

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11085 HOUSE TRANSPORTATION



HOUSE TRANSPORTATION COMMITTEE
STATE CAPITOL, ROOM 17
465-4858

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Co-Chair
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465-3466

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Room 403
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Room 416
465-4930

Rep. Mary Kapsner
Room 424
465-4942

Rep. Vic Kohring
Room 24
465-2186

Rep. Albert Kookesh
Room 114
465-3473

DATE: February 19, 2003
TO: House Transportation Committee Members
FROM: Barbara Cotting, Committee Aide
RE: HB 67, "Force Accounts"

Please add the attached items to the packet for HB 67, "Force Accounts"

Revised fiscal note

Summary of St. Mary's force account project

Statement of opposition from AML

The bill will be heard at 1:30 p.m. Thursday February 20.

THANKS!

A handwritten signature in cursive script that reads "Barbara".

Bill Analysis

“An Act relating to the regulation of commercial motor vehicles to avoid loss or withholding of federal highway money...”

Section 1. AS 19.10.060(c) repeal and reenact

Existing statute language:

AS 19.10.060(c) The department shall adopt regulations necessary to implement a commercial motor vehicle safety inspection program needed to avoid loss or withholding of federal highway money.

Proposed statute language in Sec. 1

AS 19.10.060(c) Except for requirements relating to a commercial motor vehicle driver's licensing program under AS 28, the department shall adopt regulations under AS 44.62 (Administrative Procedures Act) that are necessary to implement requirements imposed by federal statute or regulation that relate to commercial motor vehicles and that are necessary to avoid loss or withholding of federal highway money.

Effect of changes

Existing statutes allow the Department of Transportation and Public Facilities (DOT&PF) to adopt regulations relating to "...a commercial motor vehicle safety inspection program...". The proposed language allows the department to adopt regulations relating to all commercial vehicle activities excluding requirements relating to a commercial motor vehicle driver's licensing program. The intent of Executive Order 98, issued by then Governor Knowles, was to consolidate all truck regulation activities into DOT&PF with the single exception of the commercial motor vehicle driver's licensing program. The repeal and reenactment of AS 19.10.060(c) accomplishes that objective.

Section 2. AS 28.33.130(a) amend

Proposed change will add the prohibition against operating a commercial motor vehicle after being placed out of service under a regulation adopted under AS 19.10.060(c).

Representative Holm's amendment (page 2 starting at line 10) removes a provision in AS 28.33.130(a) whereby the presence of "...any measurable alcohol concentration within the blood or breath or any detectable presence of alcohol;" is no longer prohibited. This provision will be in conflict with current Federal Motor Carrier Safety Regulations as found in 49 CFR Sec. 392.5, which provides that "...any measurable..." is prohibited.

Alcohol tests performed by an employer pursuant to 49 CFR Sec. 382 with a result greater than 0.00 BAC but less than 0.02 BAC is considered 0.00 and not measurable

Bill Analysis

"An Act relating to the regulation of commercial motor vehicles to avoid loss or withholding of federal highway money..."

49 CFR Sec. 355 promotes adoption and enforcement of state laws and regulations pertaining to commercial motor vehicles that are compatible with appropriate parts of the Federal Motor Carrier Safety Regulations (FMCSRs).

49 CFR Sec. 355.5, defines Compatible or Compatibility as meaning that State laws and regulations applicable to interstate commerce and to intrastate movement of hazardous materials are identical to the FMCSRs and the HMRs or have the same effect as the FMCSRs; and that State laws applicable to intrastate commerce are either identical to, or have the same effect as, the FMCSRs or fall within the established limited variances under Secs. 350.341, 350.343, and 350.345 of this subchapter. Federal Hazardous Materials Regulations (FMHRs) means those safety regulations which are contained in parts 107, 171-173, 177, 178 and 180, except part 107 and Secs. 171.15 and 171.16. Federal Motor Carrier Safety Regulations (FMCSRs) means those safety regulations which are contained in parts 390, 391, 392, 393, 395, 396, and 397 of this subchapter.

The gist of this paragraph is that the laws and regulations pertaining to driver/vehicle safety standards and hazardous materials driver/vehicle safety standards must be identical either in language or effect. If they are not, the Administrator of the Federal Motor Carrier Safety Administration can institute sanction procedures that can withhold portions of our annual highway fund appropriation.

The following is a quote from the Code of Federal Regulation and essentially means that we must be in compliance or in the first year we may lose 5% of our annual Federal-aid highway funds and in the second year and subsequent years, up to 10%.

PART 384--STATE COMPLIANCE WITH COMMERCIAL DRIVER'S LICENSE PROGRAM--Table of Contents Subpart D--Consequences of State Noncompliance Sec. 384.401 Withholding of funds based on noncompliance. (a) **Following the first year of noncompliance. A State is subject to both of the following sanctions: (1) **An amount equal to five percent of the Federal-aid highway funds** required to be apportioned to any State under each of sections 104(b)(1), (b)(3), and (b)(4) of title 23, U.S.C., shall be withheld on the first day of the fiscal year following such State's first year of noncompliance under this part. (2) The Motor Carrier Safety Assistance Program (MCSAP) grant funds authorized under section 103(b)(1) of the Motor Carrier Safety Improvement Act of 1999 (Public Law 106-159, 113 Stat. 1754) shall be withheld from a State on the first day of the fiscal year following the fiscal year in which the FMCSA determined that the State was not in substantial compliance with subpart B of this part.**

(b) **Following second and subsequent year(s) of noncompliance.** A State is subject to both of the following sanctions: (1) **An amount equal to ten percent of the Federal-aid funds** required to be apportioned to any State under each of

Bill Analysis

"An Act relating to the regulation of commercial motor vehicles to avoid loss or withholding of federal highway money..."

sections 104(b)(1), (b)(3), and (b)(4) of title 23, U.S.C., shall be withheld on the first day of the fiscal year following such State's second or subsequent year of noncompliance under this part. (2) The Motor Carrier Safety Assistance Program (MCSAP) grant funds authorized under section 103(b)(1) of the Motor Carrier Safety Improvement Act of 1999 (Public Law 106-159, 113 Stat. 1753) shall be withheld from a State on the first day of the fiscal year following the fiscal year in which the FMCSA determined that the State had not returned to substantial compliance with subpart B of this part.

Section 3. AS 28.33.140(a) amend

Proposed change will provide for immediate disqualification from driving a commercial motor vehicle for the periods set out in this section for driving after being placed out of service in violation of regulations adopted under AS 19.10.060(c).

Section 4. AS 28.33.190(10) amend

Proposed change defines an "out of service order" to include an order issued under regulations adopted under AS 19.10.060(c),

Section 5. AS 28.05.011(a)(8) repealed.

AS28.05.011(a)(8) provides the Commissioner of Public Safety authority to adopt regulations necessary to implement requirements imposed by federal law or regulation that relate to commercial motor vehicles and that are needed to avoid loss or withholding of federal highway money, other than requirements relating to a commercial motor vehicle driver's licensing program or a commercial motor vehicle safety inspection program. Sec. 5, page 3, line 12, repeals this paragraph as the adoption authority will now reside in DOT&PF and DOA.

Section 6. The uncodified law of the State of Alaska is amended.

Adds a new section to allow for changes in the references to the Alaska Administrative Code in the traffic bail forfeiture schedule for certain commercial motor vehicle offenses.

Section 7. The uncodified law of the State of Alaska is amended.

Adds a new section that provides for a transition period to allow current DPS regulations to continue in force until the new regulations are adopted by DOT&PF.

Bill Analysis

"An Act relating to the regulation of commercial motor vehicles to avoid loss or withholding of federal highway money..."

Section 8. The uncodified law of the State of Alaska is amended.

Adds a new section that provides that Sections 1-5 and 7 take effect only if Section 6 receives the two-thirds majority vote of each house required by art. IV, sec.15, Constitution of the State of Alaska.

Section 9. Sets effective date for Section 7.

Section 10. Sets effective date for the act.

SUMMARY

The bill, in Section 1, accomplishes a necessary change in regulation adoption authority. Prior to the consolidation of commercial motor vehicle regulation and enforcement into DOT&PF, DPS had authority to adopt CMV regulations for driver/vehicle safety and hazardous materials transport standards. At the time of consolidation, this authority was inadvertently not transferred along with the authority to adopt regulations for a safety inspection program. This bill corrects that oversight.

The amendment proposed in Section 2, which removes the provision on "...measurable alcohol..." creates a conflict with federal regulation. If this amendment is adopted, the State of Alaska is subject to a sanction by the Federal Motor Carrier Safety Administration in the amount of 5% of our Federal-aid highway funds in the first year and 10% in subsequent years. In Federal Fiscal Year 2004, the estimate of Federal-aid highway funds obligation authority is about \$345,000,000, the potential loss to the state is about \$17,250,000 in the first year and about \$34,500,000 in the second and subsequent years. .

The remaining provisions of the bill support the language in existing statute.

The bill provisions correcting the regulation adoption authority problems and supporting the language in existing statute have been supported in the past by both the Alaska Trucking Association and Teamsters Local 959.

Aves D. Thompson, Director
Measurement Standards and
Commercial Vehicle Enforcement
Alaska Department of Transportation
and Public Facilities
907.341.3210

HOUSE BILL NO. 510

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Introduced: 3/22/02

Referred: Transportation, Judiciary

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the regulation of commercial motor vehicles to avoid loss or
2 withholding of federal highway money, and to out-of-service orders concerning
3 commercial motor vehicles; amending Rule 43.1, Alaska Rules of Administration; and
4 providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 19.10.060(c) is repealed and reenacted to read:

7 (c) Except for requirements relating to a commercial motor vehicle driver's
8 licensing program under AS 28, the department shall adopt regulations under
9 AS 44.62 (Administrative Procedure Act) that are necessary to implement
10 requirements imposed by federal statute or regulation that relate to commercial motor
11 vehicles and that are necessary to avoid loss or withholding of federal highway
12 money.

13 * **Sec. 2.** AS 28.33.130(a) is amended to read:

14 (a) A person may not operate a commercial motor vehicle or be on-duty

- 1 (1) if, within the preceding four hours, the person
 2 (A) consumed or was under the influence of
 3 (i) an alcoholic beverage;
 4 (ii) a controlled substance not prescribed by a
 5 physician; or
 6 (iii) a controlled substance prescribed by a physician
 7 that might impair a person's ability to operate a commercial motor
 8 vehicle; or
 9 *delete* (B) had any measurable alcohol concentration within the blood
 10 or breath or any detectable presence of alcohol;
 11 (2) while in possession of an alcoholic beverage or a controlled
 12 substance not prescribed by a physician unless
 13 (A) the alcoholic beverage or controlled substance is
 14 manifested and documented as part of an authorized shipment of cargo; or
 15 (B) under AS 04, the alcoholic beverage may be legally served
 16 to passengers being carried for hire;
 17 (3) after being placed out of service for violation of a regulation
 18 adopted under AS 19.10.060(c) ~~or~~ AS 28.05.011; or
 19 (4) with an invalid operator's or commercial operator's license.

20 * Sec. 3. AS 28.33.140(a) is amended to read:

- 21 (a) In addition to the court action provided in AS 28.15.181, conviction of any
 22 of the following offenses is grounds for immediate disqualification from driving a
 23 commercial motor vehicle for the periods set out in this section:
 24 (1) operating a commercial motor vehicle while intoxicated in
 25 violation of AS 28.33.030;
 26 (2) refusal to submit to a chemical test in violation of AS 28.35.032;
 27 (3) operating a motor vehicle while intoxicated in violation of
 28 AS 28.35.030;
 29 (4) leaving the scene of an accident in violation of AS 28.35.060, or
 30 failing to file, or providing false information in, an accident report in violation of
 31 AS 28.35.110;

1 (5) a felony under state or federal law that [, WHICH] was facilitated
2 because the person used a commercial motor vehicle;

3 (6) a serious traffic violation; or

4 (7) driving after being placed out of service in violation of regulations
5 adopted under AS 19.10.060(c) or AS 28.05.011.

