

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 STRA 12783



# Municipality of Anchorage

PO Box 190650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.muni.org>

*Mayor Mark Begich*

**Office of the Mayor**

March 24, 2008

**The Honorable Johnny Ellis  
Alaska State Senate  
Juneau, AK 99801**

**Dear Senator Ellis:**

**I write in support of your Senate Bill 268 (SB 268) and its companion, House Bill 365 (HB 365). As I expressed in a letter to Governor Palin last summer, a public project of a size and cost like the Knik Arm Crossing requires a healthy and transparent public process and a thorough, performance-based project agreement.**

**As you know, I have been supportive of a Knik Arm Crossing that meets the needs of Southcentral Alaska without needlessly harming a resurgent downtown Anchorage or reducing federal and state transportation dollars for scores of other vital transportation projects. While I disagree with the AMATS decision to narrow the scope of the project and add more traffic to an already overburdened downtown C street corridor, this project is moving ahead, and I am committed to making it the best possible project for my constituents and this state.**

**As Governor Palin and the Legislature have rightfully championed with the Alaska Gasline Inducement Act, government functions best when it is open and transparent. SB 268 provides that transparency. Additionally, private parties accepting public funds also need clear benchmarks to ensure their performance. Projects of this scale require broad public trust. That trust is gained from wide-reaching, collaborative process that encourages citizen involvement.**

**The Knik Arm Bridge and Toll Authority (KABATA) currently contemplates that a public-private partnership construct and maintain this project in return for the rights to the toll revenues from the bridge. While these types of partnerships are gaining popularity across the United States, they are still new and we have no experience with them in Alaska. That should signal extreme caution in drafting**

***Community, Security, Prosperity***

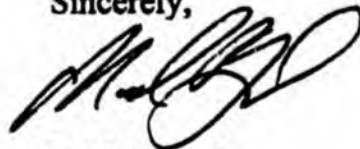
Senator Johnny Ellis  
March 24, 2008  
Page 2

such an agreement, and the standards required in SB 268 go a good distance towards that goal.

Beyond the stewardship of the mammoth public investment to date, a private company's management actions would directly affect significant transportation, quality of life, and environmental issues for citizens in both Anchorage and the Matanuska-Susitna Valley. At minimum, performance standards should include: adequate maintenance of all infrastructure, adequate and measurable air quality and noise standards, pedestrian, bicycle and multi-modal transportation options, as well as concrete triggers for completing the connection to the Gambell-Ingra corridor to relieve the inevitable traffic congestion brought about by any additional traffic the bridge delivers to downtown Anchorage.

Revisiting KABATA's authorizing legislation via SB 268 is a good step towards establishing these benchmarks. Thank you for sponsoring this forward-thinking legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Begich', written in a cursive style.

Mark Begich  
Mayor

cc: The Honorable Les Gara

# LEGAL SERVICES

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

(907) 465-3887 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

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

## MEMORANDUM

March 13, 2008

**SUBJECT:** Sectional summary of SB 268 (Work Order No. 25-LS1480\A)

**TO:** Senator Johnny Ellis  
Attn: Max Hensley

**FROM:** Brian J. Kane *BJK*  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 of the bill amends AS 19.75.111(a)(5) to make certain agreements, contracts, and other instruments the Knik Arm Bridge and Toll authority wants to enter into subject to the provisions of AS 19.75.345. The section also amends AS 19.75.111(a)(10) to set limits regarding the ability of the authority to increase the amount for fees, tolls, or other charges and requires the commissioner of transportation and public facilities to approve the changes.

Section 2 of the bill adds a new section to AS 19.75 directing opportunity for public review and requiring notice and legislative approval for certain agreements, contracts, and other instruments involving the authority. The section establishes a process for public review, legislative review, and legislative approval for agreements, contracts, and other instruments proposed to be entered into under AS 19.75.111(a)(5)(B).

