

7/99

BOOKS FOR THE COMPLETION OF THE


178 HOUSE REPORT ON



RECORDS CERTIFICATION



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Signature of Camera Operator

11/20/07
Date

**LIST
OF
FILES**

2005-2006
HOUSE TRANSPORTATION COMMITTEE
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SB 63
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SB 304

HB

42

ALASKA STATE LEGISLATURE

INTERIM

50 Front Street
Suite 203
Ketchikan, Alaska 99701
Phone (907) 247-4672
Fax: (907) 225-8546

SESSION

Suite 416
State Capitol Building
Juneau, Alaska 99801
Phone: (907) 465-3424
Fax: (907) 465-3793

REPRESENTATIVE JIM ELKINS

Sponsor Statement

If adopted, House Bill 42 will rename the three miles of trail alongside the South Tongass Highway between Ketchikan and Saxman, Alaska the Joe Williams Sr., Coastal Trail.

Joe was an advocate for the construction of a trail alongside the South Tongass Highway between the Cities of Ketchikan and Saxman. Residents of these communities for many years, without the means of transportation, commonly walked the three miles between towns alongside the road with tragic results.

After the trail was completed, it quickly became a favorite walking and bicycling path used by visitors and locals alike. Set between the Ocean and the Highway the Joe Williams Sr. Coastal Trail is both scenic and historically important to the people of the Ketchikan Area.

Joe's son, William K. "Bill" Williams, while serving as a member of the Alaska State House of Representatives, worked diligently to obtain funding for the construction of this traditional path between these two communities.

This Legislation honors the memory of a highly respected member of the Native Community in Southeast Alaska, and will help recognize the Twelve Years of service to the people of the State of Alaska by his son.

Jim a couple of notes regarding HB 42

1. I wrote a NEW fiscal note for the Transportation Committee to adopt instead of the original indeterminate fiscal note. The new note is Zeroed out because DOT has agreed to eat the \$2000 or so for making and posting the sign internally.
2. So when this bill is motioned to move out of the committee, please make sure it is moved with accompanying ZERO fiscal note.
3. Letters of Support are included in the packet and include the City, Borough as well as Saxman. I don't expect any testimony regarding this bill. There has been only positive feedback regarding this naming of the trail from the Communities.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 42
 (I) Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Joe Williams, Sr. Coastal Trail RDU Administration and Support
 Component Commissioners Office
 Sponsor Rep. Elkins
 Requester (H) Transportation Committee Component No. 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The only foreseeable cost to DOT&PF would be a minimal cost for the production of signs used to identify the trailhead and DOT&PF has agreed to absorb these costs internally.

Prepared by: Jos Govaars Phone 465-6873
 Division: (H) TRA Committee Aide Date/Time 2/2/05 10:58 AM
 Approved by: Rep Elkins Date 2/2/2005
 Agency: Co-Chair (H) Transportation Committee

City of Saxman

19 January 2005

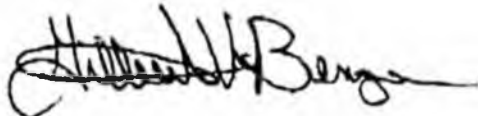
Representative Jim Elkins
Capitol Building
Juneau, Alaska 99801

Dear Representative Elkins:

The City Council members of the City of Saxman would like to thank you for introducing House Bill 43, an act naming the 'bike path' the "Joe Williams, Sr. Coastal Trail". Joe Williams, Sr. was a political leader for Saxman from a very early age until his death. He was Mayor of Saxman for 38 years as well as being Tribal President during the same time period. He was also Alaska Native Brotherhood Camp 15 President and Grand President of the Alaska Native Brotherhood. Joe Williams, Sr. was hard at connecting the community of Ketchikan and Saxman in more ways than the highway. Joe Williams, Sr. was highly respected in Saxman, Ketchikan and throughout South East Alaska, no matter the culture. He was of the Raven moiety, of the Beaver Clan and instrumental in preserving the Tlingit Culture in Saxman.

Naming this Coastal Trail after Joe Williams, Sr. will ensure his memory. His legacy will be remembered and cherished by the people of the communities of Saxman and Ketchikan for many years to come. Thank you very much.

Respectfully yours,



Gilbert Bengé
Mayor of Saxman


City of Ketchikan



JAN 26 2005

334 Front Street
Ketchikan, Alaska 99901
Phone 907 225 3111
Fax 907-225-5075

January 21, 2005

Representative Jim Elkins 
Alaska House of Representatives
State Capitol, Room 416
Juneau, AK 99801-1182

Dear Representative Elkins:

I am writing in support of House Bill 42 "An Act naming the Joe Williams, Sr., Coastal Trail."

Mr. Williams was a highly respected tribal and political leader in Saxman and Ketchikan for many years. Naming the trail that connects these two communities would honor Mr. Williams and memorialize his efforts over a long period of time to make our communities better places to live.

Sincerely,

Bob Weinstein
Mayor

KETCHIKAN GATEWAY BOROUGH

OFFICE OF THE BOROUGH MAYOR

Michael B. Salazar

344 FRONT STREET

KETCHIKAN, ALASKA 99901

PHONE: 907.228.6605

FAX: 907.247.8439

Office of Representative Elkins

JAN 27 2005

January 21, 2005

Representative Jim Elkins
Alaska State Legislature
State Capitol, Room 416
Juneau, AK 99801-1182

Dear Representative Elkins:

I would like to offer my full support for House Bill No. 42 which names the bike path adjacent to the South Tongass Highway, between the City of Ketchikan and the City of Saxman, as the "Joe Williams, Sr., Coastal Trail." It is a fitting way to honor Mr. Williams, who has contributed so much to the community of Ketchikan.

Sincerely,


Michael B. Salazar
Mayor

50 Front St.
Suite #203
Ketchikan, Alaska 99901
Phone: (907) 247-8432
Fax: (907) 225-8546



Suite 416
State Capitol Building
Juneau, Alaska 99801
Phone: (907) 465-3424
Fax: (907) 465-3793

REPRESENTATIVE ELKINS

Representative Thomas
Representative Olson
Co-Chair's House C&RA

House Bill 42 "An act naming the Joe Williams Sr. Coastal Trail" has been referred to the Committee on Community and Regional Affairs. I would like to request you to schedule this important piece of legislation for a hearing as soon as possible.

Thank you for your consideration in this matter.



Representative Jim Elkins
House District 1

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907)465-2029
Mail Stop 3101

State Capitol
Juneau, AK 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

December 23, 2004

TO: Representative Jim Elkins
Attention: Jos Govaars

FROM: Patty Rose, Legal Editor *PR*
Division of Legal Services

SUBJECT: Work Order Number 24-LS0309\A
Joe Williams, Sr., Coastal Trail

The enclosed work order has been formally prefiled as you requested. This draft copy is for your information only. Please advise immediately if you wish to withdraw this measure or make any changes.

Enclosure

24-LS0309\A
Utermohle
12/23/04

HOUSE BILL NO.

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY REPRESENTATIVE ELKINS

**Introduced:
Referred:**

A BILL

FOR AN ACT ENTITLED

1 **"An Act naming the Joe Williams, Sr., Coastal Trail."**

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

3 *** Section 1.** AS 35.40 is amended by adding a new section to read:

4 **Sec. 35.40.053. Joe Williams, Sr., Coastal Trail.** The bike path adjacent to
5 the South Tongass Highway between Ketchikan and Saxman is named the Joe
6 Williams, Sr., Coastal Trail.

ALASKA STATE LEGISLATURE

INTERIM

50 Front Street
Suite 203
Ketchikan, Alaska 99901
Phone (907) 247-4672
Fax: (907) 225-8546



SESSION

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State Capitol Building
Juneau, Alaska 99801
Phone: (907) 465-3424
Fax: (907) 465-3793

REPRESENTATIVE JIM ELKINS

March 3, 2005

Senator Stevens
Chair Senate Community and Regional Affairs

House Bill 42 "An act naming the Joe Williams Sr. Coastal Trail" has been referred to the Community and Regional Affairs Committee. I would like to request you to schedule this important piece of legislation for a hearing as soon as possible.

Thank you for your consideration in this matter.

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

Representative Jim Elkins
House District 1

24-LS0309\G
Utermohle
3/7/05

SENATE CS FOR HOUSE BILL NO. 42(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES ELKINS, Foster, Kelly, Holm, Chenault, Stoltze, Hawker, Croft, Meyer, Anderson, Berkowitz, Cissna, Coghill, Crawford, Dahlstrom, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Joule, Kapsner, Kerttula, Kohring, Kott, LeDoux, Lynn, McGuire, Moses, Neuman, Olson, Ramras, Rokeberg, Salmon, Samuels, Seaton, Thomas, Weyhrauch, Wilson

A BILL

FOR AN ACT ENTITLED

1 **"An Act naming the Joseph C. Williams, Sr., Coastal Trail."**

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

3 *** Section 1. AS 35.40 is amended by adding a new section to read:**

4 **Sec. 35.40.053. Joseph C. Williams, Sr., Coastal Trail. The bike path**
5 **adjacent to the South Tongass Highway between Ketchikan and Saxman is named the**
6 **Joseph C. Williams, Sr., Coastal Trail.**

24-LS0760VA
Utermohle
3/7/05

**SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

**Introduced:
Referred:**

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2 **Legislature, concerning House Bill No. 42, relating to the Joe Williams, Sr., Coastal**
3 **Trail.**

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

5 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
6 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
7 changes to the title of a bill, are suspended in consideration of House Bill No. 42, relating to
8 the Joe Williams, Sr., Coastal Trail.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 42
 (H) Publish Date: 2/9/2005

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&P
 Title Joe Williams, Sr. Coastal Trail RDU Administration and Support
 Component Commissioners Office
 Sponsor Rep. Elkins
 Requester (H) Transportation Committee Component No. 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The only foreseeable cost to DOT&PF would be a minimal cost for the production of signs used to identify the trailhead and DOT&PF has agreed to absorb these costs internally.

Prepared by: Jos Govaars Phone 465-6873
 Division (H) TRA Committee Aide Date/Time 2/9/05 3:16 PM
 Approved by: Rep Elkins Date 2/9/2005
 Agency Co-Chair (H) Transportation Committee

НВ

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ALASKA STATE LEGISLATURE
House of Representatives

rcvd
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pm
[Signature]

COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE CHAIRMAN
ADMINISTRATION REGULATION REVIEW COMMITTEE CHAIRMAN
JUDICIARY COMMITTEE VICE CHAIR

Website: <http://www.alaska.gov/legis/legis.htm>



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SESSION
STATE CAPITOL
JUNEAU, AK 99801
PHONE (907) 485-4100
FACSIMILE (907) 485-4100
FAX (907) 485-2518

Representative Tom Anderson

email: Representative_Tom_Anderson@legis.state.ak.us

Date: January 27, 2005
To: Representative Carl Gatto, Co-Chair
House Transportation Committee
From: Representative Tom Anderson, Chair *T.A.*
House Labor & Commerce Committee
Re: HB 115

I respectfully request you schedule HB 115 – Airport Customer Facility Charges for House Transportation Committee consideration next week.

Enclosed are:

1. The most recent version of HB 529
2. Current Sponsor Statement
3. Current Sectional Analysis
4. Communications of support are incoming and will be provided as soon as recieved

Thank you for your consideration of this request.

Alaska State Legislature

Interim:
716 W. 4th Ave.
Anchorage, AK 99501-2133

Phone: (907) 269-0265
Fax: (907) 269-0264



Session:
Alaska State Capitol, Rm 408
Juneau, AK 99801-1182

Phone: (907) 465-4939
Fax: (907) 465-2418
Toll Free: (800) 465-4939
Rep.Tom_Anderson@legis.state.ak.us

Representative Tom Anderson

District 19 - Anchorage

Sponsor Statement

HB 115

Title: "An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state."

HB 115 provides a mechanism, customer facility charges or "CFCs," to improve airport facilities without the expenditures of state funds. The most common projects to use CFCs funds are car rental facilities. The bill also provides a revenue stream to maintain and operate the facilities, without requiring an increase in the airport operating budget as the cost of maintenance will be paid using the related customer facility maintenance charge.

In 2001, the legislature passed chapter 99 SLA 2001, which authorized the imposition of customer facility charges to fund the construction of improvements on airport properties. CFCs have been imposed by many other airports around the country as a means of funding car rental facility improvements. No state credit is pledged to support the bonds. Dallas-Fort Worth and Denver are two examples out of many where CFC's have been used successfully to build these facilities.

During negotiations with the state over the implementation of the project, issues were identified and set forth in ch. 99 SLA 2001. These issues should be clarified to ensure the bonds can be marketable. Those issues revolve around clarifying the new revenue stream generated by the CFC should not be considered revenue of the state when the bond is a private initiative and ensuring that the bond trustee, not the state, will take custody of the funds.