6 * Sec. 4. AS 28.33.190(10) is amended to read:

7 (10) "out-of-service order" means an order issued under regulations
8 adopted under AS 19.10.060(c) or AS 28.05.011 that prohibits an owner or operator of
9 a commercial motor vehicle from operating a commercial motor vehicle; [.]

10 * Sec. 5. AS 28.05.011(a)(8) is repealed.

11 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 INDIRECT COURT RULE AMENDMENT. The provisions of secs. 1 - 5 of this Act
14 have the effect of changing Rule 43.1, Alaska Rules of Administration, by changing the
15 references to the Alaska Administrative Code in the traffic bail forfeiture schedule for certain
16 commercial motor vehicle offenses.

17 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 TRANSITION: REGULATIONS. (a) The Department of Transportation and Public
20 Facilities may proceed to adopt regulations necessary to carry out the changes made by this
21 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
22 before the effective date of the statutory change.

23 (b) Regulations related to commercial motor vehicles that were adopted under
24 AS 28.05.011(a)(8) and are in effect on July 1, 2002, remain in effect and may be
25 implemented and enforced by the Department of Transportation and Public Facilities until
26 regulations are adopted by that department under AS 19.10.060(c), as repealed and reenacted
27 by sec. 1 of this Act, and take effect.

28 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 CONDITIONAL EFFECT. Sections 1 - 5 of this Act take effect only if sec. 6 of this
31 Act receives the two-thirds majority vote of each house required by art. IV, sec. 15,

- 1 Constitution of the State of Alaska.
- 2 * Sec. 9. Section 7(a) of this Act takes effect immediately under AS 01.10.070(c).
- 3 * Sec. 10. Except as provided in sec. 9 of this Act, this Act takes effect July 1, 2002.

Attached is a draft bill relating to the regulation of commercial motor vehicles by the Department of Transportation and Public Facilities to avoid loss or withholding of federal highway money and repealing the authority of the commissioner of public safety to regulate those vehicles for those activities. The bill also directly amends Rule 43.1 of the Alaska Rules of Administration.

Current law splits the authority to adopt regulations regarding commercial motor vehicles, which are necessary to avoid a loss or withholding of federal highway money, among the Department of Administration for licensing of drivers of commercial motor vehicles, the Department of Transportation and Public Facilities (DOT&PF) for matters relating to commercial motor vehicle inspections, and the Department of Public Safety for all matters relating to commercial motor vehicles. Except for matters that relate to licensing of drivers of commercial motor vehicles, under this bill the authority to adopt regulations necessary to avoid the loss or withholding of federal highway money would be vested in DOT&PF.

The current administrative structure was created under Executive Orders 98 and 99. Executive Order 98 transferred the responsibility for commercial motor vehicle safety inspections from the Department of Public Safety(DPS) to the Department of Transportation and Public Facilities (DOT&PF). Executive Order 99 transferred most functions related to motor vehicles found in Title 28 from

DPS to the Department of Administration (DOA). After the issuance of Executive Orders 98 and 99, DPS retained the authority to adopt regulations related to commercial motor vehicles, except for commercial motor vehicle safety inspections and commercial motor vehicle driver licensing. If enacted into law, this bill would transfer the remaining regulation authority in DPS relating to commercial motor vehicles to avoid a loss or withholding of federal highway money to DOT&PF.

Under AS 28.05.011(a)(8), the DPS has the authority to adopt "regulations necessary to implement requirements imposed by federal law or regulation that relate to commercial motor vehicles and that are needed to avoid loss or withholding of federal highway money, other than requirements relating to a commercial motor vehicle driver's licensing program or a commercial motor vehicle safety inspection program." The bill amends AS 28.05.011(a) by repealing this paragraph in sec. 5 of the bill.

Under existing AS 19.10.060 (c), the DOT&PF has the authority to "adopt regulations necessary to implement a commercial motor vehicle safety inspection program needed to avoid loss or withholding of federal highway money."

In sec. 1 of the bill, AS 19.10.060(c) is repealed and reenacted to read:

(e) except for requirements relating to a commercial motor vehicle driver's licensing program under AS 28, the department shall adopt regulations under AS 44.62 (Administrative Procedure Act) necessary to implement requirements imposed by federal statute c. regulations that relate to commercial vehicles and that are needed to avoid loss or withholding of federal highway money.

After these changes to existing law are made through this bill, the DPS would have no responsibility to adopt regulations relating to commercial motor vehicles that are required under federal law that would result in a loss or withholding of the state's receipt of federal highway money. These changes have no impact upon the DPS's enforcement police powers over commercial motor vehicles.

When the changes occur, the responsibility for setting standards relating to operation of commercial motor vehicles, which would result in a loss or withholding of the state's receipt of federal highway money, would rest with the DOT&PF. This is a reasonable result. Many of the decisions relating to the regulation of commercial motor vehicles require engineering input, which the DOT&PF has readily available. Furthermore, the DOT&PF, as the recipient of Alaska's federal highway money, has a well-established relationship with the United States Department of Transportation. This closer relationship would be

beneficial to the operation of the commercial motor vehicle safety program.

Sections 2 - 4 of the bill make miscellaneous confirming amendments to reflect the change.

Sections 6 and 7 of the bill give notice that the bill requires an indirect amendment of Rule 43.1 of the Alaska Court System's Rules of Administration. The court system would need to revise this rule to reflect the new regulatory citations in its bail schedule. Because this bill will require an amendment of a court rule, a two-thirds majority is required for passage of these sections.

Section 8 of the bill provides for the smooth transition of the authority to adopt regulations relating to commercial motor vehicles to the DOT&PF by continuing the DPS's regulations on these matters until DOT&PF has adopted its own regulations. It also allows the DPS and the DOT&PF to begin advertising for the changes to their regulations before July 1, 2002 so long as the changes of regulations do not take effect before July 1, 2002, through neither can adopt any changes until then.

This bill will not increase the level of regulation of commercial motor vehicles. It will streamline this particular regulatory process.

Barbara,

Attached is a compilation of some of the documentation from last year. I have more if you like. I testified before the House Trans committee in support. DPS is in support and the Alaska Trucking Association and the Teamsters are in support.

In a conversation with the Representative today, he voiced concern about a couple of provisions about measurable alcohol. These provisions are in current law and are not affected by this proposed legislation. You will also note that the alcohol provisions are in Title 28 which is the Dept of Public Safety statute. If he has any questions, pls call me and I'll try to answer. Thanks for your help. Regards, Aves

Just hold this for
a while until we
are ready & have
the time.
It's not my highest
priority

22-LS1600\A

HOUSE BILL NO. 510

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Introduced: 3/22/02

Referred: Transportation, Judiciary

A companion Bill

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the regulation of commercial motor vehicles to avoid loss or
2 withholding of federal highway money, and to out-of-service orders concerning
3 commercial motor vehicles; amending Rule 43.1, Alaska Rules of Administration; and
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11 vehicles and that are necessary to avoid loss or withholding of federal highway
12 money.

13 * Sec. 2. AS 28.33.130(a) is amended to read:

14 (a) A person may not operate a commercial motor vehicle or be on-duty

(1) if, within the preceding four hours, the person

(A) consumed or was under the influence of

(i) an alcoholic beverage;

(ii) a controlled substance not prescribed by a physician; or

(iii) a controlled substance prescribed by a physician that might impair a person's ability to operate a commercial motor vehicle; or

(B) had any measurable alcohol concentration within the blood or breath or any detectable presence of alcohol; *To Strict REMOVE in our Bill*

(2) while in possession of an alcoholic beverage or a controlled substance not prescribed by a physician unless

(A) the alcoholic beverage or controlled substance is manifested and documented as part of an authorized shipment of cargo; or

(B) under AS 04, the alcoholic beverage may be legally served to passengers being carried for hire;

(3) after being placed out of service for violation of a regulation adopted under AS 19.10.060(c) or AS 28.05.011; or

(4) with an invalid operator's or commercial operator's license.

* Sec. 3. AS 28.33.140(a) is amended to read:

(a) In addition to the court action provided in AS 28.15.181, conviction of any of the following offenses is grounds for immediate disqualification from driving a commercial motor vehicle for the periods set out in this section:

(1) operating a commercial motor vehicle while intoxicated in violation of AS 28.33.030;

(2) refusal to submit to a chemical test in violation of AS 28.35.032;

(3) operating a motor vehicle while intoxicated in violation of AS 28.35.030;

(4) leaving the scene of an accident in violation of AS 28.35.060, or failing to file, or providing false information in, an accident report in violation of AS 28.35.110;

1 (5) a felony under state or federal law that [, WHICH] was facilitated
2 because the person used a commercial motor vehicle;

3 (6) a serious traffic violation; or

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9 a commercial motor vehicle from operating a commercial motor vehicle; [.]

10 * Sec. 5. AS 28.05.011(a)(8) is repealed.

11 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
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21 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
22 before the effective date of the statutory change.

23 (b) Regulations related to commercial motor vehicles that were adopted under
24 AS 28.05.011(a)(8) and are in effect on July 1, 2002, remain in effect and may be
25 implemented and enforced by the Department of Transportation and Public Facilities until
26 regulations are adopted by that department under AS 19.10.060(c), as repealed and reenacted
27 by sec. 1 of this Act, and take effect.

28 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 CONDITIONAL EFFECT. Sections 1 - 5 of this Act take effect only if sec. 6 of this
31 Act receives the two-thirds majority vote of each house required by art. IV, sec. 15,

- 1 Constitution of the State of Alaska.
- 2 * **Sec. 9.** Section 7(a) of this Act takes effect immediately under AS 01.10.070(c).
- 3 * **Sec. 10.** Except as provided in sec. 9 of this Act, this Act takes effect July 1, 2002.

HB

301

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 301
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

May 5, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing the Knik Arm Bridge and Toll Authority and relating to that authority.

This bill establishes an independent authority to build and operate a toll bridge over Knik Arm. The authority would be able to receive federal money and issue revenue bonds to finance the toll bridge and its appurtenant facilities. The authority would design, construct, and operate the bridge and its facilities.

The authority would be a public corporation that, although an instrumentality of the state within the Department of Transportation and Public Facilities, would have a separate independent legal existence from the state. The revenue of the authority would not become part of the general fund and the property of the authority would be exempt from taxation.

The bill establishes a three-person board to govern the authority. The commissioners of revenue and transportation and public facilities would serve on the board, along with a member of the public appointed by the governor for a five-year term.

Construction of a Knik Arm bridge is a cornerstone of my public transportation development plan. A Knik Arm bridge will unite Anchorage and the Matanuska-Susitna Borough to enable growth throughout southcentral Alaska.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 301
 (H) Publish Date: 5/6/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title An act establishing the Knik Arm Bridge BRU Knik Arm Bridge
and Toll Authority Component Knik Arm Bridge
 Sponsor Rules by Request of the Governor
 Requester Rules by Request of the Governor Component No. 2715

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	187.7	193.3	199.1	205.1	211.2	217.5
Travel	30.0	30.0	30.0	30.0	30.0	30.0
Contractual	200.0	200.0	200.0	200.0	200.0	200.0
Supplies	20.0	5.0	5.0	5.0	5.0	5.0
Equipment	50.0	5.0	5.0	25.0	5.0	5.0
Land & Structures						
Grants & Claims						
Miscellaneous	36.0	36.0	36.0	36.0	36.0	36.0
TOTAL OPERATING	523.7	469.3	475.1	501.1	487.2	493.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (CIP Receipts)	523.7	469.3	475.1	501.1	487.2	493.5
TOTAL	523.7	469.3	475.1	501.1	487.2	493.5

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Dennis R. Poshard Phone 465-3900
 Division Commissioner's Office Date/Time 5/5/03 3:22 PM
 Approved by: Mike Barton, Commissioner Date 5/5/2003
 Agency Department of Transportation and Public Facilities

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 301

ANALYSIS CONTINUATION

FISCAL NOTE CONTINUATION SHEET PAGE 2 OF 2

Knik Arm Bridge and Toll Authority

The Following assumptions were used:

Personal Services: The Bridge and Toll Authority will start with three staff, including an Executive Director, administrative, and clerical support. Staffing will be filled at the following levels:

- Executive Division Director - Range 26A including benefits: \$97,474 annually
- Admin Manager I, Range 15A including benefits: \$53,090 annually
- Admin Clerk II, Range 8A including benefits: \$37,089 annually

Total on-going personal services: \$187,653 annually. Three percent salary increases yearly over the six-year interval.

