	2,727	2,727	2,727	2,727	2,727	2,727	2,727	2,727
Cost Per Trip		$3.46	$4.75	$3.27	$3.95	$5.32	$7.15	$1.50	$2.16	$.54	$3.78	$2.69	$3.96	$1.89	$2.74
Revenue/Trip[1]		$3.96	$3.96	$3.96	$3.96	$3.96	$3.96								
Net Cost/Trip		$+0.50	$0.79	$+.69	$+.01	$1.36	$3.19	$1.50	$2.16	$2.54	$3.78	$2.69	$3.96	$1.89	$2.74

[1] Revenue per trip based on passenger only revenue as generated in 1979.

on financing feasibility. Revenue per person trip was estimated based on average per passenger (excluding vehicle revenue) during 1979. As shown in the table, when potential revenue is applied, the public cost would be completely covered for both Alternatives 1 and 1-A while being reduced significantly for Alternative No. 2. It would be possible to impose tolls in the direct access options as well and thereby reduce the public costs. However, that would eliminate one of the most significant benefits of those systems.

Summary of Funding Opportunities

The last step in evaluating the various options was to look at potential funding sources. While funding sources and mechanisms are obviously a policy issue, it was considered appropriate to look at possible existing sources, both Federal and State.

At the Federal level, the most likely sources were considered to be the Urban Mass Transit Administration (UMTA), Federal Highways (FHWA) and Federal Railway Administration (FRA). Of these, the UMTA funds were considered highly unlikely since most are applicable to communities over 50,000 population. That would mean funding would have to come through the Municipality of Anchorage where other transit programs are also under consideration. The UMTA Section 18 funds for rural area transit are relatively small and would be inadequate to cover this program.

FHWA funds are allocated to the State in a formula basis. Funds for the direct access options, particularly the new tunnel and Portage Pass Highway would undoubtedly come from the Federal-Aid Primary (FAP) monies. While the allocation of those funds is a policy issue, it did not appear proper to count on such funds for a project of this magnitude given the other highway programs with possible higher immediate demand levels.

At the state level, a current support program is operational on the Whittier shuttle as part of the Marine Highway System. In addition, HR 11737 permits the State to divert up to 5% of its annual FAP funding for capital improvement and operating

assistance on the rail service between Whittier and Portage. These funds could produce between $750,000 and $2.5 million annually depending on the allocation methods used. Again, whether these funds would be applicable to joint use options has not been determined.

FRA funds, Section 511, provide up to 100% financing for railroad rehabilitation and improvements primarily oriented to freight related programs. Given the condition of the existing tunnel and trackage, it would appear that participation in the rail alternatives (1, 1-A, or 2) could be a possibility since the improvements would also benefit freight operations. Whether such participation in the joint use options could be obtained is an institutional issue beyond the scope of this study.

In addition, there is the possibility that funding for this project could be obtained through the State Legislative process. This option is obviously a policy issue which would be addressed by the Legislature based on the merits of the specific project proposal and evaluated relative to other priorities statewide.

Based on the evaluation in this study, the most likely sources of funding have been concluded to be:

1. FHWA funding (FAP) through the 5% diversion.
2. FRA participation through loans or grants.
3. Special legislation.

VI. SUMMARY AND CONCLUSIONS

A. Summary

As in virtually every analysis of transportation alternatives, the findings and conclusions of this study represent some compromise and trade-offs between analysis factors. Such trade-offs and compromises are necessary since rarely is one alternative identified as being superior according to all criteria used in the comparison. Furthermore, the relative importance of the evaluation factors depends in some measure on the subjective judgment of the evaluator. This study has maintained an objective position while recognizing the current and potential future growth, development and resulting travel demand in the Whittier area.

Improved Whittier access has been an issue for several years and the subject of several prior studies. Basic findings from this study are not markedly different from those of the prior efforts, although conclusions may vary. Principal findings include the obvious fact that current access is inconvenient and often inadequate. In addition, vehicle access is relatively expensive compared to conventional highway travel.

The cost factor is particularly important to Whittier residents who require an automobile. The need for an auto by non-residents who enter Whittier is reduced because of the small size of the area and the convenient location of the rail terminal. Yet, for those persons wishing to use trailered boats on Prince William Sound, the cost becomes a significant factor and diminishes the desirability of the area. However, with increasing cost for gasoline, the rail shuttle may offer a least costly alternative when compared to other more distant locations which require additional fuel costs offsetting the shuttle fare.