Section 3 of the bill amends AS 44.42 by adding a new section requiring the commissioner of transportation and public facilities to consider proposed changes to tolls, fees, and other charges and possibly approve them in relation to the Knik Arm Bridge and Toll Authority.

BJK:med  
08-184.med

# ALASKA STATE LEGISLATURE

Senate Labor and Commerce  
Committee, Chair

•  
Legislative Budget and Audit  
Committee

•  
Senate Rules Committee

•  
Committee on Committees



*While in Session*  
State Capitol, Rm. 9  
Juneau, AK 99801  
(907) 465-3704  
Fax: (907) 465-2529

*While in Anchorage*  
716 W. 4<sup>th</sup> Ave, Ste. 440  
Anchorage, AK 99501  
(907) 269-0169  
Fax: (907) 269-0172

SENATOR JOHNNY ELLIS  
SENATE MAJORITY LEADER

## SECTIONAL ANALYSIS SB 268: Knik Arm Bridge & Toll Authority Oversight

**Section 1.** Amends AS 19.75 to make the ability of the Knik Arm Bridge and Toll Authority (KABATA) to enter into agreements regarding facilities or properties subject to the limitations described in section 2 and limits toll increases on facilities owned or controlled by KABATA to the rate of inflation or to remain in compliance with other provisions of state law or previous bond agreements. All increases must be approved by the commissioner of the Department of Transportation and Public Facilities (DOT).

**Section 2.** Adds new section to AS 19.75 to require that contracts as described in section 1 be submitted for 60 days of public comment followed by 60 days for legislative approval.

**Section 3.** Adds new section to AS 44.42 to give the commissioner of DOT authority to approve changes in tolls or fees charged in relation to contracts as described in section 1.



# Municipality of Anchorage

P.O. Box 190650 • Anchorage, Alaska 99519-0650 • Telephone: (907) 343-3331 • Fax: (907) 343-3398 <http://www.muni.org>

*Mayor Mark Begich*

**Office of the Mayor**

March 24, 2008

The Honorable Johnny Ellis  
Alaska State Senate  
Juneau, AK 99801

Dear Senator Ellis:

I write in support of your Senate Bill 268 (SB 268) and its companion, House Bill 365 (HB 365). As I expressed in a letter to Governor Palin last summer, a public project of a size and cost like the Knik Arm Crossing requires a healthy and transparent public process and a thorough, performance-based project agreement.

As you know, I have been supportive of a Knik Arm Crossing that meets the needs of Southcentral Alaska without needlessly harming a resurgent downtown Anchorage or reducing federal and state transportation dollars for scores of other vital transportation projects. While I disagree with the AMATS decision to narrow the scope of the project and add more traffic to an already overburdened downtown C street corridor, this project is moving ahead, and I am committed to making it the best possible project for my constituents and this state.

As Governor Palin and the Legislature have rightfully championed with the Alaska Gasline Inducement Act, government functions best when it is open and transparent. SB 268 provides that transparency. Additionally, private parties accepting public funds also need clear benchmarks to ensure their performance. Projects of this scale require broad public trust. That trust is gained from wide-reaching, collaborative process that encourages citizen involvement.

The Knik Arm Bridge and Toll Authority (KABATA) currently contemplates that a public-private partnership construct and maintain this project in return for the rights to the toll revenues from the bridge. While these types of partnerships are gaining popularity across the United States, they are still new and we have no experience with them in Alaska. That should signal extreme caution in drafting

***Community, Security, Prosperity***

Senator Johnny Ellis

March 24, 2008

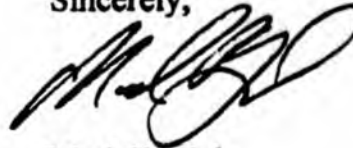
Page 2

such an agreement, and the standards required in SB 268 go a good distance towards that goal.