Travel: Travel and per diem expenses calculated based on 2 of 3 appointed Board members traveling to Anchorage once monthly for Board meetings. Standard per diem rates were used. The travel budget also includes in-state staff travel, lodging and meal allowances; no inflationary increases included.

Contractual: Contractual items to include extensive legal services in the first year (necessary to set up the Authority), ongoing computer office system support, and costs associated with financial, engineering, and planning consultants and advisors.

Equipment: The authority will need a computer system with server, office copiers, fax machine, phones and cell phones. Computer system upgrades to occur every third year.

Miscellaneous: Assumes the necessity of leased office space at \$3000.00/month including utilities.

23-GH1149D
Utermohle
5/9/03

CS FOR HOUSE BILL NO. 301(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Knik Arm Bridge and Toll Authority and relating to that**
2 **authority; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 44 is amended by adding a new chapter to read:

5 **Chapter 90. Knik Arm Bridge and Toll Authority.**

6 **Article 1. Establishment and Organization.**

7 **Sec. 44.90.011. Purpose.** The purpose of the authority created by this chapter
8 is to develop, stimulate, and advance the economic welfare of the state and further the
9 development of public transportation systems in the vicinity of the Upper Cook Inlet
10 with construction of a bridge to span Knik Arm and connect the Municipality of
11 Anchorage and the Matanuska-Susitna Borough.

12 **Sec. 44.90.021. Establishment of authority.** (a) There is established the
13 Knik Arm Bridge and Toll Authority. The authority is a public corporation and an
14 instrumentality of the state within the Department of Transportation and Public

1 Facilities, but the authority has a separate and independent legal existence from the
2 state. The exercise by the authority of the powers in this chapter is considered an
3 essential governmental function of the state.

4 (b) The authority may not be terminated as long as it has bonds, notes, or other
5 obligations outstanding. Upon termination of the authority, its rights and property
6 pass to the state.

7 **Sec. 44.90.031. Board of directors of authority.** (a) The authority shall be
8 governed by a board of directors consisting of the following:

9 (1) the commissioner of transportation and public facilities or the
10 commissioner's designee;

11 (2) the commissioner of revenue or the commissioner's designee;

12 (3) one public member, appointed by the governor, who is a state
13 resident and United States citizen;

14 (4) the mayor of the Municipality of Anchorage or the mayor's
15 designee;

16 (5) the mayor of the Matanuska-Susitna Borough or the mayor's
17 designee.

18 (b) The public member of the board shall serve for a term of five years and
19 may be reappointed to a single successive five-year term. The public member may
20 only be removed for cause.

21 (c) If a vacancy occurs in the public member seat on the board, the governor
22 shall make an appointment, effective immediately, for the unexpired portion of that
23 member's term.

24 **Sec. 44.90.041. Operation of authority.** (a) The powers of the authority are
25 vested in the board.

26 (b) Three members of the board constitute a quorum.

27 (c) The public member of the board serves as the chair of the board. Members
28 shall elect other officers they determine desirable.

29 (d) Action may be taken and motions and resolutions adopted by the board at a
30 meeting by the affirmative vote of at least three members.

31 (e) The public member of the board shall receive a stipend of \$300 a day

1 while performing business of the authority.

2 (f) The members of the board serving under AS 44.90.031(a)(1), (2), (4), and
3 (5) serve without compensation, but are entitled to per diem and travel expenses
4 authorized by law under AS 39.20.180.

5 **Sec. 44.90.051. Executive director.** The authority shall employ an executive
6 director who may not be a member of the board. The executive director shall serve at
7 the pleasure of the board. The board shall establish the duties and compensation of the
8 executive director.

9 **Sec. 44.90.061. Employment of personnel.** The executive director may hire
10 employees of the authority. The board shall prescribe the duties and compensation of
11 authority employees.

12 **Sec. 44.90.071. Personnel exempt from State Personnel Act.** The executive
13 director and employees of the authority are in the exempt service under AS 39.25
14 (State Personnel Act).

15 **Sec. 44.90.081. Legal advisor.** The attorney general is the legal counsel for
16 the authority. The attorney general shall advise the authority in legal matters and
17 represent it in suits.

18 **Article 2. Powers and Duties.**

19 **Sec. 44.90.111. Powers and duties of the authority.** (a) In furtherance of its
20 purposes, the authority may

21 (1) own, acquire, construct, develop, create, reconstruct, equip,
22 operate, maintain, extend, and improve the Knik Arm bridge and its appurtenant
23 facilities;

24 (2) sue and be sued;

25 (3) adopt a seal;

26 (4) adopt, amend, and repeal regulations under AS 44.62 and establish
27 bylaws;

28 (5) make and execute agreements, contracts, and other instruments for
29 the exercise of its powers and functions under this chapter, including contracts with
30 any person, firm, corporation, governmental agency, or other entity;

31 (6) in its own name acquire, lease, rent, or convey real and personal

1 property;

2 (7) issue bonds and otherwise incur indebtedness, in accordance with
3 AS 44.90.131, in order to pay the cost of the Knik Arm bridge and its appurtenant
4 facilities; the authority may also secure payment of the bonds or other indebtedness as
5 provided in AS 44.90.131;

6 (8) apply for and accept gifts, grants, or loans from a federal agency or
7 an agency or instrumentality of the state, or from a municipality, private organization,
8 or other source;

9 (9) fix and collect fees, rents, tolls, rates, or other charges for the use of
10 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
11 or provided by the authority; notwithstanding AS 37.10.050(a), fees, rents, tolls, rates,
12 and other charges fixed and collected under this paragraph may exceed the actual
13 operating cost of the use of the bridge, facility, or service;

14 (10) pledge fees, rents, tolls, rates, charges, or other revenue of the
15 authority as security for bonds of the authority;

16 (11) deposit or invest its funds, subject to agreements with
17 bondholders;

18 (12) procure insurance against any loss in connection with its
19 operation;

20 (13) contract for and engage the services of consultants, experts, and
21 financial and technical advisors that the authority considers necessary for the exercise
22 of its powers and functions under this chapter;

23 (14) apply for, obtain, hold, and use permits, licenses, or approvals
24 from appropriate agencies of the state, the United States, a foreign country, and any
25 other proper agency in the same manner as any other person;

26 (15) perform reconnaissance studies and engineering, survey, and
27 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

28 (16) exercise powers of eminent domain or file a declaration of taking
29 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
30 09.55.460 to acquire land or an interest in land;

31 (17) confer with municipal and other governments, metropolitan

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planning organizations, and the department, concerning the Knik Arm bridge;

(18) do all acts and things necessary to carry out the powers expressly granted or necessarily implied in this chapter.

(b) The authority shall

(1) prepare an annual report of its operations to include a balance sheet, an income statement, a statement of changes in financial position, a reconciliation of changes in equity accounts, a summary of significant accounting principles, an auditor's report, comments regarding the year's business, and prospects for the next year; the report shall be completed by the third day of each regular session of the legislature, and the authority shall notify the governor, the commissioner of the department, the presiding officers of each house of the legislature, and the Legislative Budget and Audit Committee that the report is available;

(2) comply with the provisions of AS 37.07 (Executive Budget Act), except that AS 37.07 does not apply to the activities of the authority that relate to the authority's borrowing of money as provided in this chapter, including the issuing of its obligations or evidence of that borrowing and the repayment of the debt obligation;

(3) establish a personnel management system for hiring employees and setting employee-benefit packages;

(4) establish procedures, rules, and rates governing per diem and travel expenses of the employees of the authority in substantial conformity to statutes, procedures, rules, and rates applicable to state employees of similar state entities;

(5) coordinate the exercise of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge with the department, and with the mayors of the Municipality of Anchorage and the Matanuska-Susitna Borough.

Sec. 44.90.121. Bonds of the authority. The authority may borrow money and issue bonds on which the principal and interest are payable from money derived from the fees, rents, tolls, rates, charges, and other revenue of the authority under this chapter. Before issuing bonds for the Knik Arm bridge, the authority shall submit to the state bond committee a description of the bond issue and a preliminary prospectus, offering circular, or official statement relating to the bond issue. Bonds may not be issued unless the state bond committee finds, based upon the information submitted by

1 the authority under this section and other information that is reasonably available to
2 the committee, that the Knik Arm bridge revenue and other revenue available to the
3 authority can be reasonably expected to be adequate for payment of the principal and
4 interest on the bonds to be issued and that issuance of the bonds by the authority
5 would not be expected to adversely affect the ability of the state or its political
6 subdivisions to market bonds. Bonds may not be issued unless the principal amount
7 of the bond issue is authorized by law.

8 **Sec. 44.90.131. Trust indentures and trust agreements.** (a) In the
9 discretion of the authority, an issue of bonds may be secured by a trust indenture or
10 trust agreement between the authority and a corporate trustee, by a secured loan
11 agreement or other instrument, or by a resolution giving powers to a corporate trustee,
12 by means of which the authority may

13 (1) make agreements with the trustee or the holders of the bonds that
14 the authority determines to be necessary or desirable, including agreements as to the

15 (A) application, investment, deposit, use, and disposition of

16 (i) the proceeds of bonds of the authority;

17 (ii) money or other property of the authority; or

18 (iii) money or other property in which the authority has

19 an interest;

20 (B) fixing and collecting of fees, rents, tolls, rates, or other
21 charges;

22 (C) assignment by the authority of its rights in any contract
23 with respect to the Knik Arm bridge or in a mortgage or other security interest
24 created with respect to the Knik Arm bridge to a trustee for the benefit of
25 bondholders;

26 (D) terms and conditions under which the authority may issue
27 additional bonds;

28 (E) vesting in a trustee of rights, powers, duties, money, or
29 property in trust for the benefit of bondholders, including the right to enforce
30 payment, performance, and all other rights of the authority or of the
31 bondholders, under a lease, power of contract, contract of sale, mortgage,

1 security agreement, or trust by injunction or other proceeding or by taking
2 possession by agent or otherwise, and operating the Knik Arm bridge and
3 collecting rents or other consideration and applying the same in accordance
4 with the trust agreement;

5 (2) pledge, mortgage, or assign money, leases, agreements, property,
6 or other rights or assets of the authority either presently in hand or to be received in
7 the future, or both; and

8 (3) provide for any other matters that affect the security or protection
9 of the bonds.

10 (b) Notwithstanding any other provisions of this chapter, the trust agreement
11 must contain an agreement by the authority that the authority will at all times maintain
12 fees, rents, tolls, rates, or other charges sufficient to

13 (1) pay the costs of operation and maintenance of the Knik Arm bridge
14 and its appurtenant facilities and the principal of and interest on bonds issued under
15 the trust agreement as the bonds severally become due and payable;

16 (2) provide for debt service coverage as considered necessary by the
17 authority for the marketing of its bonds; and

18 (3) provide for renewals, replacements, and improvements of the Knik
19 Arm bridge, and to maintain reserves required by the terms of the trust agreement.

20 (c) For the purpose of securing one or more issues of its bonds, the authority
21 may establish one or more special funds, called "capital reserve funds," and shall pay
22 into those capital reserve funds the proceeds of the sale of its bonds and any other
23 money that is available to the authority for the purposes of those funds. The funds
24 shall be established only if the authority determines that the establishment would
25 enhance the marketability of the bonds. All money held in a capital reserve fund,
26 except as provided in this section, shall be used as required solely for (1) the payment
27 of the principal of and interest on bonds or of the sinking fund payments with respect
28 to those bonds, (2) the purchase or redemption of bonds, or (3) the payment of a
29 redemption premium required to be paid when those bonds are redeemed before
30 maturity. However, money in a fund may not be withdrawn from the fund at any time
31 in an amount that would reduce the amount of the fund to less than the capital reserve

1 requirement set out in (d) of this section, except for the purpose of making, with
2 respect to those bonds, payment, when due, of principal, interest, redemption
3 premiums, and the sinking fund payments for the payment of which other money of
4 the authority is not available. Income or interest earned by or increment to a capital
5 reserve fund due to the investment of the fund or any other amounts in the fund may
6 be transferred by the authority to other funds or accounts of the authority to the extent
7 that the transfer does not reduce the amount of the capital reserve fund below the
8 capital reserve fund requirement.