Because the facility will revert to the state in its entirety at the end of the term, it would also be appropriate to allow the imposition of a customer facility maintenance charge to ensure the facility is well-maintained and kept up appropriately. The charge also avoids any impact on the airport's operating budget as the airport will not be responsible for the maintenance and repair of the facility while under airport car rental company's control.

This bill implements a valuable private market tool to construct improvements to Alaska airports, without the expenditure of public funds. This will improve the amenities provided to the traveling public, both Alaskan and non-Alaskan alike.

I urge your support for this bill.

Alaska State Legislature

House of Representatives



Official Business

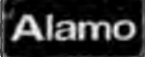
State Capitol
Juneau, AK 99801-1182

Sectional Analysis for HB 115 BY: Representative Tom Anderson

- Section 1.** The language that was added in ch. 99 SLA 2001 to AS 02.15.090(a) is being moved into a new subsection (h) for clarification purposes.
- Section 2.** This adds a new subsection (h) to AS 09.15.090 which now becomes the operative stand alone section allowing for the collection of customer facility charges ("CFCs). It allows the commissioner of DOT/PF, by contract or order to set the CFC, to require the car rental companies to collect the fee, and to adjust the CFC to meet debt service obligations that might be required or desirable as car rental traffic increases or decreases over time; these are carry-overs of existing law. The new language clarifies that the CFCs will be remitted to the bond trustee and not the state when the state did not issue the bonds. CFCs will still be used to repay the bond or other indebtedness incurred for the project. However, the definition of what types of indebtedness could be paid has been broadened to include debt service, creation of a debt service reserve fund, and to meet any other bond requirements.
- New subsection (i) allows for the imposition of a related customer facility maintenance charge. These differ from CFCs as they are not debt related; they are collected to pay for the maintenance and operation of the facility. Thus, they will cover major repairs, on-going maintenance, utilities and insurance among other expenses. This will prevent the facility from becoming an operational liability to the department while occupied by the RACs in operation; and will ensure that a major repair fund is maintained so that when the state takes sole custody of it in 30 years, there are enough funds to undertake major repairs and allow the facility to be used for its real economic and physical life.
- Section 3.** AS 37.15.410 allows for issuance of revenue bonds for international airport improvements. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 4. AS 37.15.430(a) creates the "International Airports Revenue Fund" into which airport revenues are paid. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 5. AS 37.15.430(c) had been added by the 2001 amendment to clarify that CFCs should be remitted to the bond trustee and not the state. This amendment clarifies that the CFC is not charged to customers, it is collected from them pursuant the order imposed by the commissioner, and further clarifies that the customer facility maintenance charge is remitted directly to a third party rather than the state.



*An independent Alamo Rent-A-Car
and National Car Rental Licensee*

January 28, 2005

Rep. Tom Anderson

State Capitol Room 408

Juneau, Alaska 99801-1182

Dear Rep. Anderson,

Sponsor Statement

This bill should pass to implement a valuable private market tool to construct improvements to Alaska airports, without the expenditure of public funds. This will improve the amenities provided to the traveling public, both Alaskan and non-Alaskan alike.

Purpose

This bill provides a mechanism, customer facility charges or "CFCs," to improve airport facilities without the expenditures of state funds. The most common projects that CFCs are used to fund are car rental facilities. The bill will also provide a revenue stream to maintain and operate the facilities, without requiring an increase in the airport operating budget as the cost of maintenance will be paid for by the related customer facility maintenance charge.

Background

In 2001, the legislature passed chapter 99 SLA 2001, which authorized the imposition of customer facility charges to fund the construction of improvements on airport properties.

CFCs have been imposed by many other airports in the country as a means of funding car rental facility improvements. A private bond market has developed which is willing to rely solely on the revenue stream provided by CFCs collected from car rental users to issue bonds which are in turn used to construct the project. No state credit is pledged to support the bonds. Dallas-Fort Worth and Denver are two examples out of many where CFC's have been used successfully to build these facilities.

907-243-3138
fax: 907-243-3103
Alaska Sales & Services, Inc.
P.O. Box 203207
Anchorage, AK 99502

A private industry initiated project, sponsored by the local on airport car rental companies, ("RACs") is in the process of undertaking a similar project at TSAIA airport. Although the project was delayed by the events of 9/11, it is now moving ahead. During negotiations with the state over the implementation of the project, bond counsel identified certain issues with the language set forth by ch. 99 SLA 2001, which they felt should be clarified to ensure that the bonds would be marketable.

Those issues essentially revolve around clarifying that the new revenue stream generated by the CFC would not be considered revenue of the state when the bond is a private initiative and ensuring that the bond trustee, not the state, takes custody of the funds. Without that clarification, bond counsel was concerned that the 2001 language did not adequately clarify that the CFCs were not revenues of the state for the determination of whether they would be subject to pre-existing airport bonds. The definition of what bond related purposes the CFCs could be applied to will also be clarified to include debt reserve funds, and other bond underwriter requirements.

Because the facility will revert to the state in its entirety at the end of the term, it was also decided that it would be appropriate to allow the imposition of a customer facility maintenance charge to ensure that the facility is well-maintained and kept up appropriately. The charge also avoids any impact on the airport's operating budget as the airport will not be responsible for the maintenance and repair of the facility while under RAC control. This authority needs to be set separately from the CFC again for the protection of the bond holders.

Sectional Analysis:

Section 1. The language that was added in ch. 99 SLA 2001 to AS 02.15.090(a) is being moved into a new subsection (h) for clarification purposes.

Section 2. This adds a new subsection (h) to AS 09.15.090 which now becomes the operative stand alone section allowing for the collection of customer facility charges ("CFCs). It allows the commissioner of DOT/PF, by contract or order to set the CFC, to require the car rental companies to collect the fee, and to adjust the CFC to meet debt service obligations that might be required or desirable as car rental traffic increases or decreases over time, these are carry-overs of existing law. The new language clarifies that the CFCs will be remitted to the bond trustee and not the state when the state did not issue the bonds. CFCs will still be used to repay the bond or other indebtedness incurred for the project. However, the definition of what types of indebtedness could be paid has been broadened to include debt service, creation of a debt service reserve fund, and to meet any other bond requirements.

New subsection (i) allows for the imposition of a related customer facility maintenance charge. These differ from CFCs as they are not debt related; they are collected to pay for the maintenance and operation of the facility. Thus, they will cover major repairs, on-

going maintenance, utilities and insurance among other expenses. This will prevent the facility from becoming an operational liability to the department while occupied by the RACs in operation, and will ensure that a major repair fund is maintained so that when the state takes sole custody of it in 30 years, there are enough funds to undertake major repairs and allow the facility to be used for its real economic and physical life.

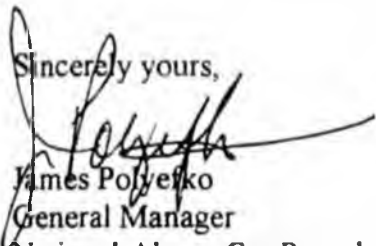
Section 3. AS 37.15.410 allows for issuance of revenue bonds for international airport improvements. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 4. AS 37.15.430(a) creates the "International Airports Revenue Fund" into which airport revenues are paid. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 5. AS 37.15.430(c) had been added by the 2001 amendment to clarify that CFCs should be remitted to the bond trustee and not the state. This amendment clarifies that the CFC is not charged to customers, it is collected from them pursuant the order imposed by the commissioner, and further clarifies that the customer facility maintenance charge is remitted directly to a third party rather than the state.

Thank-you in advance for your support.

Sincerely yours,



James Polyenko

General Manager

National Alamo Car Rental

Anchorage International Airport

AUTO RENTAL NEWS

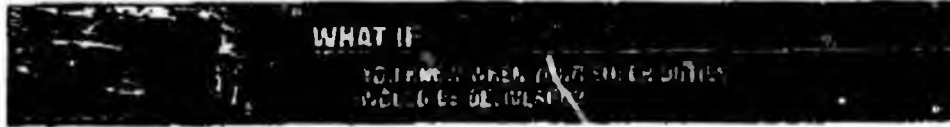
The magazine of the car rental industry

a member of **FLEET-CENTRAL**

CAR RENTAL SHOW

Car & Bus Rental Conference & Expo

2003 Jan 21 10:14



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Breaking News

Houston Consolidated Facility to Open Aug. 7

July 28, 2003

HOUSTON – Mayor Lee P. Brown was among the celebrants at a July 18 ribbon-cutting ceremony for the new \$135 million consolidated rental car facility at George Bush Intercontinental Airport (IAH). The facility is scheduled to open to the public Aug. 7.

The facility will centralize the operations of nine on-airport rental operators. A common bus system, using low-emission clean diesel vehicles, will replace the individual operator shuttles. According to the airport, the project will reduce the number of rental shuttle buses from 126 to 23 during peak periods.

The two-level facility sits on a 140-acre site on the east side of John F. Kennedy Blvd. An additional 60 acres are available for future expansion.

"IAH joins the first wave of airports that have decided to tackle the challenges of traffic congestion and reducing emissions," Mayor Brown said. "This facility is also user-friendly and offers superior customer service to Houston's visitors."

The project includes a 30,000-square-foot four-bay bus maintenance facility, along with a 3,500-square-foot tilt wall bus wash and fueling station with a 20,000-gallon underground fuel storage tank.

The Morganti Group Inc. and Champagne-Webber Inc. were the general contractors for the consolidated facility.

Special facility bonds will finance the project over a 25-year term. A \$3-per-day customer facility charge will cover the debt service. The customer facility charge is the sole guarantee of the debt service payments.

The consolidated rental car facility is part of the airport's \$2.9 billion expansion and renovation plan scheduled for completion by 2005.

On-line Training Available!
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Untangling Snarls in Planning and Negotiating for Consolidated Rental Car Facilities

By: Carol Ward

As more and more airports explore how to free up valuable terminal space and eliminate much of the congestion and smog that plague their roadways, the concept of consolidated rental car facilities has surfaced as among the best solutions. These facilities, usually located on-airport but away from the terminals, achieve both goals, and often have the added benefit of increasing revenues for airports.

Thus far, consolidated rental car facilities are up and running in seven U.S. airports, and at least 13 more have plans on the drawing board. While industry executives say smaller airports will not be able to support a full-fledged facility, consolidating rental car sites can be beneficial to larger airports, the rental companies, and the traveling public.

"In the right circumstances, these projects are a win-win for the airport, the

customers and the rental car industry," says Joe Waller, senior consultant for Landrum & Brown. "It will increase the airport's revenues, in many cases improve customer service, provide a very competitive rental car market for the customer, and provide the rental car companies with state-of-the-art facilities that allow them to grow their businesses."

These are all favorable benefits once a facility is up and operating. But getting to that final phase requires a solid planning and negotiations process, which can be overwhelming for airports accustomed to dealing individually with rental car companies with relatively short five- or ten-year leases. Because of the magnitude of such projects, which typically cost \$100 million or more, the airport issues bonds to pay for construction. The length of the lease with the rental car company often, but not

always, coincides with the length of the bond. Thus airports are working with 15-25 year leases.

"With the consolidated facilities you're getting into 15 years or more," says Susan Warner-Dooley, managing consultant with John F. Brown Company. "Several airports have built in a provision that gives the airport the right to increase the percentage fee (typically 9-10%) after a set number of years. They look at the top 10 airport rental markets and see what they're charging, so to the extent that group is able to increase fees, then it allows for adjustment."