For Whittier residents, one of the major inconveniences, relative to time and costs, is the fact that a person cannot leave and return the same day even during summer months. This situation is aggravated in the winter months because of the three-day per week service schedule. However, all of the alternatives eliminate or reduce this problem.

3. Conclusions

These considerations combined with the analysis conducted in this study lead to the following conclusions:

1. There is a definite need for improved access to Whittier.
2. Improved access can enhance the social and economic climate in Whittier by generating development which in turn will foster improvements to existing services and increase employment opportunities.
3. Expansion of the existing small boat harbor coupled with the relatively short distance to the major population center in Alaska will produce an immediate increase in travel demand. Other factors, such as increased recreation demand as the Anchorage population grows and expanding statewide tourism, will contribute to increased demand for access to Whittier and Prince William Sound in the future. The possibility also exists for increased demand associated with natural resource development and expanded port activity.
4. The existing Whittier - Valdez segment of the State Marine Highway System provides an attractive tourist resource, which possibly could be expanded in the future, and Whittier access is a vital link in that system.
5. Existing population levels in Whittier and the lack of visitor facilities combine to produce a relatively low demand at present.
6. The major highway access alternatives are very expensive and current demand levels do not warrant such costly investments.
7. The single lane joint-use tunnel Alternative No. 3 has many operational and inherent safety problems. In order to produce a reasonable degree of safety, ventilation,

and reliability, this alternative becomes nearly as expensive as the Portage Pass Highway.

8. Unresolved institutional issues, such as the ultimate acceptance of risk and liability by the State or the Alaska Railroad in a joint use operation, further contributes to the questionable feasibility of the joint use options, particularly in single-lane operations.

9. Any of the alternatives examined have adequate reserve capacity to accommodate significant growth in person trip demand. Furthermore, the rail based alternatives have exceptional flexibility to accept future increases by adding additional passenger coaches. The rail based alternatives are, however, somewhat limited in their ability to accommodate major growth in the number of automobiles transported.

10. Traffic congestion and parking problems in Whittier could become severe with the unlimited auto access alternatives and would produce significant increases in local costs for streets, parking facilities, police and security.

11. At maximum demand or capacity levels, the highway based alternatives show better cost effectiveness in terms of total annual capital and operating cost per trip. However, the revenues generated by fares in the rail based systems more than off-set the public sector costs for Alternatives 1 and 1-A. Furthermore, maximum demand levels identified will not occur immediately, and at demand levels under about 1.2 million person trips per year, the total cost per trip for Alternatives 1 and 1-A is less than any highway option even without considering revenue off-sets.

12. Only Alternative No. 1-A offers almost immediate access improvement. All others will require from three to five years to implement since engineering design, environmental studies, permit and review processes as well as construction are required. In addition, most costs associated with Alternative 1-A are applicable to Alternatives 1 and 2. Suggested improvements in the rail system under this alternative will benefit future rail operations even if one of the highway alternatives (except Number 3 and 4 which introduce auto/rail conflicts) is ultimately implemented.

13. Implementation of Alternative 1 or 1-A does not preclude access improvements in the future since all higher level alternatives require access to or through Bear Valley and the improvements to the existing rail tunnel will benefit all future rail operations.

C. Recommendation

Based on the analysis and evaluation conducted in this study, the potential funding options and the conclusions reached, this study recommends that Alternative 1-A be implemented as a first stage toward developing Alternative 1 when design and funding become available.

That action would provide some early improvement to relieve existing problems and would, with implementation of Alternative 1, provide adequate capacity for significant increase in demand in the future. A further significant advantage to this approach is that virtually all investment for capital improvement is fully applicable to a decision to implement one of the more expensive direct access alternatives in the event that future demand or other factors warrant such as major harbor expansion with attendant rail demand warrant a higher level facility or preclude use of the existing railroad tunnel.

consideration should be given to utilizing some funds through the 5% diversion of the State allocation of FAP funds for capital cost and operating assistance. The level of operating subsidy to reduce user cost is a policy issue to be decided at the Legislative level.