9 (d) If the authority decides to issue bonds secured by a capital reserve fund,
10 the bonds may not be issued if the amount in the capital reserve fund is less than the
11 amount of the capital reserve fund requirement, if any, established by resolution of the
12 authority, unless the authority, at the time of issuance of the obligations, deposits in
13 the capital reserve fund from the proceeds of the obligations to be issued or from other
14 sources an amount that, together with the amount then in the fund, will not be less than
15 the capital reserve fund requirement.

16 (e) In computing the amount of a capital reserve fund for the purpose of this
17 section, securities in which all or a portion of the fund is invested shall be valued by
18 some reasonable method established by the authority by resolution. Valuation on a
19 particular date shall include the amount of any interest earned or accrued to that date.

20 (f) The chair of the board shall annually, not later than January 2, deliver to
21 the governor and the legislature a certificate stating the sum, if any, required to restore
22 any capital reserve fund to the capital reserve fund requirement. Money appropriated
23 during that fiscal year for capital reserve fund restoration shall be deposited by the
24 authority in the proper capital reserve fund.

25 (g) If the authority decides to issue bonds secured by a capital reserve fund,
26 the bonds may not be issued until 30 days after the authority has mailed notification to
27 the state bond committee and the Legislative Budget and Audit Committee by certified
28 mail of its intention to establish a capital reserve fund to secure the bond issue. The
29 notification must include the amount of the capital reserve fund to be established, the
30 amount of bonds proposed to be issued, and the total cost for which the bonds are to
31 be issued. The notification shall be accompanied by an estimate by the authority of

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the need to withdraw money from the capital reserve fund during the term of the bond issue, the amount that may be necessary to withdraw, and the time at which withdrawals are estimated to be needed. By January 30 of each year, the authority shall prepare, and provide to the state bond committee and the Legislative Budget and Audit Committee, a revised estimate, considering the same factors, and a statement of all withdrawals that have occurred from the date of issuance of the bonds to the end of the preceding calendar year.

(h) Nothing in this section creates a debt or liability of the state.

Sec. 44.90.141. Validity of pledge. It is the intention of the legislature that a pledge made in respect of bonds shall be perfected and shall be valid and binding from the time the pledge is made, that the money or property so pledged and after that received by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act, and that the lien of the pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the authority irrespective of whether the parties have notice. Neither the resolution, trust agreement, nor any other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code in order to be perfected or to be valid, binding, or effective against the parties. This section does not affect title to or conveyances of real property, and does not limit the applicability of AS 40.17.080(b).

Sec. 44.90.151. Nonliability on bonds. (a) Neither the members of the board nor a person executing the bonds of the authority is liable personally on the bonds or is subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the authority do not constitute an indebtedness or other liability of the state or of a political subdivision of the state other than the authority, but shall be payable solely from the income, receipts, or other money or property of the authority.

(c) The authority may not pledge the faith or credit of the state or of a political subdivision of the state other than the authority, and the issuance of a bond by the authority does not directly, indirectly, or contingently obligate the state or a political subdivision of the state to apply money from, levy, or pledge any form of taxation to

1 the payment of the bond.

2 (d) Each obligation issued under this chapter other than a state guaranteed
3 bond shall contain on its face a statement that the authority is not obligated to pay it
4 nor the interest on it except from the revenue or assets of the authority and that neither
5 the faith and credit nor the taxing power of the state or of any political subdivision of
6 the state is pledged to the payment of the principal of or the interest on the obligation.

7 **Sec. 44.90.161. Pledge of the state.** The state pledges to and agrees with the
8 holders of bonds issued under this chapter and with a federal agency that loans or
9 contributes money in respect to the Knik Arm bridge that the state will not limit or
10 alter the rights and powers vested in the authority under this chapter to fulfill the terms
11 of a contract made by the authority with the holders or federal agency or in any way
12 impair the rights and remedies of the holders until the bonds, together with the interest
13 on them, with interest on unpaid installments of interest, and all costs and expenses in
14 connection with an action or proceeding by or on behalf of the holders, are fully met
15 and discharged. The authority may include this pledge and agreement of the state,
16 insofar as it refers to holders of bonds of the authority, in a contract with the holders
17 and, insofar as it relates to a federal agency, in a contract with the federal agency.

18 **Sec. 44.90.171. Exemption from taxation.** The real and personal property of
19 the authority and its assets, income, and receipts are declared to be the property of a
20 political subdivision of the state and are exempt from all taxes and special assessments
21 of the state or a political subdivision of the state. All bonds of the authority are
22 declared to be issued by a political subdivision of the state and for an essential public
23 and governmental purpose. The bonds, the interest on the bonds, the income from the
24 bonds and the transfer of the bonds, and all assets, income, and receipts pledged to pay
25 or secure the payment of the bonds or interest on the bonds are, at all times, exempt
26 from taxation by or under the authority of the state, except for inheritance and estate
27 taxes and taxes on transfers by or in contemplation of death. Nothing in this section
28 affects or limits an exemption from license fees, property taxes, or excise, income, or
29 other taxes provided under any other law, nor does it create a tax exemption with
30 respect to the interest of any business enterprise or other person, other than the
31 authority, in any property, assets, income, receipts, project, or lease, regardless of

1 whether financed under this chapter.

2 **Sec. 44.90.181. Bonds legal investments for fiduciaries.** The bonds of the
3 authority are securities in which all public officers and bodies of the state and all
4 municipalities and municipal subdivisions, all insurance companies and associations
5 and other persons carrying on an insurance business, all banks, bankers, trust
6 companies, savings banks, savings associations, including savings and loan
7 associations and building and loan associations, investment companies and other
8 persons carrying on banking business, all administrators, guardians, executors,
9 trustees, and other fiduciaries, and other persons who are now or may afterward be
10 authorized to invest in bonds or other obligations of the state may properly and legally
11 invest money, including capital in their control or belonging to them. Notwithstanding
12 any other provision of law, the bonds of the authority are also securities that may be
13 deposited with and may be received by all public officers and bodies of the state and
14 all municipalities and municipal subdivisions for any purpose for which the deposit of
15 bonds or other obligations of the state is now or may afterward be authorized.

16 **Sec. 44.90.191. Audit.** The legislative auditor annually shall audit, or cause to
17 have audited, the financial records of the authority. The legislative auditor may
18 prescribe the form and content of the financial records of the authority and shall have
19 access to these records at any reasonable time.

20 **Sec. 44.90.201. State appropriations for Knik Arm bridge and**
21 **appurtenant facilities not affected.** This chapter does not prevent the state from
22 making appropriations for or in aid of the acquisition, design, construction, or
23 operation of the Knik Arm bridge and its appurtenant facilities.

24 **Sec. 44.90.211. Insurance.** The authority shall keep in force public liability
25 insurance in an amount reasonably calculated to cover potential claims for bodily
26 injury, death or disability, and property damage that may arise from or be related to its
27 operation and activities, naming the state as an additional insured.

28 **Sec. 44.90.221. Safeguarding of money.** The authority shall maximize
29 revenue from and deposit all money in depositories acceptable to the commissioner of
30 revenue and otherwise safeguard the money under instructions as the commissioner of
31 revenue may from time to time issue.

1 **Sec. 44.90.231. Fidelity bond.** The authority shall obtain a fidelity bond in an
2 amount determined by the board, for the members of the board and any official
3 responsible for authority accounts and finances. A bond must be in effect for the
4 tenure of the bonded person.

5 **Article 3. General Provisions.**

6 **Sec. 44.90.241. Exemption from local regulation.** Notwithstanding any
7 contrary provision of law, the activities of the authority are exempt from land use
8 planning, zoning, permitting, or other similar governmental powers of political
9 subdivisions of the state.

10 **Sec. 44.90.249. Definitions.** In this chapter, unless the context requires
11 otherwise,

12 (1) "authority" means the Knik Arm Bridge and Toll Authority;

13 (2) "board" means the board of directors of the authority;

14 (3) "department" means the Department of Transportation and Public
15 Facilities.

16 **Sec. 44.90.250. Short title.** This chapter may be cited as the Knik Arm
17 Bridge and Toll Authority Act.

18 * **Sec. 2.** AS 36.30.015(f) is amended to read:

19 (f) The board of directors of the Alaska Housing Finance Corporation,
20 notwithstanding AS 18.56.088, and the board of directors of the Knik Arm Bridge
21 and Toll Authority under AS 44.90.111, shall adopt regulations under AS 44.62
22 (Administrative Procedure Act) and the board of trustees of the Alaska State Pension
23 Investment Board shall adopt regulations under AS 37.10.240 to govern the
24 procurement of supplies, services, professional services, and construction for the
25 respective public corporation and board. The regulations must reflect competitive
26 bidding principles and provide vendors reasonable and equitable opportunities to
27 participate in the procurement process and must include procurement methods to meet
28 emergency and extraordinary circumstances. Notwithstanding the other provisions of
29 this subsection, the Alaska Housing Finance Corporation, the Knick Arm Bridge and
30 Toll Authority, and the Alaska State Pension Investment Board shall comply with
31 AS 36.30.170(b).

- 1 * **Sec. 3.** AS 39.25.110 is amended by adding a new paragraph to read:
2 (39) the executive director and employees of the Knik Arm Bridge and
3 Toll Authority under AS 44.90.051 and 44.90.061.
4 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

**CITY OF HOUSTON
DALE ADAMS, MAYOR**

P.O. Box 940027
Houston, Alaska 99694
907-892-6869
907-892-7677 Fax
cityhall@mtaonline.net

May 8, 2003

Representative Beverly Masek
Alaska State Capitol
Juneau, Ak. 99801

Dear Bev,

I am in support of building a bridge over Kink Arm. I cannot support paying a toll without knowing what the cost per trip would be. Also would there be yearly passes available to commuters?

Sincerely,


Dale Adams, Mayor

HB

304

ALASKA STATE HOUSE OF REPRESENTATIVES

Interim Address:

3340 Badger Road, Suite 290
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4721



Session Contact:
(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

HB 304 SPONSOR STATEMENT

The Jack Coghill Bridge to the Interior

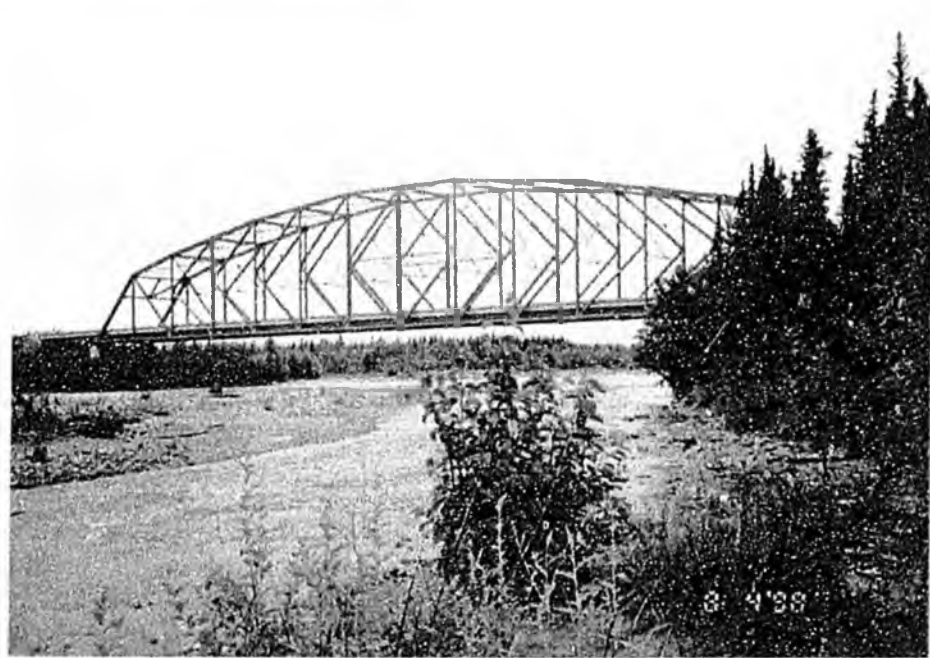
In 1961, State House Representative Jack Coghill was working on state funding to build a bridge over the Nenana River just south of Nenana at Rex. Part of the difficulty in getting funding for this bridge was that no roads were going to or coming from the area at the time. However, Jack knew that if a bridge were built, roads would soon connect the Interior to Southcentral Alaska.