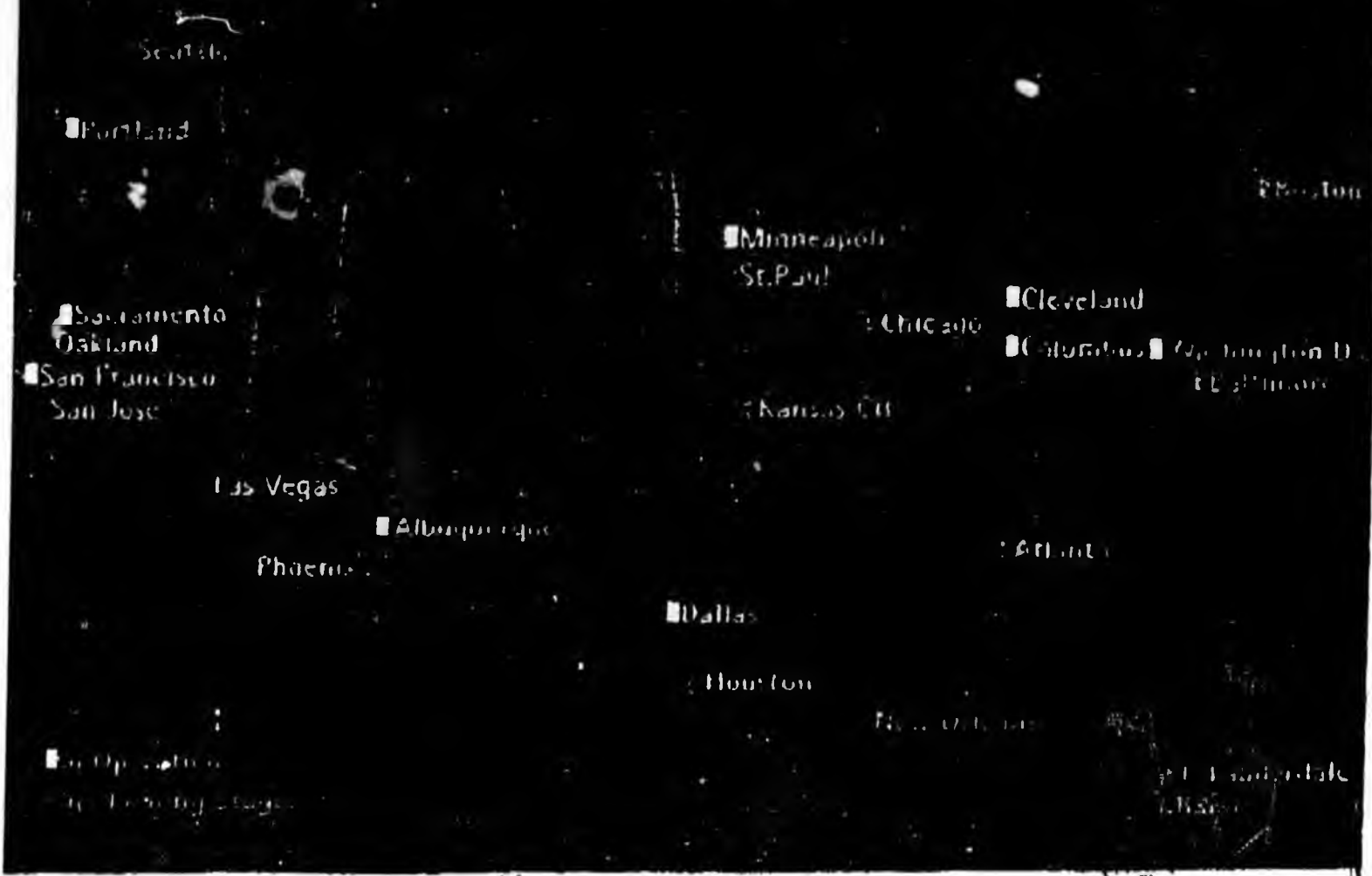
Most airports operating consolidated facilities thus far have had their rental car contract lengths coincide with the length of the bonds. However, Warner-Dooley says it's not a prerequisite. "It's just like for airport bonds, where you don't have to have an airline agreement for as long as

Rent-a-Car Facility located at the South End of the Dallas-Ft. Worth International Airport

Circle 47, when responding to report



Ongoing/Completed Consolidated RAC Projects



the bonds," she says. "You previously had to, but not anymore because there is market demand in some of the rental car deals it's not required because of the belief that even if these players go away, new players will come in to service that demand."

Bonds are paid back primarily through customer facility charges, which generally range from \$1-\$4 per day, depending on the airport, although some are charged on a per-transaction basis.

Prospect for Change Built Into Contracts

Term length is just one of many issues that come up in the lease negotiations for consolidated rental car facilities. But especially because of the length, airports

need to make sure the lease documents can withstand vagaries in the market place.

At Houston Intercontinental (IAH), for example, where a new facility is expected to open year-end 2002, the leases allow for changes throughout the 25-year term. "In that 25 years there are a lot of modifications that can be made as far as reallocating space," says Sally Bradford, senior staff executive to the director and one of the airport's key negotiators. "It was done by a formula, which is different for garage spaces versus space in the customer service area. It is very easy to change numbers of spaces in the garage, but it's more difficult when you have to start moving physical walls in the customer service area."

Changes can also be made at San

Francisco International (SFO), where a 25-year lease began on December 30, 1998. "The airport can reevaluate every year, and if the market share (of the carriers) changes in either direction by 5% or more, then we will reallocate one ready-stall space, but only that space, not the office (including counter space), administration or QTA areas," says David Dunn, rental car manager at SFO. Other airports have made similar provisions, allowing for changes in market share and the possible addition of new companies.

Airport executives who have been through the lease negotiation process say there are several other issues to contend with, not least of which is the in-fighting among the rental car companies themselves. As consolidated facilities become more common, it's likely that

many car rental groups will approach negotiations with many of the issues ironed out, but those at the forefront weathered some difficult challenges.

Multiple Operators can be Co-mingled

"One of the biggest challenges we had in our negotiations was being the mediator among 10 or 11 competitors, and having to come up with a facility that met everyone's needs, both the largest companies and the smallest companies," says Tracy Thompson, vice president of airport real estate at Dallas-Fort Worth International Airport (DFW).

"You're dealing with companies that are very competitive with each other, and having to come to an agreement on each item, with them negotiating really as one, is in itself a unique experience," says Bradford. Houston, like Dallas, brought the rental car companies in early and allowed them significant input on the design and operation of the facility.

"When we went into this project, we really felt...that it was important to design a facility that the rental car companies had bought in on," says Bradford. "we felt like they were the experts on operational issues for their customers." She adds, however, that consensus among the companies was sometimes difficult to reach. "We kind of sat on the sidelines and let them fight it out," she says.

That is something that may be particularly difficult at Miami International (MIA), where airport executives are in the early design stages for a consolidated rental car facility. The airport has 22 rental car companies signed on for its facility, and plans to accommodate all of them. That compares to an average of 8 to 12 companies at other airports.

"It's not normal," agrees Myra Bustamante, MIA's assistant aviation director for business. "It's going to be a challenge. We have 10 or 11 very small local companies, and we have to balance how to give them enough space to be effective alongside the larger companies. We are trying to figure out how to co-mingle them. There are a lot of challenges coming up because of the

number of participants."

The record response at Miami was due in part to the fact that much of the area surrounding the airport has been condemned, and rental car companies are being forced to move elsewhere.

Airports can also choose whether to draft all the contracts the same, or to negotiate individual contracts with each rental car company. At Houston International (IAH), for example, the deal was negotiated with the companies as a group. "They all have exactly the same concession agreement, there is just a different name on it," says Bradford.

At SFO, however, the airport was required to conduct a competitive bid process, with eight companies granted space in the facility. "The highest bidder got to choose their counter location and what level their ready-stalls would be located on," says Dunn. "But the highest bidder only got their percentage of the then-current market share."

Warner-Doolley says the competitive approach has some companies over-bidding to ensure their spot in the facility.

"Sometimes companies on the margin will bid a higher minimum annual guarantee just to get in," she says. "They can't do it too often, but at select airports they will sometimes way overbid, just to make sure they get in."

In general, concessions fees for rental car contracts range from 9-10% of gross revenue.

Common Busing Cuts Congestion

One of the key reasons airports are opting for consolidated rental car facilities is the desire to cut down on congestion and pollution in and around terminal buildings. "A consolidated facility can dramatically reduce the amount of traffic congestion in the terminal core, and that can have a significant impact on environmental conditions at the airport," Waller points out.

Similarly, airport executives say one of the key goals is to control the curbside areas and reduce congestion, and Dunn of SFO says bus traffic is down by about 50%.

Planning for a Consolidated Rental Car Facility

Financing:

Airport financial plan
Debt capacity
Financing alternatives
Cost recovery methodology
Customer facility charge
Rents/Fees
Preliminary costs for design & planning

Business Terms:

Concession and lease negotiations
Definition of gross receipts/percentage fees
Commitment to participate in facility/accommodation of new entrants
Level of participation in planning/design
Space allocation and reallocation
Methodology
Operational standards term

Facility:

Airport master plan
Available land
Traffic plan/impact
Curbside congestion issues
Sizing of facility
Competitive considerations
Layout/all locations
Future expansion/relocation
Common busing/or alternative transportation



Consolidated rental car facilities use common buses, which pick travelers up at the terminals and transport them to the facility site. Also, some facilities are serviced by light rail from the airport terminals.

While congestion and pollution is down at those airports with consolidated facilities, transporting travelers from the terminals to the facility has sometimes been a challenge. Generally speaking, the car rental companies jointly contract out for the bus service, although the airport can choose to handle that chore.

Thus far, most rental car groups have chosen high-end buses which previously were operated primarily by higher-end rental car companies such as Hertz and Avis. One rental car executive complains that common busing doesn't allow for differentiation among the companies.

"A rising tide lifts all boats," he says. "Basically Hertz and Avis, who use high-end buses, insist in keeping the same [high end] type for common busing

because they don't want to see the level of service go down. The other guys got to tag along..."

Dunn points out that common busing eliminates the constant stream of buses through the terminal area, which, with company names in bold letters on the side, provides invaluable advertising for the companies.

But a larger problem, at least in terms of customer satisfaction, is that many customers are accustomed to rental car facilities directly in the terminal, and they resent having to travel by bus or train to get their car. For travelers who have chosen to rent with a company not located in the consolidated facility, the frustration can be worse. Those customers must take the bus or train to the consolidated facility, then board a second bus to the company's off-airport location. Airports with a consolidated facility no longer allow any buses from individual rental car companies to offer curbside pickup.

Additionally, signage is crucial, especially in the early days of a new consolidated facility.

A side benefit to the facilities is that airport executives have identified a way to make some additional money from the facilities by providing enhanced customer service. Some feature concessions—most commonly snacks and beverages, newspapers and ATMs.

Dunn says SFO's facility offers all of the above. "Nobody is saying that a retail shop should go in, but there are certain amenities that when you're located away from the terminals you have to think about," he says. And it doesn't hurt the airport to gain another concession deal in the process.

We'd like to hear your opinion about this article. Please direct all correspondence to: Carol Ward at Carol@airportretail.com



Consolidated facilities promise to alleviate airport congestion, allow room for RAC growth, open the door for more competitors, and provide travelers with a simplified rental experience. Three years after its construction, the facility at Dallas/Fort Worth International Airport proves the point and provides valuable lessons.

By Albert Neel



Back to Consolidated

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Dallas/Fort Worth's consolidated facility opened in March 2000. The airport board actively sought input from the car rental industry during the facility's development.

It was like a sit-down on *The Sopranos* — no one wanted to be there, but they had to or else. Anxious fingers massaged studded chairs and twisted fancy bangs. Stacked files sat high like dinner plates. One RAC competitor sat across from the other, each with a different agenda. A \$162 million project — a consolidated rental car facility — needed to be designed and constructed, but no one could agree on the details. Meanwhile, deadlines hung in the air like meat hooks.

OK, maybe the board meetings for Dallas/Fort Worth International Airport's consolidated rental facility weren't exactly like that, but they came awfully close. Craig Crawford, vice president of

airport concessions at Dollar Thrifty Automotive Group Inc., was there so he should know. He describes the initial group of meetings as being more like World War III. Alliances had blurred, and everyone struggled to protect their own best interests.

"There were fights among the car rental companies about allocation, fights with the bond council on coverage requirements, and fights with the airport board over ground rents and infrastructure," Crawford says.

But the biggest, toughest battles were among the RACs.

"We wanted to know who was going where," says Crawford. "Who had the minimum specs, what was the minimum that it took to operate versus allocating everything based on market share?"

At times the debates grew so heated that board members had to call timeouts. "Sometimes we simply couldn't agree as rent-a-car agencies," says Crawford. "We had to be protected against ourselves."

But was it all worth it in the end? Was the consolidated rental facility built to the satisfaction of everyone involved? Are customers pleased with the results?

Three years after opening, DFW's consolidated facility project still provides some valuable lessons that continue to influence plans for future facilities.



the Future of Rental Facilities

Phase One: Strategic Planning

The rental car industry approached authorities at DFW Airport in February 1994 with concerns over space constraints in their airport facilities. The existing layout of the airport had two rent-a-car facilities serving the four terminal buildings. Hertz, Avis, National and Budget had their own counters, but there was no space available to accommodate additional companies. Dollar, Thrifty, Alamo, Enterprise and Advantage were authorized to serve the terminals, but operated off-airport. The airport facilities were 25 years old and inadequate to serve the rental customer volume.

Shuttle buses from the five off-site operations, as well as those located on airport, struggled to provide timely curbside service to car renters. Vehicle congestion had reached intolerable levels. Airline passengers experienced delays, and complaints to airports and

rent-a-car personnel abounded. Building a consolidated rental facility was necessary for the expansion, evolution and efficiency of DFW International Airport.

Phase one of the design process developed during a series of monthly consultations. Through workshop-style meetings, planning consultants, architects and representatives from the airport board and car rental industry sat down and mapped out project goals.

"They brought us in very early on in the process," says Robert Bouta, vice president of properties at Orenda Car Rental Group. "They asked us for a lot of input on the location of the consolidated facility, its size, the transportation mode and how to design the facility to best utilize and meet the needs of car renters."

One of the main objectives was to replace the airport's two existing car rental facilities with a single location. The conceptual design

contract for this leg of the project was awarded to Lockwood, Andrews & Newman Inc. (LAN) of Dallas. The design would need to accommodate up to 12 car rental tenants.