Beyond the stewardship of the mammoth public investment to date, a private company's management actions would directly affect significant transportation, quality of life, and environmental issues for citizens in both Anchorage and the Matanuska-Susitna Valley. At minimum, performance standards should include: adequate maintenance of all infrastructure, adequate and measurable air quality and noise standards, pedestrian, bicycle and multi-modal transportation options, as well as concrete triggers for completing the connection to the Gambell-Ingra corridor to relieve the inevitable traffic congestion brought about by any additional traffic the bridge delivers to downtown Anchorage.

Revisiting KABATA's authorizing legislation via SB 268 is a good step towards establishing these benchmarks. Thank you for sponsoring this forward-thinking legislation

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Begich', written in a cursive style.

Mark Begich  
Mayor

cc: The Honorable Les Gara



KABATA

**KNIK ARM CROSSING**

DOT & PF



---

**KNIK ARM BRIDGE AND TOLL AUTHORITY (KABATA)**

**PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**

March 25, 2008

---

**Senate Bill No. 268**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIFTH LEGISLATURE - SECOND SESSION  
**BY SENATOR ELLIS**

Introduced: 2/13/08

Referred: Transportation, Finance

**House Bill No. 36**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIFTH LEGISLATURE - SECOND SESSION  
**BY REPRESENTATIVE**

Introduced: 2/13/08

Referred: Transportation

Table of Contents

- I. THE CONTEXT .....**
  - A. The KAC Project.....
  
- II. THE LEGISLATURE’S DIRECTIVES and LEGISLATIVE ACTIONS.....**
  - A. The Legislature’s Directive to KABATA.....
  - B. The Need for Supplemental Public and Private Sector Financing.....
  - C. Authorization for a Public-Private Partnership.....
  - D. Proposed Limitation on KABATA’s Authority to Enter Into Contracts.....
  
- III. PUBLIC-PRIVATE PARTNERSHIPS (P3) – A Mechanism to Fund Public Projects With Private Money.....**
  - A. Purpose for the State (The Public Partner).....
  - B. Purpose for the Developer (The Private Partner).....
  - C. The P3 Agreement – A Typical Outline.....
  
- IV. THE P3 NATURE OF THE KAC PROJECT.....**
  - A. The KAC Project – A “Greenfield” Project.....
  
- V. STATUS OF THE KNIK ARM CROSSING (KAC) PROJECT .....**
  - A. The Final Environmental Impact Statement (FEIS) and Record of Decision (ROD)
  - B. Private Activity Bonds.....
  - C. TIFIA Subordinated Loan.....
  - D. The Procurement .....
  - First Step: Qualify Responsible Private Developers* .....
  - Second Step Part 1: Develop the Base Requirements for Proposals*.....
  - Second Step Part 2: Request Proposals (RFP)* .....

**VI. LEGITIMATE CONCERNS - The Public, The Legislature, The Governor, ADOT, Industry**

- A. The Concerns.....**
- B. Resolving the Concerns KABATA's Conditions to Proceeding.....**

**VII. THE WAY FORWARD.....**

- A. KABATA's Primary Focus and Immediately Necessary Efforts.....**
- B. A Concurrent Process for Resolving Concerns & Proceeding Forward. ....**

**VIII. CONCLUSION AND RECOMMENDATION.....**

**APPENDIX A.....**

## **I. THE CONTEXT**

### **A. The KAC Project.** KABATA fully recognizes and understands:

- The KAC Project is one of the largest public works projects in Alaska, nearly 100 miles long, including the Anchorage expansion and Anchorage's Highway-to-Highway project.
- The KAC Project has a high level of interest from the public, the Legislature, the media, and labor.
- Public awareness, understanding and participation are essential to any successful project.
- The KAC Project has attracted the investment interest of world class investors, financial institutions, and the private sector.