The idea of a bridge with no connecting roads was so humorous, that some of the legislators called it "Jack Coghill's Bridge to Nowhere." Despite the criticism, Mr. Coghill held that the road would soon become a thoroughfare between Fairbanks and Anchorage. Mr. Coghill was successful in getting the funding, and once the appropriations for the bridge were made, it was built in record time. Soon after construction was completed, just as planned, roads to and from the bridge were built. Because of Mr. Coghill's efforts, the travel time between Anchorage and Fairbanks was cut from twelve hours to six, and the citizens of Alaska continue to benefit from the increased access that the bridge has provided.

Bridge #216, which currently has no name, crosses the Nenana River at the area called "Rex Crossing." At the frequent suggestion of my son Joshua, and other close friends of my father, I would like to name the bridge the "Jack Coghill Bridge to the Interior" to commemorate the contributions of one of Alaska's great citizens. Jack Coghill has served the state in various positions throughout the twentieth century:

- Territorial legislature member
- Alaska Constitutional Convention member
- State House Representative
- State Senator
- Lieutenant Governor under Walter Hickel

His visionary ideas, years of service to Alaska, and longtime citizenship of the Nenana community are worthy of honor.



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David M. Talerico, Mayor

May 12, 2003

Representative John Coghill Jr.
Via: fax # 465-3258

Dear Representative Coghill,

Kindly allow this letter to serve as a letter of support for renaming the bridge on the Parks Highway, at the Rex Crossing the "Jack Coghill Bridge to the Interior". The Borough Administration is fully in support of this concept, as we know Mr. Jack Coghill was instrumental in obtaining the funds for this principal bridge within the Denali Borough.

Again, please accept this letter as full support from the Denali Borough Administration.

Sincerely,

Mayor David M. Talerico

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB304
 () Publish Date: _____

Revision Date/Time (Note if correction): 05/07/03 Dept. Affected: DOT&PF
 Title Jack Coghill Bridge to the Interior BRU Highways and Aviation
 Component Northern Region Highways & Aviation
 Sponsor Coghill
 Requester HTRA Component No. 2068

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dennis R. Poshard Phone 465-3900
 Division Special Assistant to Commissioner Date/Time 5/12/03 10:53 AM
 Approved by: Commissioner Mike Barton Date 5/12/2003
 Agency Alaska Department of Transportation and Public Facilities

HB

315

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: May 9, 2003

FURTHER REFERRALS: Finance

Date of Committee Action: May 12, 2003

The TRANSPORTATION Committee considered:

HB 315

HOUSE BILL NO. 315

INTERNATIONAL AIRPORTS REVENUE BONDS

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

Recommends it be replaced with HCS or CS for _____ (_____)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Dep'ts.:
 ADM
 CED
 COR
 CRT
 EED
 DEC
 DFG
 GOV
 HSS
 LEG
 LAW
 LWF
 MVA
 DNR
 DPS
 REV
 DOT
 UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
REV		✓		

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>Vic Kohring</i>	Kohring	X			
<i>Angie Tate</i>	Ogg	✓			
	Frate	✓			
Chair: <i>Darby Masek</i>	Masek			✓	
Chair: <i>[Signature]</i>	Holm			✓	

FRANK H. MURKOWSKI
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May 9, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to bond funding of capital improvements for the Alaska International Airports System.

The bill increases the cumulative authorization for international airports revenue bonds, allowing the sale of up to \$76,600,000 in new revenue bonds to support capital improvement programs for FY 04 through FY 06 at the Ted Stevens Anchorage International Airport and Fairbanks International Airport, referred to collectively as the Alaska International Airports System (AIAS), and certain passenger terminal renovation work at the Ted Stevens Anchorage International Airport.

Funding for operations and capital improvements of the AIAS is obtained from charges for the use of airport facilities, primarily paid by commercial airlines. The AIAS and the airlines that are signatories to the International Airports System Operating Agreement have agreed to a capital improvement program approved by the signatory airline ratepayers under the operating agreement. Under the operating agreement, effective from September 1, 2001 through June 30, 2006, the AIAS has shifted from cash funding long-term projects in advance through annual capital charges paid by the airlines through rates and fees, to revenue bond funding for most projects. Revenue bond funding allows annual debt service to be paid through airline rates and fees spread over longer periods of time, such as the useful life of airport projects. The bonds are not a general obligation of the state, and the state does not pledge its faith and credit to the payment of the bonds. The issuance of the bonds does not directly or indirectly or contingently obligate the state or any political subdivision thereof to apply money from, or levy or pledge, any form of taxation whatever to the payment of the bonds.

The Honorable Pete Kott

May 9, 2003

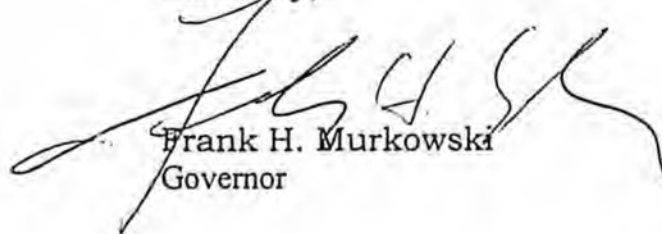
Page 2

Additional bond authorization under AS 37.15.410 was granted in 2001 to implement the capital improvement program for the first two years of the Operating Agreement. Additional bond authorization is now required to finance the continuation of the capital improvement program. AS 37.15.410 currently authorizes the state to issue up to \$447,900,000 of revenue bonds to support airport projects. This authority, cumulative since the inception of AS 37.15.410, will be exhausted by June 30, 2003, with outstanding bond principal standing at \$368,200,000.

The authority sought in this bill would increase the bond authorization limit to finance three more years of capital improvements at both the Ted Stevens Anchorage International Airport and Fairbanks International Airport, as well as completion costs of the redevelopment of Concourse C at the Ted Stevens Anchorage International Airport passenger terminal. By covering these needs in a single new bond issue, the state would be able to reduce costs related to the debt issuance.

The Alaska International Airports System is an increasingly vital and growing part of our economic engine. The airports system and the state's major air carriers propose to continue developing our world-class international airports through the implementation of the International Airports Operating Agreement, supported by the issuance of these additional revenue bonds. In order to assure timely project development, I urge your prompt and favorable action on this measure.

Sincerely,



Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 315
 (H) Publish Date: 5/9/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title International Airport Revenue Bonds BRU Revenue Operations
 Component Treasury Division
 Sponsor House Rules
 Requester Governor Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual	1,532.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service	6,281.0	6,281.0	6,281.0	6,281.0	6,281.0	6,281.0
TOTAL OPERATING	7,813.0	6,281.0	6,281.0	6,281.0	6,281.0	6,281.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Int Airport Construction Fund	7,813.0	6,281.0	6,281.0	6,281.0	6,281.0	6,281.0
TOTAL	7,813.0	6,281.0	6,281.0	6,281.0	6,281.0	6,281.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will increase the cumulative authorization for international airport revenue bonds, allowing for the sale of up to \$76,600,000 in revenue bonds to support capital improvement programs for FY 04 through FY 06 at the Ted Stevens International Airport and Fairbanks International Airport collectively the Alaska International Airport System (AIAS).

Revenue bond funding allows annual debt service to be paid through airline rates and fees spread over time.

Assuming an interest rate of 6.5%, and a 25-year term, annual debt service would be approximately \$6.3 million per year in FY 2005 through FY2029. Issuance costs are approximately 2% of bonds issued.

Prepared by: Steve Porter, Deputy Commissioner Phone 465-2365
 Division Department of Revenue Date/Time 5/8/03 4:57 PM
 Approved by: Bill Corbus, Commissioner Date 5/8/2003
 Agency Department of Revenue



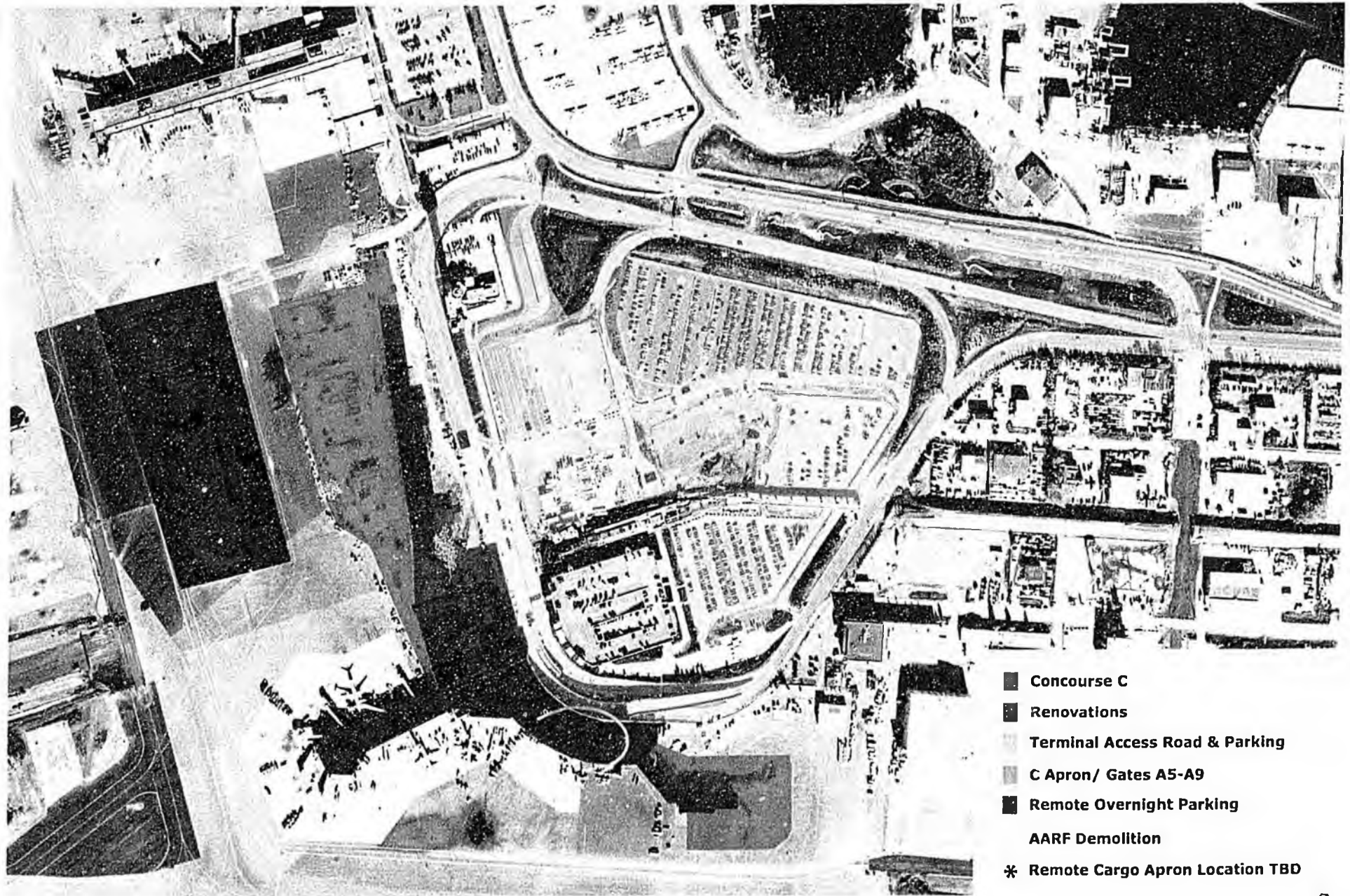
Ted Stevens Anchorage International Airport Terminal Redevelopment Project

Legislative Briefing

May 2003



Terminal Redevelopment Project



- Concourse C
- Renovations
- Terminal Access Road & Parking
- C Apron/ Gates A5-A9
- Remote Overnight Parking
- AARF Demolition
- * Remote Cargo Apron Location TBD