The design contract was awarded to Corgen Associates Inc. of Dallas. Airport authorities worked closely with the designers and architects to ensure that the new facility met quality and efficiency standards.

"We explored operational concepts ranging from consolidated individual facilities to single-floor and multi-story common structures," says Bob Blankenship, program manager at DFW Airport. "The two-story concept with segregated rentals and returns was demonstrated to be best for customer service. It was simple to understand, and there was no need to use vertical transportation with baggage."

Consultants were hired to conduct studies for the proposed facility. Among others, airport authorities called in Greiner Inc., a

ground transportation consultant, to define the project and review possible sites. TransSolutions Inc. was also brought on board to evaluate the proposed common busing operation for the facility. Studies on road conditions and traffic volume were conducted as well.

"The project included a new roadway infrastructure to properly service the proposed site," Blankenship says. "Traffic studies were done to determine the proper capacity of these new roads as well as the impact of the RAC traffic on the existing roadways adjacent to the proposed site."

To reduce car-borne traffic congestion, there would be a single, common shuttle service transporting rental customers between the terminal and rental facility. Rent-a-car industry representatives negotiated control of the shuttle system and created a committee to oversee the operation. The committee consisted of several representatives from the rental companies, along with



Before the consolidated facility opened in March 2000, Thrifty had no rental counters on airport at Dallas/Fort Worth. Neither did Dollar, Alamo, Enterprise and Advantage, which all served airport customers from off-airport locations.

an airport board member. The committee eventually decided that shuttles would pick up rental customers every five minutes.

Marshall Fein, general counsel of Advantage Rent-A-Car, saw consolidation of the shuttle services as a crucial step. "There were probably about 150 buses run by the nine individual companies," says Fein. "When we went to the consolidated facility, that was reduced to 40 clean diesel, clean emissions vehicles."

One vital aspect of the initial planning

phase was to make the facility as convenient for car renters as possible. Customer service was a priority.

Another priority was ensuring that the facility could accommodate inevitable growth spurts and changes in business volume. The design needed to be flexible so that new tenants could move in easily.

"To accommodate future growth, the west end of the building and parking structure can be expanded," says Blankenship. "The rental sites on level one can also be expanded into the courtyard area."

A curtain wall system, located between the common building and the parking structure, is flexible and designed to accommodate growth. The courtyard between the parking structure and the building provides

Project Timeline

February 1994: Car rental industry and Dallas/Ft. Worth Airport agree to develop a new consolidated facility to replace split operations.

April 1994: Greiner Inc. (ground transportation study consultant) is directed to define the project and review possible sites.

April 1995: LAN Inc. in Dallas wins a contract to draw up a conceptual design, working with representatives from the four on-airport RACs (Hertz, Avis, National and Budget) and five off-airport RACs (Dollar, Thrifty, Alamo, Enterprise and Advantage).

March 1996: Plans are developed for a two-story facility organized with rentals on level one and returns on level two.

August 1996: Corgan Associates wins a contract for the design phase.

March 1998: GMax construction contract is finalized with Thomas S. Byrne Inc.

April 1998: A \$140 million bond sale closes for initial scope of work.

April 24, 1998: Facility construction begins.

November 1999: A second \$20 million bond sale closes for additional project elements.

February 2000: Major project components completed.

March 26, 2000: Facility opens to the public.

Major Project Components

Common Rental Building =	130,000 sq. ft.
• Level One Area =	71,000 sq. ft.
• Rental Counter Area =	32,700 sq. ft.
• Level Two Area =	59,000 sq. ft.
• Future Lease Areas =	21,000 sq. ft.
Parking Structure =	1,500,000 sq. ft.
Overflow Surface Parking =	166,000 sq. ft.
Bus Maintenance Facility Site =	6 acres
Bus Purchase =	40 Low-Floor Buses
Common Areas =	46 acres
Initial Service Sites =	74 acres
Expansion Areas =	50 acres



The project's financing featured a \$140 million bond sale in 1998 and a \$20 million bond sale in 1999. A customer facility charge repays the bonds.

the space for this expansion.

The car rental companies negotiated space allotment in the new rental center, with market share a primary consideration. The facility, however, also gave access to smaller operators and new entrants.

During the monthly meetings, airport officials and consultants distributed detailed progress reports to all involved in the planning stages, says Joe Olivera, executive director at Dollar Thrifty Automotive Group. "They were very informative considering this was new ground and a work in progress at DFW."

Phase Two: Financial Matters

James R. Bruce Jr., current director of aviation at Leo A. Daly, was project manager with Corgan Associates Inc. during phase two of the project. Bruce came aboard in August 1996 with Corgan to help refine and firm up design and construction budgets.

Bruce also defined two major project goals. Customer convenience was made a top priority. Moreover, Bruce was intent on ensuring that the facility design gave no competitive advantage to one operator over another.

For financing, DFW Airport authorities consulted with the Artemis Capital Group,

the same company that developed the financing plan for Denver International Airport. Artemis Capital Group was later acquired by RBC Deira Banker, which handled the second bond issue.

Zebib Madgett, vice president of properties for Hertz at the time, and Aimee Brown, then principal at Artemis Capital, approached the consolidation board and presented a plan that relied on the strength of the car rental business to secure a taxable bond sale.

The bond would finance the facility, and a customer facility charge (CFC) would repay the bond. Car rental customers would be charged \$3 per day, which would pay off the debt service for a term of no more than 25 years.

How did the project planners arrive at the CFC amount?

"At the time the airport board agreed to let the project get underway, they had requested a \$3 cap based on what we were looking at at the time and what we projected business to be in the future," Madgett says. "That was a comfortable figure that did not concern the industry, just a guideline that the board had set that they didn't want the CFC to exceed." A number of other airports — among them, Sacramento, Denver and Savannah, Ga. — had implemented similar CFCs.

The fee can rise or drop, depending on the number of annual transactions, says Brown. After the 9/11 terrorist attacks, the board voted to raise the CFC to \$4 because of the shrinking revenue.

The DFW rental facility project marked the first time that an airport used customer facility charges to secure financing, Brown adds. "In the past they were used as payments to make the debt service, but there was no other credit behind this financing. So this was the first of its kind and it was solely

secured by fees."

Artemis divided the financing stages of the facility into two distinct parts. The initial stage of the financing, which took place April 1998, involved the first bond sale, which went for \$140 million. In November 1999, a \$20 million bond sale was granted for additional expenses, such as expansion of the parking structure, overflow parking lots, a bus tracking system, additional signage and various tenant improvements.

Artemis based its financing approach on a "pooled revenue concept," in which CFC revenues are pooled as security for a bond issue without credit enhancement. In other words, Crawford explains, the rental car transaction days were pledged behind the debt service. There were no guarantees or financial commitments by the airport or the rental car industry for payment of the debt service.

"The debt was guaranteed through the insured bond," says Madgett. "The rental car industry and airport had no debt obligation to retire the bond. They were insured to guarantee payment. They [the insurers] accepted the fact that there will always be a car rental industry in DFW and its projected growth made sense."

This approach worked especially well for the car rental industry because no particular rental company had to assume responsibility for the other if one left the market, says Crawford. "If Dollar, for instance, is in the market in Dallas and then chooses to leave, do we pick up our market and take it with us? No. It is simply redistributed among those that are left. There's real security to having it this way."

Facility Cost Overview

• Common Building	\$18 Million
• Garage	\$20 Million
• Parking Expansion	\$ 7 Million
• Service Sites/Finish-Out	\$42 Million
• Infrastructure	\$35 Million
• Soft Costs (design, testing, inspection, fees)	\$40 Million
• TOTAL	\$182 Million
• Company-Funded Enhancements	\$6 Million

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Moody's, Standard & Poor's and Fitch all gave the bond a "triple-A" rating, making it attractive to potential investors, says Brown. "It was the first time that rental agencies had done such, which permitted the bond to be sold in the public markets."

The favorable bond ratings, coupled with the fact that MBIA had insured the bond, helped lower interest rates significantly. Also instrumental in securing the bond sale was a feasibility study for the facility.

"The feasibility study helped to show historical and current data as well as forecasts for rental car demand at DFW," says Tom Berger,

"We're happy in the sense that we got new facilities," says Oliver. "We wanted to provide better service, but deep down inside we're not excited about passing these charges down to our customers. If the airports could find another way to pay for the facilities, we'd be more than happy to try it."

Phase Three: Design and Construction

Phase three of DFW's consolidated rental facility — design and construction — was a race against time that began two years before the groundbreaking ceremony in April 1998

Corgan had responsibilities to service its clients as well. "We were asked to work with the rental car agencies as if our contracts were directly with each company. We considered them our clients," says Stabel. "That meant we had to define their program needs and apply them to the scope of this project."

Each rental company had a budget. Corgan was responsible for ensuring that RACs followed those budgets closely. RACs could go beyond the scope of the program, but only if they followed the basic design requirements defined by the airport.

"They could provide, out of their own funding, expansion of that program to enhance material selection or even expand the amount of square footage that the program budget was originally based upon," says Stabel.

Although each rental rate is defined through its own corporate signature, Corgan developed a design scheme that gave the service areas a sense of community. Selection of materials, along with common design elements, made this possible. Patterns in the facility's terrazzo floors, for example, were designed not only to create an image, but to create a sense of flow to help direct customers toward the rental counters.

"The curvilinear movements of the patterns in the floor occur all through the

The DFW rental facility project marked the first time that an airport used customer facility charges to secure financing.

then senior vice president at Arconis. The feasibility study also addressed such concerns as the type of space needed at the facility and initial and future CFC levels.

The car rental industry naturally had misgivings about the CFC. Customers already had to contend with mounting rates and surcharges. But there seemed to be no viable alternative agreeable to all parties

and ended in February 2000, when the facility was ready for RACs to begin their move-in, training and setup.

In August 1998, Corgan began design development for the new facility. Brenda J. Stabel, senior project manager at Corgan, came aboard during phase two of the operation. Corgan was contracted by airport board members to work with them directly, but

Major Consolidated Rental Car Facility Projects

Complete	Under Construction	Planning Stage	Evaluation Stage
Albuquerque (3/01)	Ft. Lauderdale (12/04)	Atlanta (5/06)	Boston
Cleveland (6/98)	Houston (IAH) (5/03)	Baltimore	Burbank
Dallas/Ft. Worth (3/00)	Tucson (8/02)*	Washington (11/03)	Chicago O'Hare (2006)
Minneapolis (5/00)	Oakland International (6/03)	Chicago Midway (7/06)	Cincinnati (2007)
Ontario (1/99)		Ft. Myers (2005)*	Dayton (2006)
Sacramento (3/04)		Kansas City (12/05)	Memphis (2007)
San Francisco (1/99)		Las Vegas (2005)	Nashville
		Miami (10/05)	New Orleans (2006)
		Oakland Permanent (7/05)*	Philadelphia
		Phoenix (2005)	Providence
		San Jose (2006)*	Salt Lake City
		Seattle (2004)	San Antonio
		Washington Dulles (2005)	

perfect and give you a sense of motion," says Scobel. "So when you come into the building it gives you a sense of encouragement to start moving through the space to address the particular RAC that you're seeking." Ceiling patterns and materials reinforce this concept.

Various stages of the facility's design were still in development when construction began. Corgan Associates put together

a "guaranteed maximum construction" (GMax) contract to get the project underway. A GMax construction contract comes into play when a contractor is selected before 100% of the construction documents are complete.

"A GMax job is given the contractor on board earlier so that you can take advantage of their expertise," says Bruce. "It's a package of scope documents upon which a contrac-

tor defines a budget."

Thomas S. Byrne was the general contractor that defined the budget for construction. Byrne worked with Corgan and the airport board to manage the construction process.

"About 90% of the work was subcontracted," says James Sims, superintendent for Byrne. "We were the general contractor, but we had about 45 to 60 subcontractors working on-site."

The construction schedule was based on a 22-month design and build process that the general contractor facilitated through fast-track packages.

"On fast track you commonly would release a foundation package early so that they can start digging for the foundation and ordering materials," says Bruce. "Once you've done that you've established the footprint of the building, but you haven't finished designing the building. So you have to have enough forethought to know what you're committing to."

A total of 35 fast-track packages were issued to Thomas S. Byrne.

"The biggest obstacle we had was scheduling," says Sims. "And that was because we had so much work in 20-plus phases at one time. Our main concern was being able to put a schedule together that was feasible for all the contractors."

From site infrastructure to tenant finish-out, Byrne and a host of subcontractors worked diligently to complete the \$162 million facility within the scheduled 22-month period.

"We probably averaged about 52 hours per week," says Sims. "Closer to the end of the project there was more overtime."

The consolidated facility opened to the public on March 26, 2000.

The Industry's Assessment of the Finished Project

Most rental companies agree that DFW's consolidated facility is a success. Generally, customers are satisfied with their service and operations run smoothly. But that doesn't mean the facility design has no pitfalls. Fortunately, some of those have been averted in more recent consolidated facility projects.