HCR

25

NIKISHKA CHAMBER OF COMMERCE

RESOLUTION 83-2

CREATE A 35 MILE SPEED ZONE PARALLELING THE NIKISHKA SHOPPING CENTER.

WHEREAS, the Nikishka Chamber of Commerce requests a lower speed zone from 55 mph to 35 mph; and

WHEREAS, this zone will be between Land Marine and the old Pines Bar; and

WHEREAS, this zone relates to mile 26 to mile 26.7 Spur Highway; and

WHEREAS, a crosswalk will be painted at mile 26.1 in front of the laundry building to the shopping center;

NOW THEREFORE, BE IT RESOLVED BY THE STATE DEPARTMENT OF TRANSPORTATION:

Section 1: That this proposal will insure the safety to the pedestrian who is doing business at this location.

ADOPTED BY THE NIKISHKA CHAMBER OF COMMERCE ON THIS 10th DAY OF February, 1983.

ATTEST:

Billy McCann, President

Dee Rappe, Secretary

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

record1 pos 300,301

STATE OF ALASKA
Police Accident Report
12-208 Revised 1/76

*EXPLAIN IN ACCIDENT DESCRIPTION

IF A QUESTION DOES NOT APPLY, ENTER A DASH

IF AN ANSWER IS UNKNOWN, ENTER AN "X"

INTERSECTION RELATED
1. At Intersection
2. Not At Intersection

PEDESTRIAN ACTION
1. Crossing With Signal
2. Crossing Against Signal
3. Crossing, No Signal, Marked Crosswalk
4. Crossing, No Signal or Marked Crosswalk
5. Walking Along With Traffic
6. Walking Along Against Traffic
7. Emerging In Front of/Behind parked vehicle
8. Child Getting On/Off School Bus
9. Getting On/Off Vehicle Other than School Bus
10. Pushing/Working On Car
11. Working in Roadway
12. Playing in Roadway
13. Other Actions in Roadway *
14. Not in Roadway (Indicate) *
15. Alcohol Involvement

TRAFFIC CONTROL
1. None
2. Traffic Signal
3. Stop Sign
4. Flashing Light
5. Yield Sign
6. Officer/Flagman/Guard
7. No Passing Zone
8. RR Crossing Sign
9. RR Crossing Flashing Light
10. RR Crossing Gates
22. Other *

LAND USAGE OF ACCIDENT LOCALITY
1. School/Playground
If No School/Playground, Select One Below
2. One/Two Family Residential
3. Apartment Residential
4. Business/Shopping
5. Industrial/Manufacturing
6. Agricultural/Undeveloped
7. Recreational/Park/Camping

ROADWAY CHARACTER
1. Straight and Level
2. Straight and Grade
3. Straight and Hillcrest
4. Curve and Level
5. Curve and Grade
6. Curve at Hillcrest

ROADWAY SURFACE CONDITION
1. Dry
2. Wet
3. Muddy
4. Snow/Ice
5. Slush
10. Other *

LIGHT
1. Daylight
2. Twilight
3. Dark, Streetlight
4. Dark
5. Rain
6. Snow
7. Sleet/Hail Freezing Rain
8. Fog/Smog/Smoke/Blowing Sand
10. Other *

WEATHER
1. Clear
2. Cloudy

SIGNED TEMPERATURE INDICATION (°F)

WHICH VEHICLE OCCUPIED
Enter Vehicle No. 1 - 99 or B, P, O
B. Bicyclist
P. Pedestrian
O. Other *

POSITION IN/ON VEHICLE
1. Driver
2-7 Passengers
8. Riding/Hanging On Outside

SAFETY EQUIPMENT USED
1. No Restraint Used
2. No Restraint Available
3. Lap Belt
4. Harness
5. Lap Belt and Harness
6. Child Restraint
7. Motorcycle Helmet
10. Other *

EJECTION FROM VEHICLE
1. Not Ejected
2. Partially Ejected
3. Ejected

APPARENT CONTRIBUTING FACTORS
1. None

HUMAN
2. Alcohol-Test Given
3. Alcohol-No Test Given
4. Alcohol Suspected, Not Proven
5. Backing Unsafely
6. Driver Inattention (Indicate)*
7. Driver Inexperience (Indicate)*
8. Drugs (Illegal)
9. Failure to Yield
10. Fell Asleep
11. Following too Closely
12. Illness
13. Lost Consciousness
14. Passenger Distraction
15. Passing or Lane Usage Improper
16. Pedestrian Error/Confusion
17. Physical Disability
18. Prescription Medication
19. Traffic Control Device Disregarded
20. Turning Improperly
21. Unsafe Speed
22. Other *