TRP Status

- **Overall Project 59% Complete.**
- **Program Elements Complete:**
 - **Utility Relocations**
 - **Demolition Old Concourse C**
 - **Regional Airline Relocations**
 - **Landside Roads**
 - **RON Apron**
 - **Concourse C - Phase I - Structural**
- **Concourse C - Phase II - Building Completion - 47%**
- **Total Funding Authorized - \$254m**
- **Total Expenditures To Date - \$182m**

Concourse 'C' Space Increases

Original Concept Plan (November 1997) **360,542 sf**

Areas of Increase

Airline Leasable Space **38,625 sf**

Concession / Retail Leasable Space **7,944 sf**

Basement Service Access & Bag Belt Systems **23,319 sf**

Concourse 'C' Circulation **5,310 sf**

Mechanical / Operations **11,460 sf**

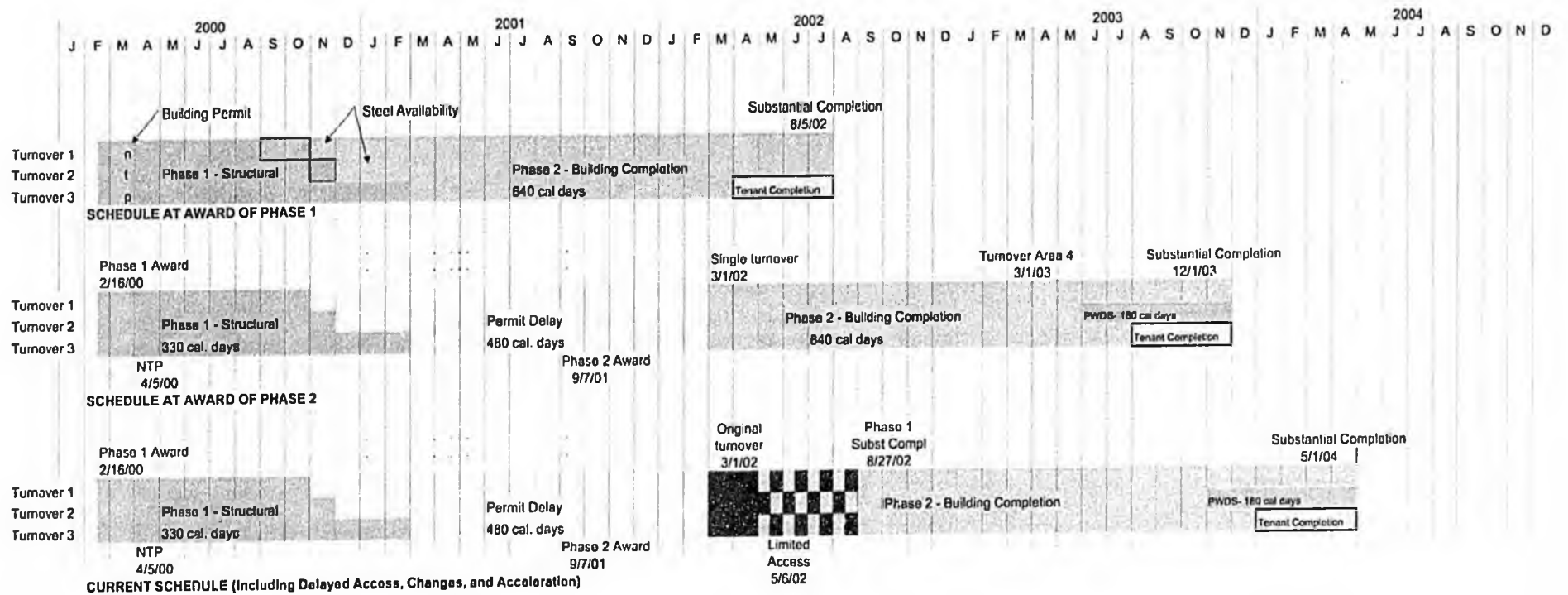
Total Space Increases **86,658 sf**

Current Scope **447,200 sf**

Concourse C – Permit Delays

- **Building Permit application – 12/3/99.**
- **Anticipated Building Permit approval – 4/5/00.**
- **Actual Building Permit approval – 4/5/02.**

Concourse C Permit Schedule Delay



Permit Related Costs
(in millions)

	<u>Estimated</u>
Construction	\$ 22.1m
Permit Review / Design	\$ 3.8m
Construction Management	\$ 3.6m
Project Administration / Legal	<u>\$ 3.7m</u>
Total	\$ 33.2m

Concourse C – TSA Security Impacts
(in millions)

	Estimate
EDS Baggage Screening	\$ 14.0 m
Baggage Belt Equipment	
Changes to Building Systems	
Passenger Screening	\$ 1.5 m
TSA Support Space	\$ 1.0 m
Miscellaneous Security Costs	\$ 1.5 m
CCTV Increase	
Parking	
Service Access	
Design / Admin / CM	\$ 5.0 m
<hr/>	
Total:	\$ 23.0 m

Estimate at Completion
(in millions)

Budget Item	Estimate
Original Terminal Redevelopment Scope	\$230m
Concourse C Additional SF Cost	\$ 22m
Permit Delay Costs	\$ 33m
TSA Security Impacts	\$ 23m
Estimate at Completion	\$308m*

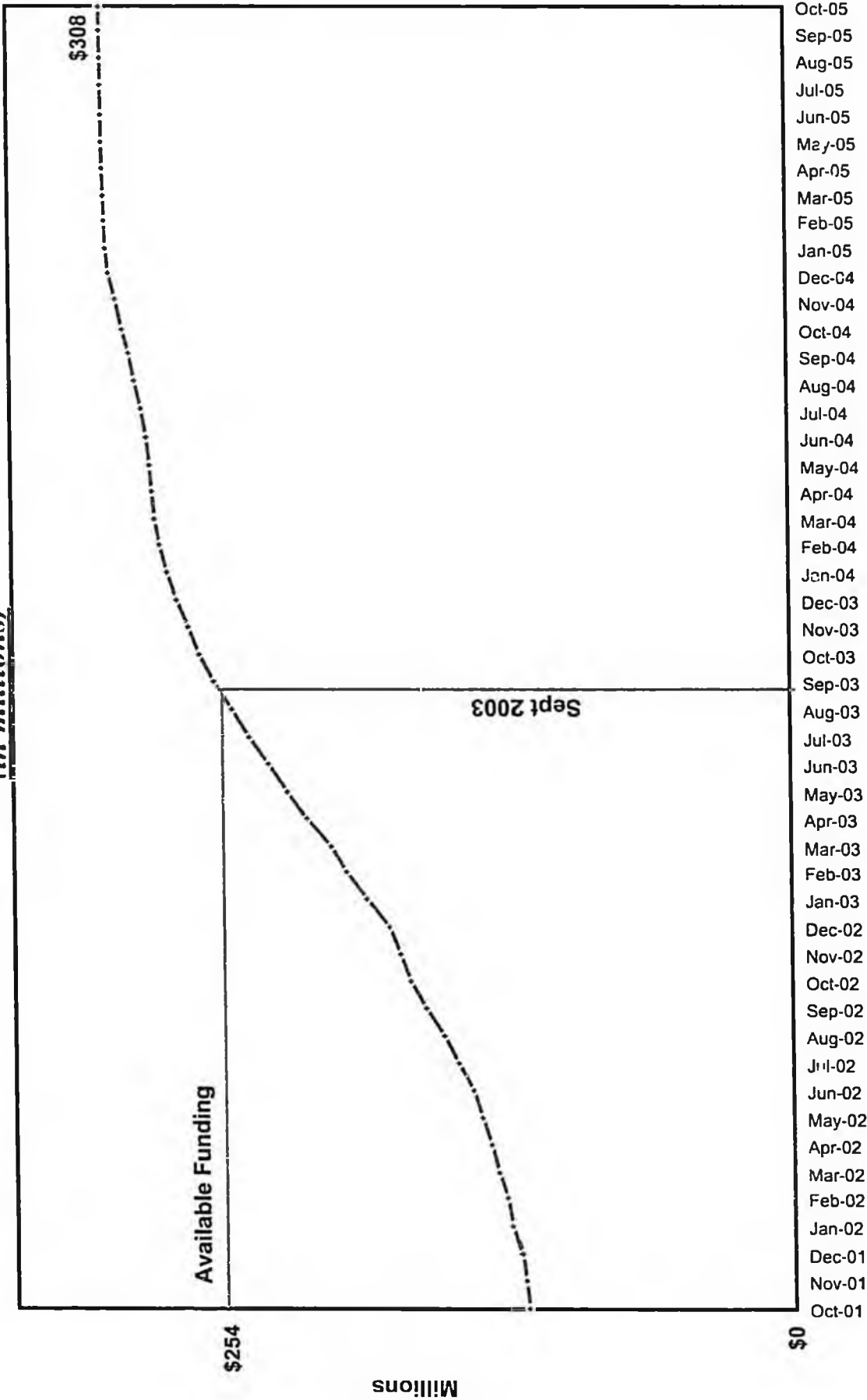
* Does not include Concourses 'A' and 'B' renovations

Funding Available
(in millions)

Current Authorized Project Funding	Amounts
TRP Series A, B & C Revenue Bonds	\$204m
FHWA Landside Funding	\$ 26m
Subtotal:	\$230m
Interest Earnings	\$ 24m
Total:	\$254m
Additional Interest Earnings	\$ 5m
Total Funding Available	\$259m
Estimate at Completion	\$308m
Net Funding Required <i>(Does not include Concourses A & B)</i>	\$ 49m

TRP Projected Cash Flow

(in millions)



Forecast

Months

TRP Funding Request
(in millions)

FY 04

➤ **Concourse C/TRP Completion**

\$50m



Alaska International Airports System Business Planning Information

Presentation to State of Alaska Legislature

May 9, 2003



Overview

- **Aviation Industry Outlook**
 - Federal Airline Assistance
 - Commercial Carriers
 - Cargo Carriers
- **Alaska Economic and Demographic Overview**
- **AIAS Aviation Activity**
- **AIAS Airport Operating Agreement (AOA) and Bond Resolution**
- **AIAS Plan of Finance**
 - Sources of Funds
 - Series 2004 AIAS Revenue Bonds
 - Future Series AIAS Revenue Bonds
 - Landing Fees
 - Terminal Rentals Rates
- **Comparative Airport Data**



Industry Outlook

Federal Airline Assistance

Airlines will be getting additional federal assistance....

➤ **Airline Improvement Program**

- Provides funding for planning and development at airports.
- \$3.4 billion appropriated for 2003 and now in authorization hearings.