"I think Bob Blankenship did a great job at DFW," says Bond. "But one thing they found out in the process, as they got closer to

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opening, is that the facility was underused. You won't get unanimous agreement in the industry on that because if you're a very small company, cap size is a critical issue."

The size issue was remedied with the additional \$20 million allocated midway to expand the project.

"The second thing," Bonta adds, "is Dallas has customers picking up the car on one level and returning it on another. On all the projects that we've moved forward on since, that's been eliminated."

Crawford agrees. "From an operation standpoint, the dual levels don't work very well because you can't cross-utilize the space," he says. "Although, from a customer standpoint, the split level is seamless."

"From an operation standpoint, the dual levels don't work very well because you can't cross-utilize the space. Although, from a customer standpoint, the split level is seamless."

— Craig Crawford, DTG

Ready and return stalls on the same floor are more effective, says Bonta. "There are times when you want to devote more of your time to customers picking up cars and others to customers returning cars," he says. "You lose that capability when your returns are on one level and your ready cars are on another."

The horseshoe shape of DFW's terminal also poses difficulties. "Buses aren't set up to work on a horseshoe-shaped curb, they're set up to run on a straight line," says Crawford. "You have to block these buses on the curbs all the time, and the wear-and-tear is terrible."

Actual costs above (difficult) because of poor facts suggest it direct request to should be more to the facility is before the ticks have missed the roll plans, which



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January 28, 2005

Fax No. (907) 465-2418

Josh Applebee
Legislative Assistant
Legislative Affairs
State Capitol
Room 408
Juneau, Alaska 99801-1182

Re: Airport Security
Our File No. 9497.110

Dear Josh:

Please find enclosed an article from two years ago regarding the Baltimore quick turnaround facility and also a Moody's discussion of the bond sale. I believe the Moody's report provides a good background on CFC bond issuance and the reception by the market. We hope to have other materials sent to you separately.

Very truly yours,

ASHBURN & MASON, P.C.

Donald W. McClintock

Enclosure

cc: Mark Pfeffer w/Enclosure

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Baltimore Airport Renovation to Move Forward With Upcoming Sale

By Alison Vekshin

WASHINGTON — After delays forced by last year's terrorist attacks, the massive \$1.8 billion expansion of Baltimore-Washington International Airport is picking up speed as it prepares for a bond sale next week for a new car rental facility.

The Maryland Transportation Authority is planning to issue \$119.6 million in taxable limited obligation revenue bonds on June 4 on behalf of the Maryland Aviation Administration, which operates the airport.

The bond proceeds will finance the construction of a consolidated rental car facility at the airport to serve the eight rental car companies operating there. Hertz Corp. has the largest share of the airport's rental car market at 28%, followed by Avis Rent A Car System, Inc. at about 23%.

The bonds are secured by a \$3 charge that will be assessed to daily car rental transactions originating at the airport, which is located between Washington and Baltimore. Morgan Stanley & Co. is the senior managing underwriter, and Piper Rudnick LLP is legal counsel. MBIA Insurance Corp. is insuring the negotiated deal.

Moody's Investors Service has issued an A3 rating with a stable outlook. Fitch Ratings and Standard & Poor's have not yet issued ratings.

Moody's cited historic demand for car rentals, the administration's rate flexibility, and the ability of the current rental car activity levels to support the debt service without increasing the customer facility charge as factors contributing to the rating.

"With an A3 rating, we feel it's a good credit," said Maria Matesanz, an analyst for Moody's.

Airports initially were reluctant to enter the market following the terrorist attacks, said Matesanz, who sees this trend gradually reversing itself.

"We've seen more issuance in the last couple of months, indicating there is more comfort by investors and by issuers to enter the market," she said. "As traffic and revenues have come back, there has been a sense of resiliency in the sector."

The terrorist attacks haven't delayed

the airport's financing plans by much, according to Fred Rappe, director of finance at the Maryland Department of Transportation.

"We're pretty much on schedule where we were hoping to be at this time," he said. The entire project is scheduled to be completed in 2006.

In August 2000, state transportation officials announced plans to issue \$1 billion in tax-exempt bonds to finance the project, and construction began in April last year. But the sales were delayed after Sept. 11, when airport officials hesitated to go to market, instead choosing to evaluate the impact of the attacks.

The authority last went to market in February with \$264 million in tax-exempt revenue bonds to pay for an airport parking garage.

In addition, the Maryland Economic Development Corp. expects to sell about \$200 million in tax-exempt revenue bonds later this year to finance the construction of a concourse at the air-

port, according to Hans F. Mayer, the agency's executive director. The deal, which is still in the structuring stage, will be backed primarily by lease revenues, Mayer said. An underwriter has not yet been selected and McGuire Woods LLP will serve as legal counsel, he added.

The state-operated airport's projects are financed by a transportation trust fund dedicated to supporting the transportation department. Sources of the fund include motor fuel taxes, motor vehicle excise taxes, motor vehicle fees, and federal aid.

In February, Maryland Gov. Parris N. Glendening announced that 2001 was the eighth consecutive record year for travelers using the airport, with 20.4 million people passing through the airport last year. This was a 3.9% increase from passenger traffic in 2000, when 19.6 million travelers used the airport.

The overall expansion and improvement plan includes the addition of 12,000 covered parking spaces, new concourses and pedestrian bridges, moving sidewalks, and a monorail-style people mover system connecting the airport, parking garages, and the Amtrak station, which also serves Maryland Rail Commuter trains. □

"We've seen more issuance in the last couple of months, indicating there is more comfort by investors and by issuers to enter the (airport debt) market," says Moody's Maria Matesanz.

Latest Agreement to Save Twins Would Keep Team in Metrodome for Another Year

Continued from page 1
with the 2003 season.

Many stadium advocates attribute the Twins' continued existence to the lawsuit filed last year after the league's contraction plans were announced. Though no teams were named, the Twins were on the list of possible teams to be contracted, according to many sports writers

team to make good on its current one-year lease extension and won. The commission's lawsuit also contends that the league's contraction plans illegally prevented the commission from negotiating a long-term lease with the team.

The extra year the tentative agreement buys is considered essential to securing a final stadium financing scheme and enacting legislation to replace what

package approved by lawmakers and signed by Gov. Jesse Ventura last week. Lawmakers won't return to work until January.

Under that stadium plan, the team would make an up-front payment of \$120 million that would be invested by the state. Minnesota in turn would sell taxable bonds to pay for a \$330 million ballpark. Investment banking would cov-

must be held on any new taxes.

Minneapolis officials believe the legislation favors St. Paul because it precludes Hennepin County, which includes Minneapolis, from participating in the financing. Minneapolis wants to spread out the burden of the stadium on a county-wide level.

"Minneapolis now has the burden of paying for about 85% of the Target Cen-



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Maryland Transportation Authority

Research Links

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Report Type	Date	Title
New Issue	23 MAY 2002	MOODY'S ASSIGNS A3 RATING TO MARYLAND TRANSPORTATION AUTHORITY RENTAL CAR FACILITY REVENUE BONDS, SERIES 2002
New Issue	5 FEB 2002	MOODY'S ASSIGNS A2 RATING TO MARYLAND TRANSPORTATION AUTHORITY'S AIRPORT PARKING REVENUE BONDS
New Issue	27 APR. 1998	Maryland Transportation Authority
Update	26 MAY 1993	Transp. Facility Project Revenue Bonds, '85
New Issue	12 AUG 1992	Transportation Facility Revenue Refunding Bonds, Series 1992

You have access to 0 of 5 available records. To increase your access please contact a Moody's representative.

Issuer Details

Sector: State, Airport, Toll Roads
 State: Maryland (State of)
 City/Town:
 County:

Watchlist Status: No
 Date:
 Direction:
 Ticker(s): MDSTRN
 CUSIP(s): 574202, 574299, 574300

Current Rating List

7 records

Security	Sale Date	Sale Amt	Underlying	Enhanced	Insured	Watchlist	Watch Date
Taxable Limited Obligation Revenue Bonds, Series 2002 (Baltimore/Washington International Airport Consolidated Rental Car Facility) Revenue	4 JUN 2002	119.60	A3			No	
Airport Parking Revenue Bonds, Series 2002A and B Revenue	12 FEB 2002	264.08	A2		Aaa	No	



Moody's Investors Service

Global Credit Research

New Issue

23 MAY 2002

New issue: Maryland Transportation Authority

MOODY'S ASSIGNS A3 RATING TO MARYLAND TRANSPORTATION AUTHORITY RENTAL CAR FACILITY REVENUE BONDS, SERIES 2002
\$120 Million Debt Affected

 Airport
 MD

Moody's Rating

ISSUE	RATING
Taxable Limited Obligation Revenue Bonds, Series 2002 (Baltimore/Washington International Airport Consolidated Rental Car Facility)	A3

Sale Amount	\$113,600,000
Expected Sale Date	06/04/02
Rating Description	Rental Car Facility Revenue Bonds

Opinion

NEW YORK, May 23, 2002 – Moody's assigns an A3 underlying rating and stable outlook to the \$120 million Maryland Transportation Authority (MTA) Taxable Limited Obligation Revenue Bonds, Baltimore/Washington International Airport (Consolidated Rental Car Facility) Series 2002. The bonds are limited obligations secured solely by a charge that will be assessed to daily car rental transactions originating from the airport. The medium-grade underlying rating reflects the narrow revenue stream offset by favorable demand for rental car services at the airport and legal provisions that provide adequate bondholder support. The bond proceeds will finance construction of a consolidated rental car facility at Baltimore/Washington International Airport (BWI) to serve the eight major rental car companies operating at the airport.

The bonds are issued by the MTA on behalf of the Maryland Aviation Administration (MAA) which operates BWI. MTA has entered into lease with MAA, which obligates MAA to remit the customer facility charge (CFC) to MTA for the repayment of the bonds.

NARROW REVENUE STREAM OFFSET BY RATE FLEXIBILITY AND STRONG DEMAND; --LEVEL DEBT SERVICE COVERED BY EXISTING RATES AND NO GROWTH IN ACTIVITY

In Moody's opinion, historic demand for car rentals, the MAA's rate flexibility, and the ability of the current (i.e. post September 11th) rental car activity levels to support the debt service without increasing the CFC are key elements of the rating. The bonds are being issued to construct a consolidated rental car facility to replace the separate facilities currently operated by rental car companies at the airport. The bonds are secured by a per day CFC assessed to car renters. Thus, the revenues are dependent upon the number and

length of rental car contracts.

The imposition of the \$3.00 per day CFC began in March 2001, and revenue collections to date have been deposited in the Facility Improvement Fund, primarily to cover the acquisition of buses that will be used to transport customers to the new facility. The MAA will try to limit fluctuation in the CFC charge and expects to continue to charge \$3.00 through the forecast period. This charge represents less than 10% of the average daily rental rate, which has remained constant, adjusted for inflation, over the last five years. The rate is not limited, which is a key element of the A3 rating. However, the MAA has the flexibility pursuant to concession agreements to assess additional rent rather than higher CFCs, and such rent would be included in Pledged Revenues. Even with a conservative assumption of no growth in the current levels of car rental activity, which reflect a moderate decline since September 11, the CFC is estimated to remain constant and satisfy the 1.25x rate covenant.

CAR RENTAL TRENDS SHOW POSITIVE GROWTH; SHOULD RECOVER TO PRE-SEPTEMBER 11 LEVELS IN 2003

Moody's views the rental car trends at the airport as a positive factor. Transaction days have grown an average of 9.1% since 1986, consistent with enplanement growth at the airport. In particular, rental car rentals have increased approximately 2% in calendar year 2001, including the effects of September 11, while enplaned passengers increased approximately 4%. In the months since September 2001, the decline in car rental activity has also been consistent with the decreases in enplaned passengers, at an average of approximately 8%.

Eight rental car companies will occupy the facility, which will be constructed to accommodate expansion. Hertz Corporation, whose senior unsecured bonds are rated Baa2, has the largest share of the airport's rental car market at 28%. Avis, rated Ba1, represents about 23% of the airport's operations. ANC rental corporation (ANC), rated BA3, operates National and Alamo, representing approximately 13.5% and 10% of the airport's operations, respectively.

Recent weakness in the US car rental business, evidenced by ANC's bankruptcy filing, is considered in the rating assignment, but is not expected to impair the ability to service the debt. While the rental car companies are the collecting agents for the CFC, remittances will occur monthly and will be supported by performance bonds covering four months of collection. Furthermore, in the case of ANC, the US Bankruptcy Court has ordered that the CFC collected at BWI is the property of MAA and that MAA has a perfected first priority lien on the CFC collections at all times.

The rental car companies are financing and developing their own service areas, therefore increasing their commitment to the BWI market. Moody's expects that the executed concession agreements with the rental car companies have adequate flexibility to accommodate individual rental car companies' growth strategies.