VEHICULAR
41. Accelerator Defective
42. Brakes Defective
43. Headlights Defective
44. Other Lighting Defects
45. Oversized Vehicle
46. Steering Failure
47. Tire Failure/Inadequate
48. Tow Hitch Defective
49. Windshield Inadequate
50. Other *

ENVIRONMENTAL
61. Animal's Action
62. Glare
63. View Obstructed/Limited
64. Other *

ROADWAY
71. Lane Marking Improper/Inadequate
72. Construction Debris
73. Pavement Deteriorated
74. Pavement Slippery
75. Shoulders
76. Signs Missing/Inoperative
77. Traffic Signal Inoperative
80. Other *

Vehicle 1 → 12
Vehicle 1 → 23
Vehicle 2 → 24
Vehicle 2 → 25
Driver 1 → 26
Alcohol Test Result
Driver 2 → 27
Alcohol Test Result

Direction Of Travel
N, NE, E, SE, S, SW, W, NW (1–8)
Vehicle 1 → 28
Vehicle 2 → 29

PRE-ACCIDENT VEHICLE ACTION
1. Going Straight Ahead
2. Making Right Turn
3. Making Left Turn
4. Making U-Turn
5. Starting from Parking
6. Starting in Traffic
7. Slowing or Stopping
8. Stopped in Traffic
9. Entering Parked Position
10. Parked
11. Avoiding Object in Roadway
12. Changing Lanes
13. Overtaking
14. Merging
15. Backing
16. Skidding
17. Out of Control
20. Other *

Vehicle 1 → 30
Vehicle 2 → 31

LOCATION OF FIRST EVENT
1. On Roadway
2. Off Roadway
→ 32

TYPE OF ACCIDENT

Collision With
1. Pedestrian
2. Pedalcycle
3. Train
4. Animal
5. Moose

M.V in Transport
6. Head On
7. Read End
8. Angle

M.V in Other Roadway
9. Head On
10. Rear End
11. Angle

Fixed Object
12. Bridge/Overpass
14. Building
15. Culvert
16. Curb/Wall
17. Ditch
18. Divider
19. Parking Meter
20. Traffic Light
21. Light Support
22. Sign Post or Utility Post
24. Other Support
25. Embankment
26. Fence
27. Guard Rail
28. Machinery
29. Tree/Stub
30. Other Object
31. Aircraft

Parked M.V
32. Parked

Non-Collision
40. Overturn
41. Fire/Explosion
42. Immersion
43. Gas Inhalation
50. Other *

First Collision → 33
Second Event → 34
Vehicle 1 → 34
Vehicle 2 → 35

Victim's Physical and Emotional State
1. Apparent Death
2. Unconscious
3. Semiconscious
4. Incoherent
5. Shock
6. Conscious

Injured Taken To:
1. Hospital
2. Clinic
3. Residence
4. Mortuary
5. Other
6. Unknown

Injured Taken By:
1. Surface Ambulance
2. Air Ambulance
3. Police (Reg. Veh.)
4. Private Vehicle
5. Airplane
6. Helicopter
7. Other
8. Unknown

Location of Most Severe Physical Complaint
1. Head
2. Face
3. Eye
4. Neck
5. Chest
6. Back
7. Shoulder/Upper Arm
8. Elbow/Lower Arm/Hand
9. Abdomen/Pelvis
10. Hip/Upper Leg
11. Knee/Lower Leg/Foot
12. Entire Body
13. None

Type of Physical Complaint
1. Amputation
2. Concussion
3. Internal
4. Minor Bleeding
5. Severe Bleeding
6. Minor Burn
7. Moderate Burn
8. Severe Burn
9. Fracture-Dislocation
10. Contusion-Bruise
11. Abrasion
12. Complaint of Pain
13. None Visible

11 | 12 | 13 | Time Date 14 | Date 15 | 16 | 17 | 18 | 19 | 20 | Telephone 21

ca...side swipe