➤ **Emergency Wartime Supplemental Appropriations Act**

- H.R. 1559 signed April 16, 2003
- \$3.5 billion assistance for the airline industry
- Of \$665.0 million earmarked for the TSA, \$235.0 million is specified for airport explosive detection systems



Industry Outlook

Commercial Carriers

- **The Changing North American Market**
 - Expansion of low fare carriers (Southwest, jetBlue) into long-haul markets.
 - Mainline hub carriers realigning regional flights (short-haul markets)
 - Increasing role of regional jets
 - Longer-haul transcontinental routes – new aircraft

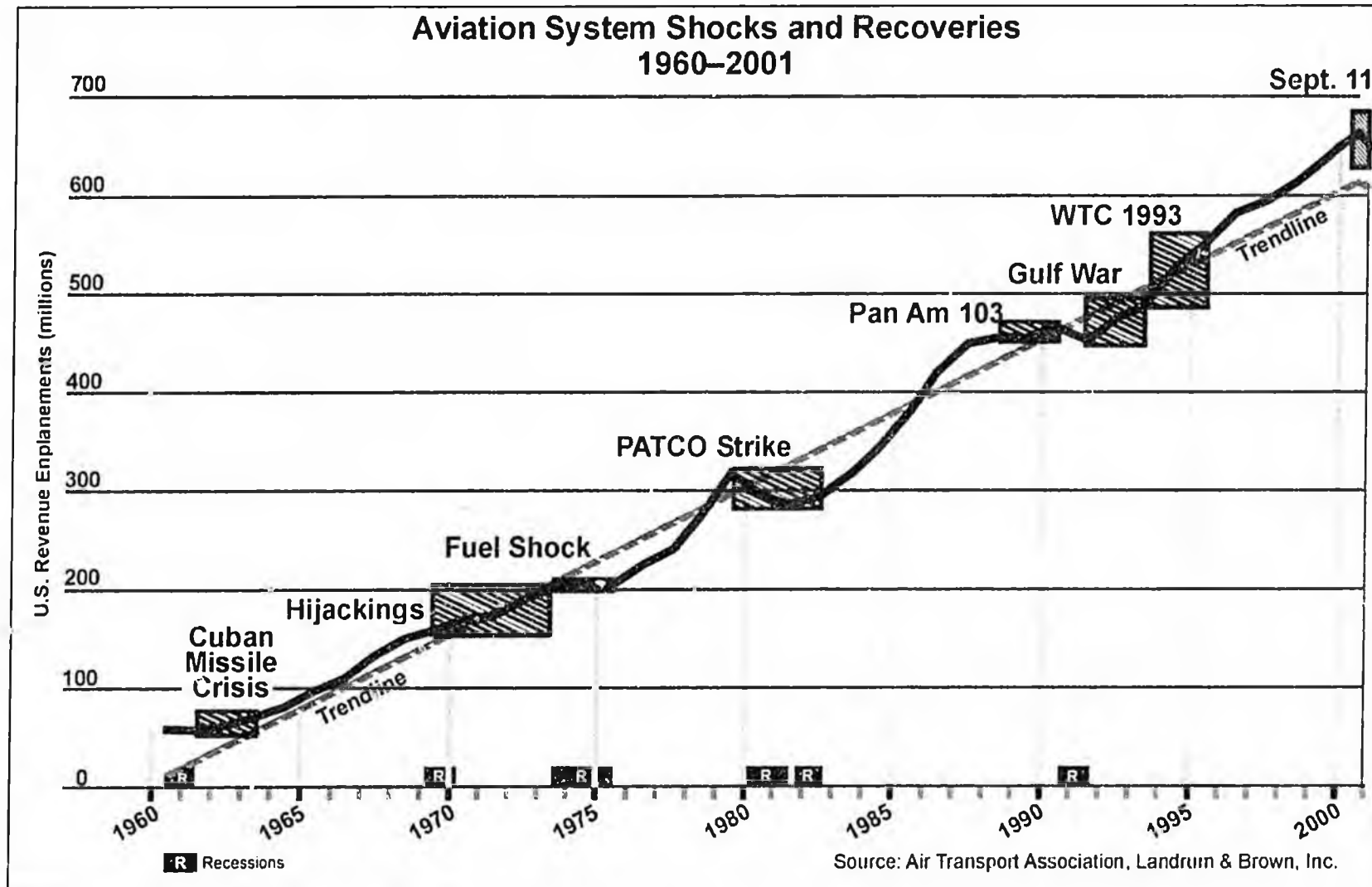
- **Key Elements to Recovery**
 - Capacity Reduction
 - Restructured Labor Agreements
 - Re-aligned Hub Networks

- **Near Term Forecast**
 - Potential bankruptcy scenarios will continue to be evaluated
 - Demand/capacity managed through continuing schedule reductions
 - Industry recovery should occur in 2005



Industry Outlook

Commercial Carriers





Industry Outlook

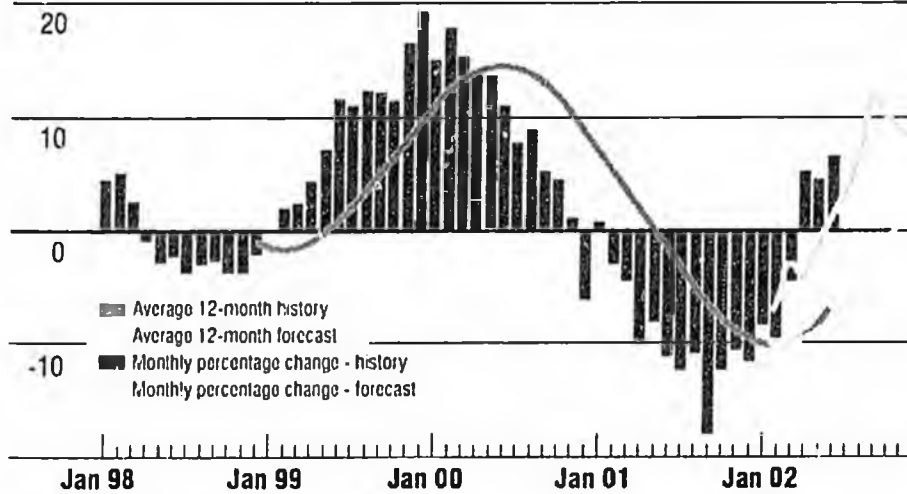
Cargo Carriers

Cargo markets contracted during the recent recession...

.....but the future forecast remains strong, especially for the markets served from AIAS.

Major Air Cargo Markets Severely Contracted in 2001

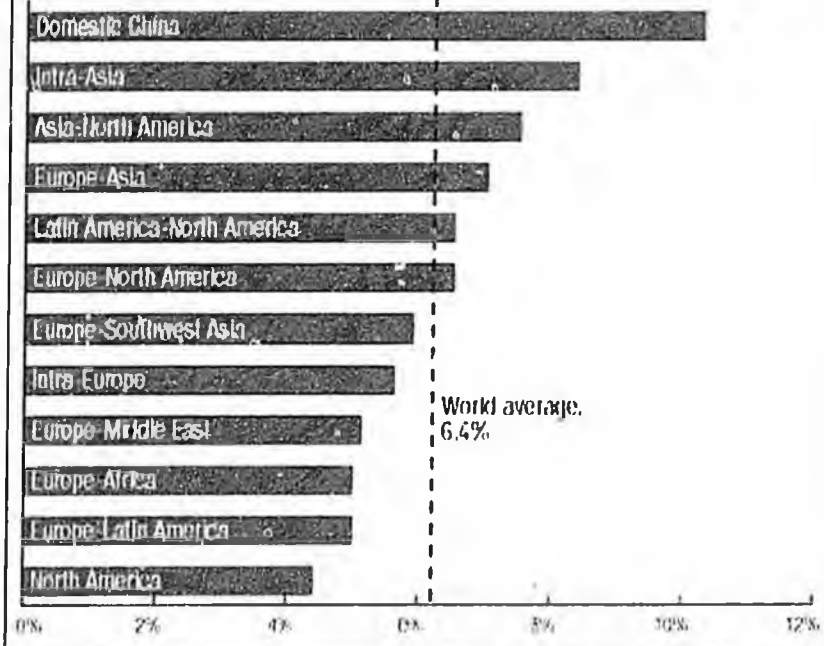
Monthly percentage of change over prior year



Source: U.S. Department of Commerce, AFA, AEA, ATA and the Boeing World Air Cargo Forecast

Asia cargo markets lead industry growth

Growth, percentage 2001-2002



Source: Boeing "World Air Cargo Forecast 2002-2003", Sept. 2002

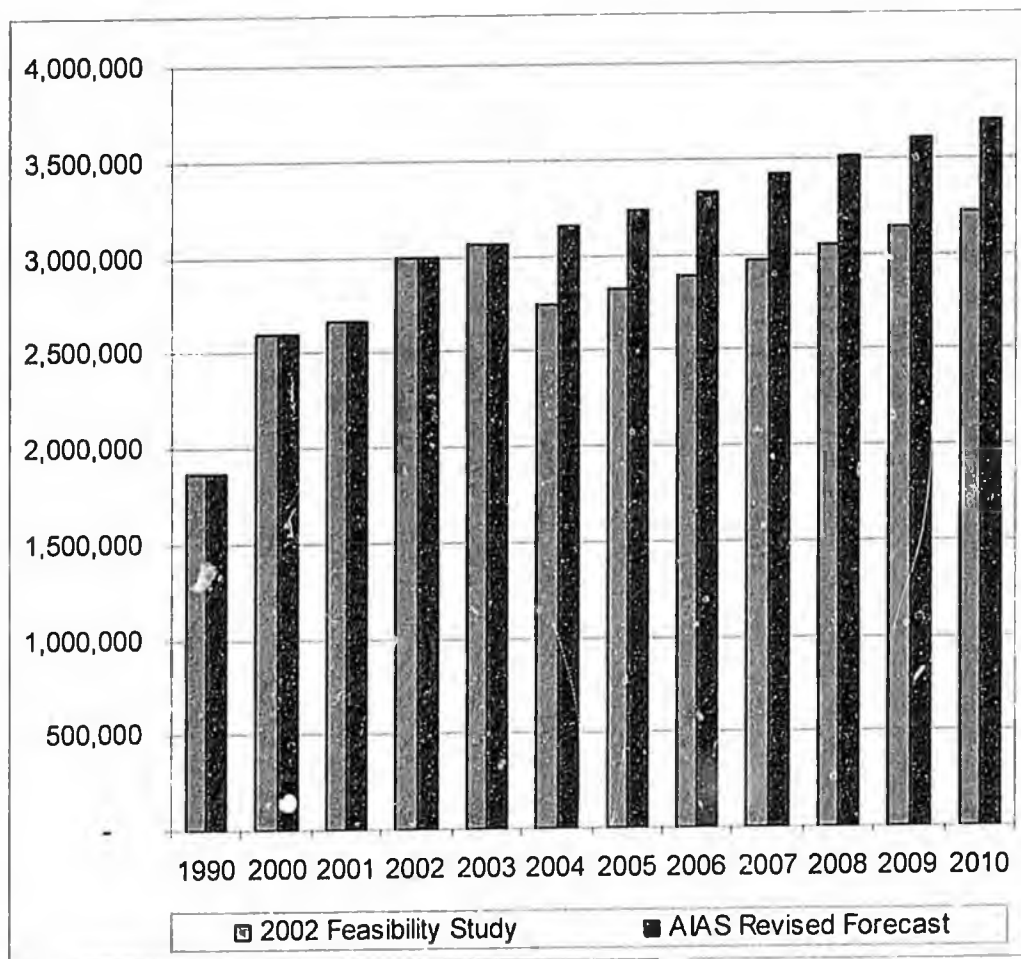


AIAS Aviation Activity Enplanements

Passenger traffic has recovered more quickly than expected...

Year	2002 Feasibility Study	AIAS Revised Forecast
1990A	1,867,281	1,867,281
2000A	2,593,585	2,593,585
2001A	2,658,282	2,658,282
2002A	2,995,458	2,995,458
2003EA	3,064,810	3,064,810
2004F	2,747,000	3,148,000
2005F	2,815,000	3,234,000
2006F	2,892,000	3,322,000
2007F	2,971,000	3,413,000
2008F	3,052,000	3,506,000
2009F	3,135,000	3,602,000
2010F	3,221,000	3,700,000
Average Annual Growth Rates		
1990 - 2002	4.0%	4.0%
2002 - 2007	-0.2%	2.6%
2007 - 2010	2.7%	2.7%
1990 - 2010	2.8%	3.5%