RENTAL CAR OPERATIONS SUPPORTED BY STRONG REGIONAL ECONOMY

In Moody's opinion, the strong regional economy served by the airport is a key element in the rating assignment. Demand for rental car transactions is dependent on a number of variables, but regional economic activity represents a key factor. BWI represents a strong O&D market and primarily provides air service to the Baltimore MSA. Approximately 15% of the total passengers connect through BWI. The airport also shares a broader secondary air service area with Ronald Reagan Washington National Airport and Dulles International Airport. Moody's does not expect the competition of National and Dulles to threaten the demand for car rentals at BWI to an extent that would threaten security for the bonds. The secondary air service area includes portions of the Washington MSA. The overall service area demonstrates an increasingly diverse employment base with close proximity to the national capital as well as an attractive tourist destination. Thus, the area economy provides a strong base for airport, and thus car rental, operations.

BONDS HAVE ADEQUATE LEGAL PROTECTIONS; NO RECOURSE TO AIRPORT OR RENTAL COMPANIES

In Moody's opinion, the bonds have adequate legal protections to provide for repayment. The Trust Agreement includes a rate covenant requiring that CFCs be set to provide for 1.25 times debt service coverage. A portion of the coverage will, however, be provided through a debt service coverage fund equal to 15% of maximum annual debt service that will be funded with the bond proceeds. The \$3.00 CFC is sufficient to provide 1.10 times revenue coverage at 2000 car rental activity levels. In addition, a debt service

reserve fund of maximum annual debt service will likely be provided through a surety policy with the bond insurer. The car rental companies will operate the facility; thus the CFC is required to cover only debt service and limited administrative costs. The Trust Agreement includes provisions for build up of a facility improvement fund.

All eight rental car companies have executed the agreements but they do not provide corporate guarantees of the bonds. Their obligation is limited to the collection and monthly remittance of the CFC revenues, and there is no security (such as a letter of credit) associated with that collection. In Moody's opinion, since the MAA has imposed the \$3.00 charge since March 1, 2001, there is minimal risk associated with timely construction of the facility. Moreover, the facility has a typical construction term and is not complex, mitigating the risk of cost overruns and potential need for completion bonds.

Outlook

The outlook for the underlying rating is stable, based on the strong service area supporting the rental car operations and the absence of significant construction-related risks. The outlook also reflects the expectation that the bonds can be serviced within the "no growth" scenario which keeps transaction days constant at FY 2000 levels.

KEY STATISTICS

Type of Airport: O&D

CY 2001 O&D Enplanements: 7,998,840

O&D/Total Enplanement: 85%

Expected Customer Facility Charge per Transaction Day: \$3.00

Average Annual Growth in Rental Car Transaction Days 1996 - 2001: 8.1%

Projected Average Annual Growth in Rental Car Transaction Days: 3.7%

Minimum Projected CRCF Debt Service Coverage: 1.30x (In FY 2009)

Analysts

Kevin Carney
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HB

1999

Rec'd 3/31
2:55 pm

ALASKA STATE LEGISLATURE

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Juneau, AK 99801-1182
Phone: (907) 465-3777
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Eagle River, AK 99501-2133
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REPRESENTATIVE PETE KOTT DISTRICT 17 – EAGLE RIVER

Memorandum

To: Representative Carl Gatto – Co-chair House Transportation Committee

From: Representative Pete Kott *Pete*

Date: March 31, 2005

Re: HB 199 – “An act excluding certain trucks from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax; and providing for an effective date”

Representative Gatto, *Carl*

I respectfully request that HB 199 be scheduled for a hearing in the House Transportation Committee at your earliest convenience.

Thank you for your consideration.

ALASKA STATE LEGISLATURE

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Member:
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REPRESENTATIVE PETE KOTT DISTRICT 17 - EAGLE RIVER

Sponsor Statement for House Bill 199

In 2003 the Alaska State Legislature passed HB 271 as a tourism-based tax on passenger rental cars and recreational vehicles. The purpose of the tax was to tax visitors using our road system, not local citizens. However, House Bill 271 has negatively impacted Alaska citizens needing to move, our local independent outlets, and the consumer truck rental business overall. The Department of Revenue has assessed the tourism-based tax on all rental vehicles, including trucks less than 26,001 pounds. This interpretation of the law results in the 10 percent tax being applied to Alaska businesses and citizens renting trucks. The 10% state tax, along with the local municipal and city taxes, adds considerably to the total rental fee.

In 2004 HB 347 was introduced to correct the unintended consequence created by HB 271 and provided an exemption for taxicabs. This corrective legislative passed and was signed into law.

Now in 2005 House Bill 199 is introduced to correct another unintended consequence by adding removing "rental trucks". This legislation would ensure that the tax applies more specifically to the intended target of visitors renting passenger vehicles and recreational vehicles, rather than the unintended target of Alaska businesses and citizens who rely on truck rentals for the continued flow of commerce and movement of household goods.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 199
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Exclude certain trucks from RDU Taxation and Treasury
vehicle rental tax Component Tax
 Sponsor Representative Kott
 Requester Representative Kott Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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 (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary.)
Bill Language: This bill will exempt trucks with a gross vehicle weight rating greater than 8,500 pounds and used or maintained primarily for the transportation of personal property from the vehicle rental tax. The intent of this bill is to exempt trucks rented by individuals to move their personal property from the vehicle rental tax.
Revenue: Currently, rental trucks are subject to the vehicle rental tax. Exempting rental trucks from the vehicle rental tax will result in a decrease in vehicle rental tax revenue of approximately \$250,000 to \$300,000 each fiscal year.

Prepared by: Johanna Baies Phone 269-6628
 Division: Tax Division Date/Time 4/8/05 10:21 AM
 Approved by: Jerry Burnett Date 4/8/2005
 Agency: Department of Revenue

HB

2009

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

TEXT: (907) 465-3652
FAX: (907) 586-4365
PHONE: (907) 465-3800

March 24, 2005

The Honorable Carl Gatto
Co-Chair, House Transportation
State Capitol, Room 411
Juneau, AK 99801

The Honorable Jim Elkins
Co-Chair, House Transportation
State Capitol, Room 416
Juneau, AK 99801

Dear Representatives Gatto and Elkins:

I respectfully request that you schedule House Bill 209 for a hearing before the House Transportation Committee. This bill would establish an ongoing statutory advisory board within the Department of Transportation and Public Facilities to make recommendations to the commissioner of DOT&PF with respect to aviation functions of state government.

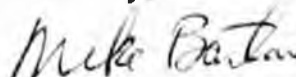
Governor Murkowski originally created the board in January 2003 under AS 44.19.028 by Administrative Order No. 204. To avoid dissolution, the board was renewed in June of 2004 through Administrative Order No. 215. This bill would continue the existence of the board without need for annual administrative renewals.

The statutory Aviation Advisory Board would have the same composition as the current 10-member interim board, with representatives of various stakeholders in aviation matters. However, one additional board member is added to provide for an uneven number of votes on the board. The governor would appoint board members to staggered three-year terms. Like the existing interim board, members would serve without compensation, other than coverage of travel and per diem expenses. All members would serve at the pleasure of the governor.

The DOT&PF manages and operates the Ted Stevens Anchorage International Airport, Fairbanks International Airport and 258 rural airports across the state. Steady dialogue and ongoing coordination between the state and the aviation industry are critical to the state's aviation policy as well as airport management and operations. By the same token, board members would have a continual opportunity to share their industry perspectives and make recommendations to the commissioner of DOT&PF.

I urge your prompt and favorable action on this measure.

Sincerely,



Mike Barton
Commissioner

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 209
 (H) Publish Date: 3/7/05

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Establish Aviation Advisory Board RDU Administration & Support
in Statute Component Commissioner's Office
 Sponsor House Rules
 Requestor Governor's Office Component No. 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Department of Transportation has issued a zero fiscal note for this legislation due to the fact that DOT/PF has already requested \$20,000 of general funds in its 2006 operating budget. The amount would cover board member per diem and travel, and minor room rental and supplies expenses.

Prepared by: Nona Wilson Phone 465-3904
 Division Legislative Liaison, DOT&PF Date/Time 2/28/05 1:39 PM
 Approved by: Mike Barton Date 2/28/2005
 Agency Commissioner, DOT&PF

HB 209 Sectional Analysis

Section 1:

This creates a new article in AS 44, consisting of six new statutory sections, to permanently establish the Aviation Advisory Board within the Department of Transportation and Public Facilities.

AS 44.42.210(a) provides that the purpose of the board is to advise and provide recommendations to the commissioner on public policy related to the department's exercise of its aviation functions.

AS 44.42.210(b) specifically requires the commissioner to consult with the advisory board with respect to candidates to fill, on a permanent basis, the position of chief administrative officer of the Ted Stevens Anchorage and Fairbanks International Airports.

AS 44.42.220(a) states that the board shall meet at least once a year, or more frequently as determined appropriate by the chair of the board, to carry out its advisory functions.

AS 44.42.220(a) and (b) also provides that meetings and records of the board are subject to public meetings and public records laws.

AS 44.42.230(a) adds one additional member to the board for the purposes of having a tie-breaking vote. This section increases board membership from 10 to 11 members. All members serve at the pleasure of the governor.

AS 44.42.230(a)(1) through AS 44.42.230(a)(10) establishes those sectors from which membership shall be drawn:

- One member representing a statewide trade association of air carriers
- One member representing a statewide membership organization of pilots, aircraft owners, and other aviation supporters, organized to promote noncommercial aviation in the state
- One member representing air carriers signatory to the Alaska International Airport System operating agreement
- One member who owns or is employed by an Alaska regional air carrier
- One community leader residing in the unorganized borough of the state
- One member to represent the mayor of the Municipality of Anchorage
- A member to jointly represent the mayors of the City of Fairbanks and the Fairbanks North Star Borough
- A member to represent the tenants of the Alaska International Airport System, but does not represent an air carrier
- One member representing an air carrier engaged exclusively in the air cargo business in the state
- Two members who represent other interests that the governor determines appropriate to advise on aviation activities in the state

AS 44.42.230(b) requires the governor to appoint at least one member from each of the four judicial districts of the state in order to provide geographic balance on the board.

AS 44.42.230(c) provides that the governor designate a chair from among board members, or, at the governor's request, allows for the board to elect a chair from among its members who are not state employees or officers.

AS 44.42.230(d) provide for board members to be appointed to staggered three-year terms and to serve until a successor is appointed.

AS 44.42.240 provides that board service is uncompensated, but board members who are not state employees or officers are entitled to payment of travel expenses and per diem as provided in AS 39.20.180 for members of boards and commissions.

AS 44.42.290 Defines the "Alaska International Airport System" as the Ted Stevens Anchorage International Airport and the Fairbanks International Airport. "Board" means the Aviation Advisory Board established in AS 44.42.200.

Section 2:

The Revisor's Instruction provides for designation of existing AS 44.42.010 – AS 44.42.080 as article 1 of AS 44.42 under the heading "Article 1. Department Organization and Functions." Section 2 also designates AS 44.42.900 as article 3 of AS 44.42 under the heading "Article 3. General Provisions."

Section 3:

Effective date as per AS 01.10.070(c).



March 15, 2005

Nona Wilson
Legislative Liaison
Alaska Department of Transportation and Public Facilities
3132 Channel Drive, Suite 300
Juneau, AK 99801-7898

Dear Ms. Wilson:

The Aircraft Owners and Pilots Association (AOPA) is a membership association consisting of over 400,000 pilots and aircraft owners nationwide, 4,600 of whom reside in the state of Alaska. AOPA is committed to ensuring the continued viability, growth, and development of aviation and airports in Alaska and the United States.

The Aircraft Owners and Pilots Association strongly supports Senate Bill 133, regarding the establishment of an aviation advisory board for the Department of Transportation and Public Facilities. Given the huge role that aviation plays in the transportation system of Alaska, it is vital to have a forum for the aviation community to provide input on policy and management issues to the department.

On behalf of the 4,600 AOPA members in Alaska, we thank Governor Murkowski for sponsoring this bill.

Sincerely,

A handwritten signature in black ink that reads "Tom George". The signature is written in a cursive style with a prominent "T" and "G".

Tom George
Alaska Regional Representative

TOM GEORGE
ALASKA REGIONAL REPRESENTATIVE
PERSONAL ADDRESS: P.O. Box 83750 FAIRBANKS, AK 99708
907-388-9955 (PHONE) 907-455-9001 (FAX)
E-MAIL: tom.george@aopa.org

HB

237

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

rcvd 4/4 11:17 pm
FRANK H. MURKOWSKI, GOVERNOR

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April 4, 2005

The Honorable Jim Elkins
Co-Chair, House Transportation
State Capitol, Room 416
Juneau, Alaska 99801

The Honorable Carl Gatto
Co-Chair, House Transportation
State Capitol, Room 411
Juneau, Alaska 99801

Dear Representatives Elkins and Gatto:

I respectfully request that you schedule House Bill 237 for a hearing before the Senate Transportation Committee. This bill would authorize the sale of up to \$288 million in new international airport revenue bonds that will fund terminal remodels at the Anchorage and Fairbanks International Airports. In addition, it would provide state matching dollars for federal airport improvement projects and fund other smaller capital improvement projects.