## **II. THE LEGISLATURE'S DIRECTIVES and LEGISLATIVE ACTIONS**

### **A. The Legislature's Directive to KABATA**

- *September 10, 2003.* The Legislature created and directed KABATA to build a Transportation Trust Fund (TTF) to advance the State's economic welfare and further the development of its transportation system.

### **B. The Need for Supplemental Public and Private Sector Financing**

- *March 2, 2006 and March 14, 2006.* In presentations to the House and Senate Transportation Committees KABATA advised that the KAC Project's federal-aid funding had to be supplemented by significant additional *public* and *private* sector financing and it was essential the public and private sectors were assured KABATA had the authority to do so.

## **II. THE LEGISLATURE'S DIRECTIVES and LEGISLATIVE ACTIONS** **(CONTINUED)**

### **C. Authorization for a Public-Private Partnership**

- *June 14, 2006.* SCS CSHB 471 clarified KABATA's authority to obtain and explicitly authorized it to enter into public-private partnerships for the financial operation of the Knik Arm Bridge.

### **D. Proposed Limitation on KABATA's Authority to Enter Into Contracts**

- *February 13, 2008:* SB 268 and HB 365 propose to severely limit KABATA's public-private partnership and other contracts.
  - **SB 268 and HB 365 are not compatible with the Legislature's mandate to build, operate and maintain the Knik Arm Bridge nor with the procurement of a private partner to finance, design and construct the KAC Project.**
    - **These bills will almost certainly terminate the existing and prevent any future public-private partnership.**
    - **The bills are antithetical to maximizing the best value for the State.**
    - **The bills may well harm, if not preclude, the State's ability to use a public-private arrangement for other future projects.**
  - **A Summary of the SB 268 and HB 365 and KABATA's Analysis and Comments on the legislation is attached to this presentation as Appendix A.**

## **III. PUBLIC-PRIVATE PARTNERSHIPS (P3) – A Mechanism to Fund Public Projects With**

### **A. Purpose for the State (The Public Partner)**

- Supplement federal-aid funds;
- Fulfill the need for additional financing; and
- Obtain a private sector partner to finance, design and construct the KAC Project and operate the toll bridge.
- Transfer a large portion, but not all, of project risk to the Private Partner.

### **III. PUBLIC-PRIVATE PARTNERSHIPS (P3) – A Mechanism to Fund Public Projects** ***(CONTINUED)***

#### **B. Purpose for the Developer (The Private Partner)**

- A long-term (50-60 years) business investment to make a profit.
  - As an investment, the Private Partner is buying a stream of income over a long period.
  - The Private Partner is ***not*** entering into a typical design-build construction contract. The contract will be between the Private Partner and its construction contractor, not the Private Partner and the Government.

#### **C. The P3 Agreement – A Typical Outline**

- ***Between*** the Public Partner (Government) and a private sector company.
- ***Funding for design and construction*** of the Project:
  - *Private Partner* provides the majority (approximately 85-90%) of the funding in the form of equity and private sector loans.
  - *Public Partner* invests a minor portion (approximately 10-15%) of the funding in the form of government bonds or funds allocated to the Project;
- ***Funding for operation and maintenance*** of the toll bridge:
  - *Private Partner* uses toll revenue it collects;
  - *Public Partner* commonly provides some financial support to reduce, but not eliminate, the toll. Toll revenue is insufficient.
- ***Design and Construction-The Design-Build Contract:***
  - *Private Partner* offers firm technical proposals for construction.
  - *Private Partner alone* performs or contracts with a private sector company or contractor to construct the Project.
  - *Public Partner* establishes the design and construction ***standards*** that must be met.

### **III. PUBLIC-PRIVATE PARTNERSHIPS (P3) – A Mechanism to Fund Public Projects** **(CONTINUED)**

➤ ***Financial Terms:***

- *Private Partner* offers firm financial commitments in its proposal.
- *Public Partner* establishes the minimum acceptable financial terms.