A = Actual
EA = Estimated Actual
F = Forecast





AIAS Aviation Activity

Total Gross Take Off Weight

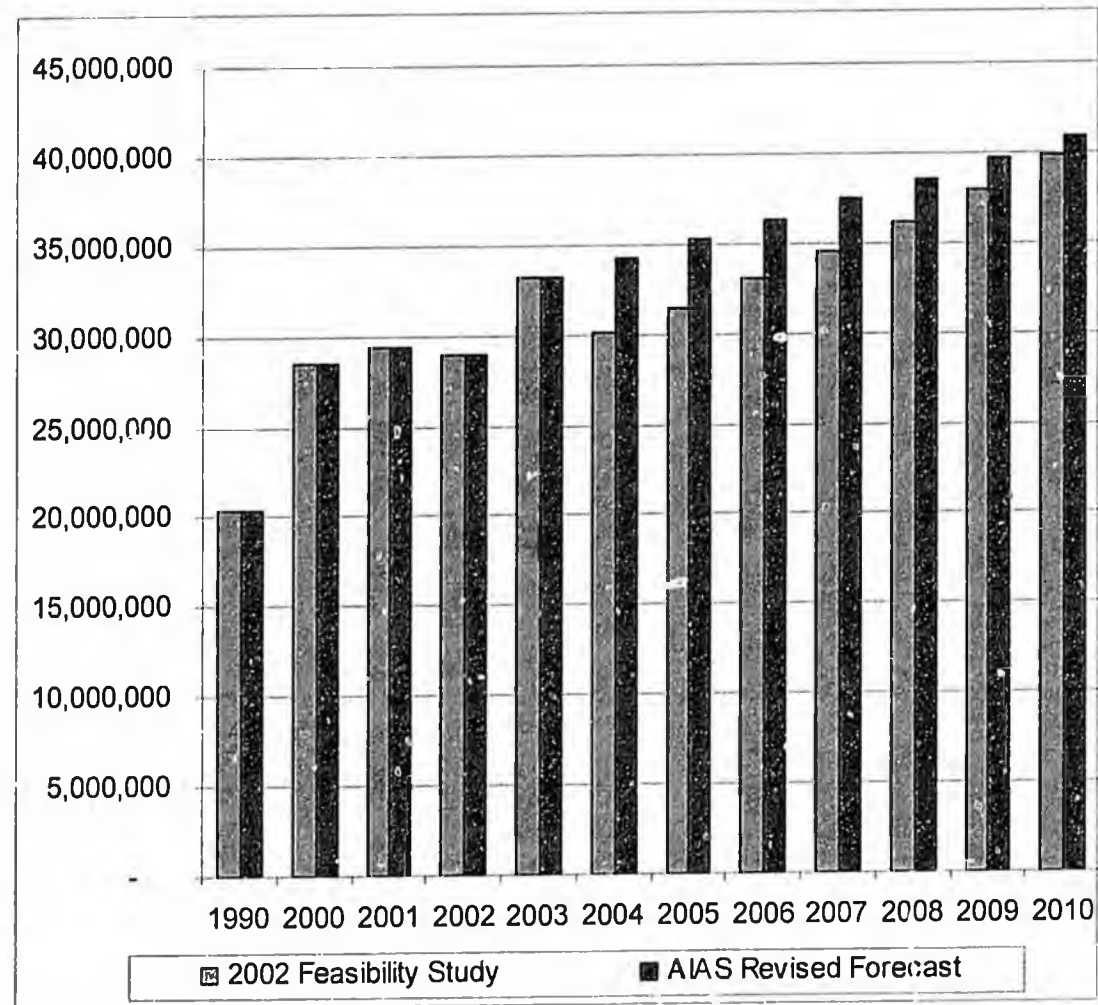
Year	2002 Feasibility Study	AIAS Revised Forecast
1990A	20,347,453	20,347,453
2000A	28,404,211	28,404,211
2001A	29,422,940	29,422,940
2002A	28,937,906	28,937,906
2003EA	33,252,888	33,252,888
2004F	30,060,000	34,250,000
2005F	31,473,000	35,278,000
2006F	32,977,000	36,336,000
2007F	34,557,000	37,426,000
2008F	36,219,000	38,549,000
2009F	37,967,000	39,705,000
2010F	39,805,000	40,896,000

Average Annual Growth Rates		
1990 - 2002	3.0%	3.0%
2002 - 2007	3.6%	5.3%
2007 - 2010	4.8%	3.0%
1990 - 2010	3.4%	3.6%

A = Actual

EA = Estimated Actual

F = Forecast



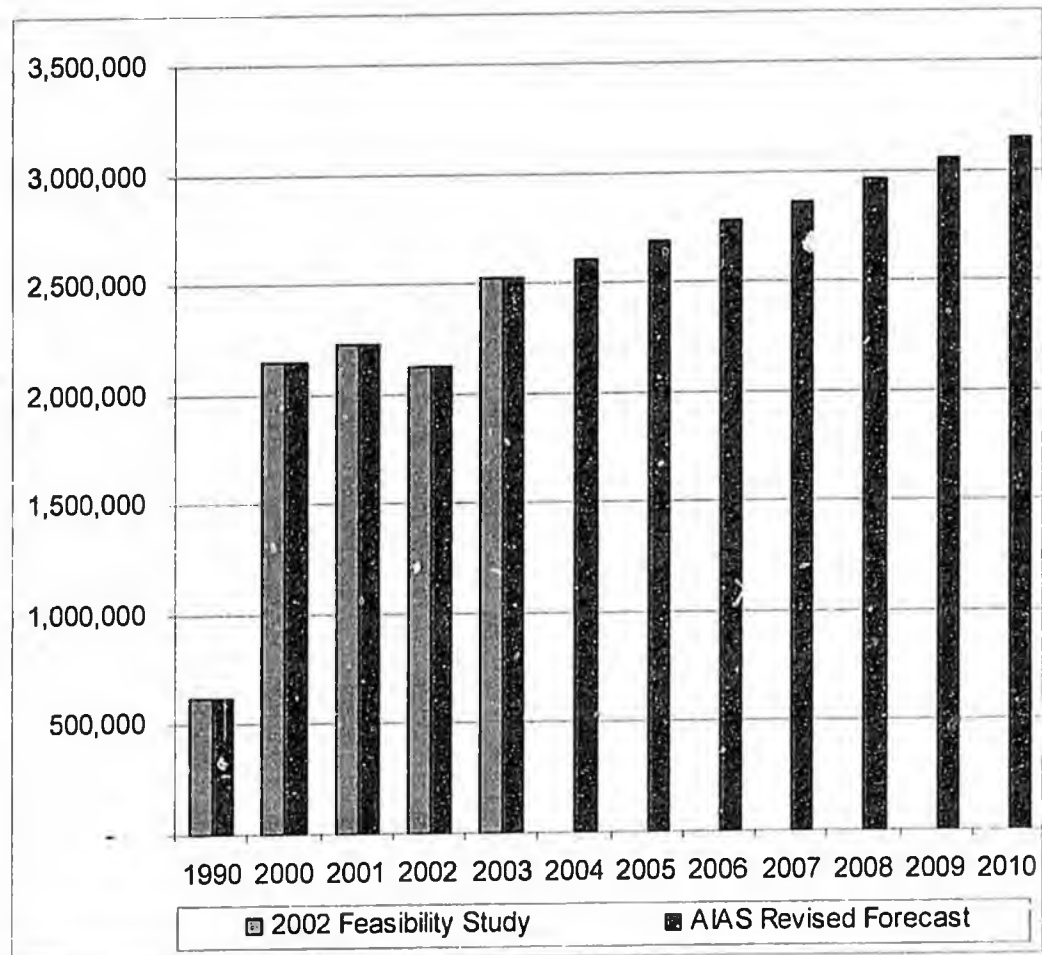


AIAS Aviation Activity

Air Cargo Tonnage

Year	2002 Feasibility Study	AIAS Revised Forecast
1990A	622,949	622,949
2000A	2,148,048	2,148,048
2001A	2,227,895	2,227,895
2002A	2,119,877	2,119,877
2003EA	2,523,783	2,523,783
2004F	-	2,605,000
2005F	-	2,688,000
2006F	-	2,774,000
2007F	-	2,863,000
2008F	-	2,955,000
2009F	-	3,050,000
2010F	-	3,148,000
Average Annual Growth Rates		
1990 - 2002	10.7%	10.7%
2002 - 2007	N/A	6.2%
2007 - 2010	N/A	3.2%
1990 - 2010	N/A	8.4%

A = Actual
 EA = Estimated Actual
 F = Forecast



The 2002 Feasibility Study did not forecast air cargo tonnage.



AIAS Plan of Finance

AOA

- Negotiated in 2001 to replace outdated agreement with airlines
- **Defines Airline Rates and Charges Methodology:**

M&O Expenses	+	Annual Debt Service	+	Fund Deposit Requirements	-	Non-Airline Revenues	=	Net Airline Requirement
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Net Airline Requirement - collected through Landing Fees, Terminal Rentals, Common Use Premises Charges, FIS Fees, Aircraft Ramp Rentals, Airport Administered Premises Charges, Aircraft Parking Charges.

- Creates five Administrative Reserve Funds
- Obligates the airlines to pay AIAS Revenue Bonds through rates and charges
- Establishes Capital Project consultation procedures
- Establishes Airline lease obligations and accommodation procedures

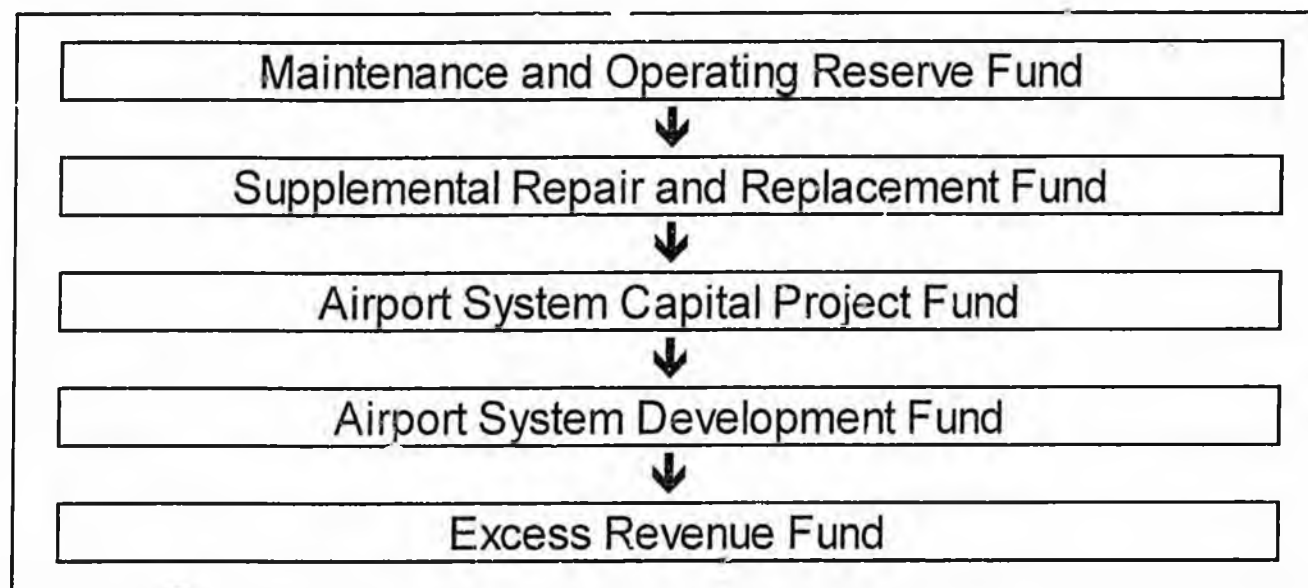


AIAS AOA and Bond Resolution

AOA

➤ Administrative Reserve Funds

- Negotiated as part of the new AOA, in part to improve bond ratings
- Subordinate to funds established in AIAS Bond Resolution
- Debt service is paid even before AIAS Maintenance and Operating Expenses





AIAS AOA and Bond Resolution

Bond Resolution

- **All AIAS Revenues are pledged to make AIAS Revenue Bond payments**

- **Rate Covenant:**
 - Commissioner of DOT&PF is required to fix and collect such fees, charges and rentals from use of the AIAS Airports so that Net Revenues in each fiscal year are at least equal to 1.25 times Aggregate Annual Debt Service plus deposit requirements in the Reserve Account and the Repair and Replacement Fund. (FY05 - \$38.7 Million)

- **Additional Bonds Test (Future Parity Bonds) Requires:**
 - Authorizing Legislation
 - Commissioner finding that proceeds will be expended on necessary projects
 - State is in compliance with all covenants of Bond Resolution
 - State certifies that Net Revenues during next three years equal to at least 1.25 times Aggregate Annual Debt Service



AIAS AOA and Bond Resolution

Bond Resolution

➤ Security for the Bonds – 1999 and 2002 Bond Resolution

“The Bonds are not a general obligation of the State, and the State does not pledge its faith and credit to the payment of the Bonds. The issuance of the Bonds does not directly or indirectly or contingently obligate the State or any political subdivision thereof to apply money from, or levy or pledge, any form of taxation whatever to the payment of the Bonds.”



AIAS AOA and Bond Resolution

Bond Resolution

➤ Flow of Funds