Annual debt service on the revenue bonds will be paid for primarily through airline rates and fees. All the projects requiring bond funding were approved by the Alaska International Airport Systems' 26 signatory airlines in January of this year.

At the Ted Stevens Anchorage International Airport, the bond package includes \$91 million for a seismic retrofit of the A and B concourses of the South Terminal. The fix ensures that the rest of the terminal meets current health and safety standards and will assist with business development.

In addition to the Concourse A and B retrofit, bonds will provide funding in Anchorage for the federally required match for airfield projects and equipment.

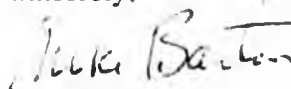
In Fairbanks, \$86.8 million in bond proceeds will upgrade and replace terminal facilities to accommodate future growth in passenger numbers and address seismic and code issues. Bond proceeds will also provide for the state share of primary runway reconstruction and replacement of airport equipment.

Cash flow analysis indicates the need for a bond sale in January of 2006.

The Governor has submitted in his FY06 capital budget some spending authority requests for portions of the bond-funded program to be initiated in FY06. Additional spending authority for bond-funded projects will also be required in fiscal years 2007 through 2009.

I urge your prompt and favorable action on this measure.

Sincerely,


Mike Barton
Commissioner

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 237
 (H) Publish Date: 3/29/05

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

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel	15.0					
Contractual		10.0	10.0	10.0	10.0	10.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service			19,465.2	19,465.2	19,465.2	19,465.2
TOTAL OPERATING	15.0	10.0	19,475.2	19,475.2	19,475.2	19,475.2

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	15.0	10.0	10.0	10.0	10.0	10.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
AIAS Revenue Fund			19,465.2	19,465.2	19,465.2	19,465.2
TOTAL	15.0	10.0	19,475.2	19,475.2	19,475.2	19,475.2

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes the State Bond Committee to issue \$288.3 million in revenue bonds to support the Alaska International Airport System capital improvement program.

Project size is approximately \$265 million. Initial debt assumptions are \$100 million in variable-rate bonds, and the balance in 25-year term bonds with fixed interest rates and serial maturities. Eighteen months of capitalized interest is assumed, with interest expense to be paid from bond proceeds. The blended assumed interest rate is 4.46%. Assumptions, including interest rates, are likely to change over time.

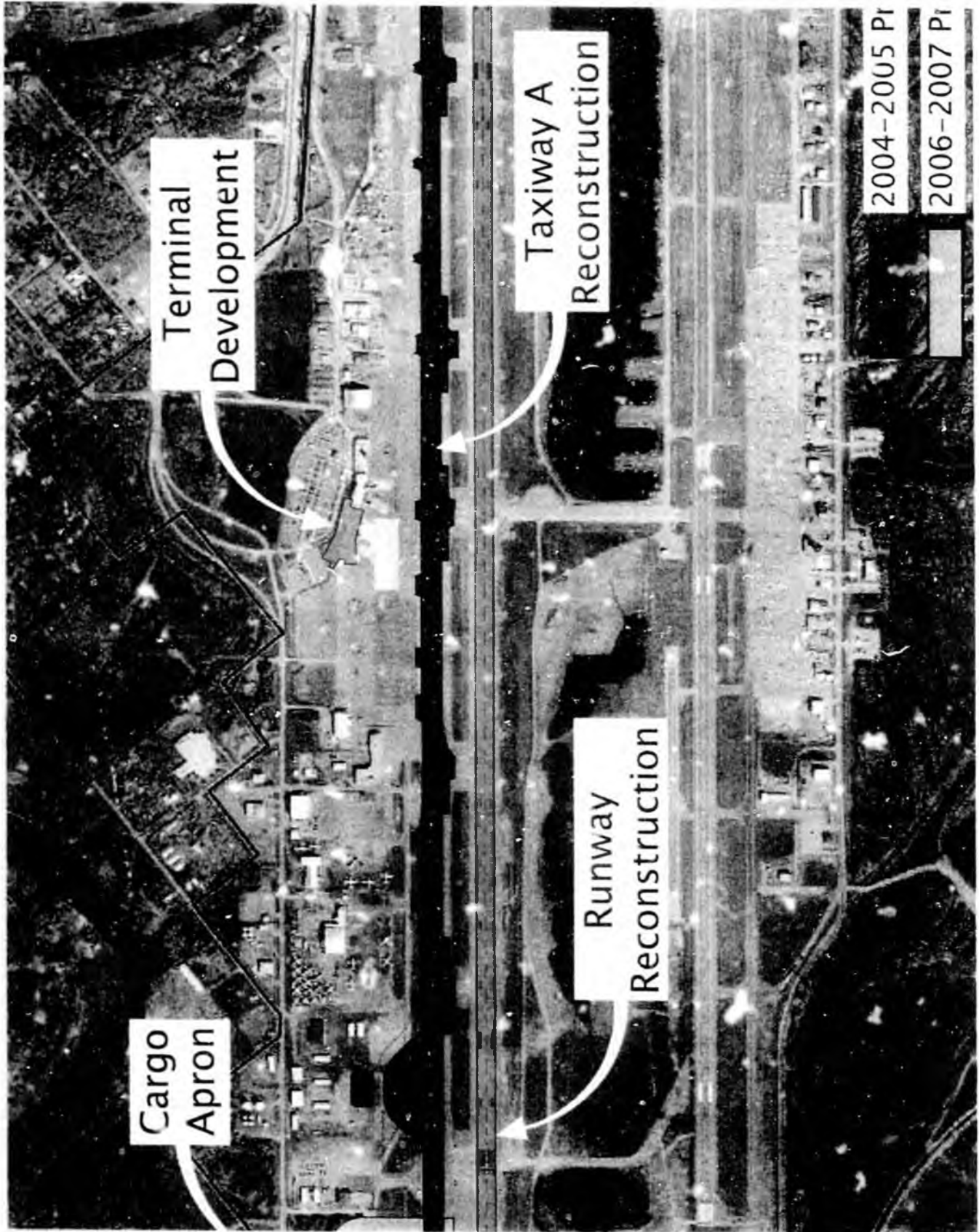
Prepared by: Deven Mitchell, State Debt Manager Phone: 465-3750
 Division: Treasury Division Date/Time: 3/21/05 3:35 PM
 Approved by: Tom Boutin, Deputy Commissioner Date: 3/21/2005
 Agency: Department of Revenue

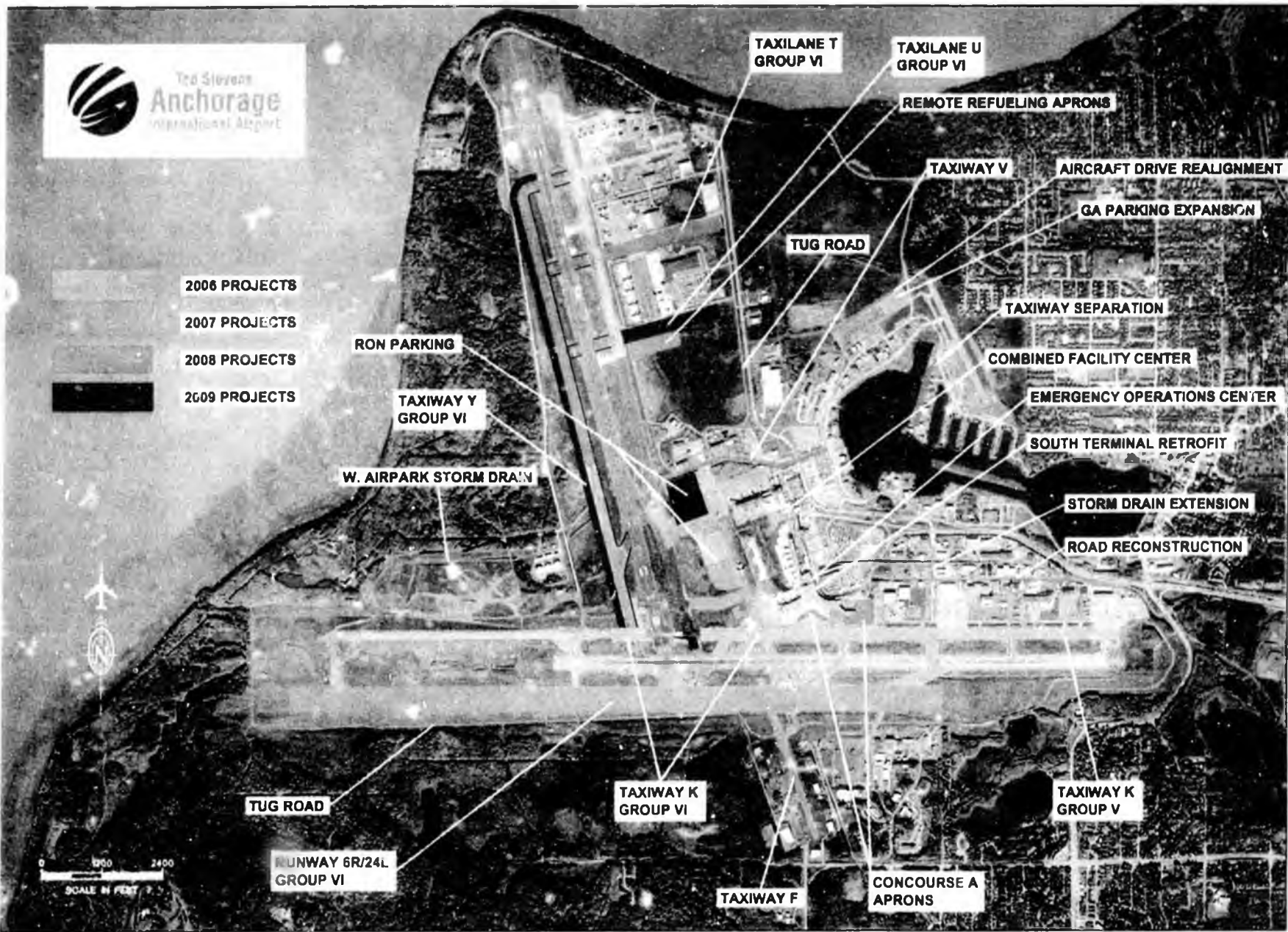
AIAS Bond Funding Requirement

AIRPORT	ITEM	OTHER FUNDING	BONDS	TOTAL
ANC	A&B Retrofit	51.5	91.5	143.0
FAI	TERMINAL	12.4	86.8	99.2
ANC	CIP (FY06 - 09)	118.8	29.2	148.0
FAI	CIP (FY06 - 09)	50.4	5.5	55.9
Deferred	CIP (FY04 - 06)	0.0	19.9	19.9
TOTAL		233.1	232.9	466.0
Capitalized Interest			30.2	
Issuance Costs			24.9	
Total Bond Sale			288.0	

**Alaska International Airport System
FY06 – FY09
Bond Funded Projects**

<u>FAI</u>	<u>Bond Amount</u>	<u>Total Project</u>
Federal Match - Runway Peconstruction	\$ 2,587,500	\$ 51,750,000
Airfield Maintenance Equipment	\$ 2,934,000	\$ 2,934,000
Terminal Redevelopment	<u>\$ 86,843,500</u>	<u>\$ 99,843,500</u>
	\$ 92,365,000	\$154,527,500
<u>ANC</u>		
Federal Match – Airfield, Aprons, GA Parking, Taxiways	\$ 5,439,362	\$ 51,307,848
AOA Snow Melting System	\$ 3,000,000	\$ 3,000,000
South Terminal Seismic and Security Retrofit	\$ 91,500,000	\$143,000,000
Consolidated Facilities Center	\$ 5,000,000	\$ 5,000,000
Homeland Security/Terminal Area Upgrades	\$ 13,639,000	\$ 14,639,000
Noise Abatement and Land Acquisition	\$ 2,661,000	\$ 23,361,000
Safety/Security/Information Systems Improvements	\$ 6,474,000	\$ 11,974,000
Utilities/Roads/Grounds Upgrades	\$ 5,084,000	\$ 6,584,000
Airfield Maintenance Equipment	\$ 4,363,000	\$ 18,033,000
Advance Project Planning/Design	<u>\$ 6,900,000</u>	<u>\$ 10,900,000</u>
	\$144,060,362	\$287,798,848





- 2006 PROJECTS
- 2007 PROJECTS
- 2008 PROJECTS
- 2009 PROJECTS

HB

239

ALASKA STATE LEGISLATURE

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REPRESENTATIVE JIM ELKINS

Sponsor Statement HB 239

House Bill 239: "An Act relating to the powers and duties of the Department of Transportation and Public Facilities; relating to a long-range program for highway construction and maintenance" is designed to clean up obsolete statute.

In the late 1970's the Governor wrote Executive Order No. 39 § 2 (1977) creating the "Alaska Transportation Council". The executive order directs the Department of Transportation and Public Facilities Commissioner to consult with this council on all annual transportation projects. Projects were not supposed to move forward without the recommendation of the council being considered. Regrettably, subsequent governors did not populate the council, and it has been vacant for many years. Because the State may have unwittingly overlooked the requirement to "consider the recommendation of the Council" and do a cost "benefit study" for each project in the state, it has found itself in litigation, delaying construction projects around the state.

The problem is straightforward. The state is not complying with this old statute, thereby setting a basis for litigation. To preserve our future projects, HB 239 will amend this statute and ensure that this loophole will not be used in the future to block important projects across the state.

The other changes to the statute the bill proposes amount to house cleaning. The changes reflect "Powers and Duties" that have been handed to other agencies along with practices that cost more than the resulting savings. And finally, the bill changes "annual" requirements to "periodic" which will allow the commissioner discretion in choosing times that are sensible. This will save the money spent on studies and let it be spent on road projects.

I urge your support of this important measure.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: F.B239-DOT-CO-4-11-05
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Powers/Duties DOTPF/ RDU Administration & Support
Transportation Plan Component Commissioner's Office
 Sponsor H Trans By Request
 Requester House Transportation Component No. 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Nona Wilson Phone 465-3904
 Division Legislative Liaison, DOT&PF Date/Time 4/11/05 10:14 AM
 Approved by: Mike Barton Date 4/11/2005
 Agency Commissioner, DOT&PF

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB239-DPS AST-4-11-05
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
 Title: "An Act relating to the powers and duties of the RDU Alaska State Troopers
Department of Transportation and Public Facilities." Component: AST Detachments
 Sponsor: House Transportation Committee
 Requester: House Transportation Committee Component No. 2325

Expenditures/Revenues (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This legislation will not have a fiscal impact on the Department of Public Safety.

Prepared by: Lieutenant Todd Sharp Phone 907-465-3223
 Division: Alaska State Troopers Date/Time 4/11/05 9:10 AM
 Approved by: Commissioner William Tandeske Date 4/11/2005
 Agency: Department of Public Safety

ALASKA STATE LEGISLATURE

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REPRESENTATIVE JIM ELKINS

Sectional Analysis

Section 1 amends AS 19.05.040 to provide that the Department of Transportation and Public Facilities (DOT) may award and administer grants authorized by appropriation by the legislature.

Section 2 amends AS 44.42.020(a) by repealing the duties of the DOT in regard to (1) maintaining a current inventory of public facilities; (2) adopting energy performance standards for state public facilities; and, (3) providing planning assistance to school districts and regional educational attendance areas. The duties of the department are amended to provide that the department shall periodically evaluate alternative fuels, not just natural gas, for automotive purposes and purchase or convert vehicles to use alternative fuels whenever practicable. The duties of the department are also amended to provide that the department shall periodically study alternatives available to finance transportation systems.

Section 3 amends AS 44.42.050(a) to establish requirements for the development of a comprehensive, intermodal, long-range transportation plan for the state.

Section 4 amends AS 44.42.050(d) to establish the duties of the commissioner of transportation and public facilities in regard to development of a list of projects scheduled for at least the next two years to implement the comprehensive, intermodal long-range transportation plan developed under AS 44.42.050(a).

Section 5 amends AS 46.11.900(8) to delete references to thermal and energy standards developed by the DOT&PF in order to conform to the repeal of the department's duties regarding those standards by Section 2 of the bill.

Section 6 repeals AS 19.10.140 (relating to a long term program for highway construction and maintenance) and AS 46.11.010 (relating to thermal and lighting energy standards for public buildings).

ALASKA STATE LEGISLATURE

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REPRESENTATIVE JIM ELKINS

FACT SHEET FOR HB 239

SHORT TITLE: POWERS AND DUTIES OF DOT&PF / TRANSPORTATION PLAN

SUMMARY:

- Deletes the requirement that the DOT&PF participate in setting thermal and lighting energy standards.
- Includes other statutory clean-up language requested by DOT&PF.
- Deletes the requirement that DOT&PF conduct a cost benefit study for projects where such studies are not warranted.

BENEFITS:

- Allows DOT&PF to proceed in a timelier manner with projects for which a cost benefit study is not required.
- Updates DOT&PF statutes to respond to circumstances as they actually exist today

BACKGROUND:

- Opponents of DOT&PF projects often manipulate obsolete statutes, such as a requirement that the department conduct a cost-benefit analysis, to halt construction projects vital to the health, safety, and wellbeing of Alaskans. This has increased costs to the state and has wasted valuable time and money in litigation all while increasing the overall project costs. HB 239 will eliminate this requirement and cleans up other statutory language no longer appropriate to DOT&PF functions.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

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March 17, 2005

The Honorable Gary Stevens
Alaska State Legislature
State Capitol, Room 103
Juneau, Alaska 99801-1182

Dear Senator Stevens:

Thank you for taking the time to meet with my staff on this important legislation. As you know, the state statutes governing transportation planning have recently been used in litigation to halt or at least slow down the accomplishment of strongly supported transportation improvements.

Tragically, the litigation induced delay of the project to build a road and bridge between Iliamna and Nondalton may have led to the drowning deaths of two young men who recently attempted to cross the Newhalen River and broke through the ice. A third person only narrowly averted his death by struggling back to shore.

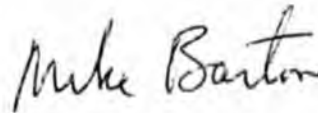
The state has spent more than \$200,000 in legal costs, and at least another \$100,000 in planning costs to comply with the court interpretation of the transportation planning duty found in AS 44.42.050(a). The current draft of CS SSSB 16 would modify this transportation planning duty to a more reasonable standard, and one that is not as readily used to halt important transportation projects. Of course, these state costs are trivial in comparison to the loss of life and physical dangers forced on Alaska citizens who must travel across thin ice in the dark of winter to seek basic consumer goods and services.

Aside from the obvious gravity of what might have been avoidable loss of life, the current statute language remains a tool available to any person or group seeking to halt or delay other needed transportation projects. This legislation is needed to ensure that the roads, buses, trails, airports, ferries and other basic transportation needs are not needlessly halted for reasons of process rather than substance.

My staff stands ready to discuss the specifics of this legislation and why we endorse its passage. I would also note that we have recently begun the administrative process to change the regulations (17 AAC 05.120-990) that govern the transportation project selection. This change, which is driven by the court ruling in question, has increased the costs of nominating projects for every community in the state. Should CS SSSB 16 become law, we will immediately take steps to remove this new and expensive regulatory burden on our communities.

I applaud your attention to this matter, and by copy of this letter to Senate leadership and committee chairs assigned to consider this legislation I hope to encourage its passage. I understand the Representative Elkins is considering introducing a companion bill, and have copied him on this letter to illustrate our support and the statewide urgency for this legislation.

Sincerely,



Mike Barton
Commissioner

cc: Senator Ben Stevens, Senate President
Senator Charlie Huggins, Chair, Senate Transportation
Representative Jim Elkins, Chair, House Transportation
Kevin Jardell, Legislative Director, Office of the Governor
Linda Hay, Deputy Legislative Director, Office of the Governor
Nona Wilson, Legislative Liaison, DOT&PF

**Transportation HB 239
Before House Transportation Committee**

**Prepared by:
Alaska Department of Transportation and Public Facilities
April 12, 2005**

Thank you Mr. Chairman:

I believe the legislation before you is some of the most important you will consider this year. While the bill is long and tedious, it addresses something we can all agree with. Transportation is vital to the state, and many important projects must continue to be built to serve the state. As my testimony will show, without this legislation, many such projects may be in jeopardy or costs of "process rather than pavement" will be higher.

This bill contains both housekeeping and substantive measures.

Housekeeping:

To preserve time I will not address the house keeping measures other than to say they clean up sections of the powers and duties for DOT&PF to reflect the world we now operate within. Changes in other laws, technology, budgetary changes and governmental reorganization have intervened in such a way to make a part of our powers and duties language obsolete.

Specifically, I am referring to Sections 2, 4, 5 and 6 shown in grey as house keeping measures.

Substantive:

The remaining sections of the bill (Sections 1 and 3) are more substantive. They are directed at two specific goals:

- Ensuring that federal funds we receive for grant programs can lawfully be administered and awarded.
- Ensuring that the state's transportation planning process is efficient, in line with current practice and federal influence, and most importantly not subject to additional litigation using the same arguments used on the Iliamna to Nondalton project.

Section 1

The change to paragraph (13) is very important. Currently the department is operating without legal authority to issue grants other than from the Highway Safety Office. Yet we routinely receive federal funds for other purposes and award them in a grant process. The two most common examples of this occur in the area of Federal Transit funds for rural communities and transit vans for the elderly and disabled persons, and grants in the area of Scenic Byways.

Section 2

All but the last change in this section relates to natural evolution in the department's duties and technology. The department no longer has a building program that involves local governments. The department no longer sets energy standards; this is done by national standard groups and generally adopted by local government in their building codes. The addition of a new duty concerning the study of alternative financing mechanisms is important. There is a rapid change occurring in transportation finance nationally, and we believe it will become an increasingly important area of examination.

Section 3

From the department's perspective, this is the most important section in the bill. The language in this section has been the subject of litigation in state court. As now constructed it is both nearly impossible to fully comply with, and results in very expensive costs for project proponents.

The section now literally requires that the entire long-range transportation plan for the state, for all modes of transportation be updated annually. The department currently expends more than \$8 million annually on transportation planning but does not have the resources to meet even a five-year cycle of plan updating. The very lengthy process of plan preparation and the associated public process can take several years. We would not recommend enlarging the funding directed at planning nor adding the staff required to meet an annual cycle, thus we recommend the flexibility contained in this bill.

The removal of the requirement for "*consider means and costs of improving existing modes and facilities, state and federal subsidies, and the costs and benefits of new transportation modes and facilities.*" is also vital. This requirement has been at the heart of the litigation. A judge's ruling has now confirmed that a project selected for funding by the state must fulfill this requirement. Taken literally, this means:

- Every senior van, every bus, every repair to state ferries, every maintenance project to roads and every trail project must undergo a consideration of benefits and/or costs;
- No exceptions in current law apply to emergencies such as flood damage, or earthquake repairs;
- No exception can be applied to federally funded "projects" that are not easily measured, such as training, research, planning and bridge inspection;
- No exception in the current law permits projects that meet basic needs to be exempted, such as runway lights for small villages or a "make it black" project on rural subdivision roads; and,
- No exception exists for projects authorized by direct legislative appropriation, Congressional earmark or even by the voters through bond issues.

Due to the court ruling and the current language of the statute, the department recently adopted regulations that require a cost-effectiveness study for every project in the STIP scoring process. This requirement falls heavily on local governments, which must now undertake these studies before they request federal funds. But the legal advice of the

Department of Law was that we had no choice in this action. Should SB 16 pass as written we will immediately move to strike this provision from the regulations.

Section 4

The changes in this section are recommended. They update the process of submitting a capital budget including the STIP process to more closely follow both the practice of the Legislature and the federal agencies that fund the STIP.

Section 5

This change is needed to reflect the changes in time that have caused the department to no longer have a role in the setting of thermal and lighting energy standards.

Section 6

This section assists the cleanup of statutes by dropping sections that are duplicative and thus confusing to the public and the department.

Issues of Concerns with Mandatory Consideration of Costs and Benefits
Statement by Alaska DOT&PF
March 31, 2005

Statute is not clear as to what constitutes “*consideration of costs and benefits*”

- CBR (cost-benefit ratio) is but one method of engineering economics
- Other legitimate methods include NPW (net present worth), CEM (cost effectiveness measures) and EUAC (equivalent uniform annual cost)¹.
- Other societal mandates often left out of strict economic considerations including LEC (least environmental cost), (EJ) environmental justice and SCP (safety conscious planning).

Statute has little if no flexibility regarding consideration of costs and benefits

- Requires such consideration on every new project regardless of usefulness
- Puts at risk all projects currently in progress (even under construction) that were selected for capital budget without consideration the Superior Court believes is necessary.
- Effectively requires cost-benefit consideration for all projects since cost is required to be considered in all cases and must be put into some context.

Statute would divert public money to cost-benefit consideration even when not meaningful

- Many project categories are not well suited to C-B consideration:
 - Rural Alaska projects provided as a basic public service but serve a small population base such as airports or sanitation roads
 - Urban Alaska projects that serve non-traditional transportation needs such as buses, trails or beautification
 - “Projects” required to fulfill one or more federal or state mandates such as traffic data collection, or environmental mitigation

Statute applies to statewide transportation plan, prior to project selection for capital budget

- Strict interpretation may prevent the following methods of project selection unless added to the statewide transportation plan:
 - Projects nominated by local governments
 - Projects selected by members of Legislature or Congress (earmarks)
 - Projects that arise unexpectedly due to natural disasters or other external causes (example: new retail store needing access).

Statute does not apply to alternative selection during project development

¹ Fricker and Whitford, Fundamentals of Transportation Engineering, Pearson Prentice Hall, 2004