➤ ***Toll Revenue*** during the term of the P3 agreement:

- *Private Partner* collects the toll revenue and uses it to:
  - ✓ Maintain and operate the toll facility to quality standards;
  - ✓ Establish reserves for liabilities and future expansion or additions;
  - ✓ Pay its debts and loans;
  - ✓ Make a profit on its investment.
- *Public Partner* receives a share of toll revenue and uses it to:
  - ✓ Establish reserves for liabilities and future expansion or additions;
  - ✓ Pay its costs of operation; and then
  - ✓ At the end of the P3 agreement receives all future tolls.

➤ ***P3 Benefits***

- The State furthers the development of its transportation system as directed by the
- The State receives a valuable toll bridge with no deferred maintenance;
- The State uses primarily private sector money rather than government capital and maintain the Knik Arm Crossing;
- The State advances and stimulates the economic development of the State Legislature;
- Payment for the cost of the facility through user fees over a long period of time.
- Transfers a large portion of financing, construction and operations risk to the private

➤ ***P3 Disadvantages***

- The ultimate cost of the Project may be greater because a large portion of the tolls are paid to the Private Partner;
- The carrying costs of debt are greater because they occur over a longer period of time.

#### **IV. THE P3 NATURE OF THE KAC PROJECT**

##### **A. The KAC Project – A “Greenfield” Project**

- ***A “Greenfield” Project.*** In the public-private partnership context the KAC Project is a “Greenfield” project which means:
  - The Project is a new project with no history of past traffic volumes and toll revenues on which to predict the sufficiency of future revenue to pay loans, construction and operation costs, and return a net profit.
  - Instead, toll revenue is estimated on the basis of expert surveys, traffic studies, and other data to predict future traffic volumes and toll revenues.
  
- ***The Risk in a “Greenfield” Project.*** The lack of any past history of traffic volumes presents a significant investment risk to the Private Partner whether revenue will be sufficient to cover construction, maintenance and operation costs, and return a net profit.
  - That revenue risk of a “Greenfield” project will be reflected in whether and how much the Private Partner will invest.
  - In a “Greenfield” project, the Private Partner will invest less, because the risk is higher than if the facility had proven revenue record.

#### **V. STATUS OF THE KNIK ARM CROSSING (KAC) PROJECT**

##### **A. The Final Environmental Impact Statement (FEIS) and Record of Decision (ROD)**

- After three years of intense environmental investigation, analysis, documentation and public involvement by KABATA and its expert consultants, the FEIS was issued by the Federal Highway Administration (FHWA) December 20, 2007.
  
- The FHWA Record of Decision (ROD) on the KAC Project is nearing completion and is expected to be issued in the next few weeks.

**V. STATUS OF THE KNIK ARM CROSSING (KAC) PROJECT**  
**(CONTINUED)**

**B. Private Activity Bonds**

- The United States Department of Transportation (USDOT) has allocated the Project obligation of the Private Partner \$600 million of federal tax exempt private activity bonds issued on behalf of the Private Partner.

**C. TIFIA Subordinated Loan.**

- KABATA has applied to make available a preliminary commitment of a federal, state or local (including public sector loans) transportation loan of approximately \$261 million to and as an obligation of the Private Partner from the USDOT TIFIA Office. (TIFIA = the federal Transportation Infrastructure Finance and Innovation Act.)
  - The TIFIA Credit Council is expected to act on the application in the near future. It is optimistic that it will be approved.

**D. The Procurement** KABATA is in the second stage of a two-step, formal and competitive procurement process in accordance with and as authorized by the State Procurement Code.

- First Step: Qualify Responsible Private Developers through a public Request for Proposals (RFP) and Request for Qualifications (RFQ). Two world renowned private partners have been qualified:

**Knik Arm Crossing Constructors**

Macquarie Bank Limited  
Macquarie Holdings (USA) Inc.  
Macquarie Securities (USA) Inc.  
Kiewit/Manson JV  
Kiewit Pacific Co.  
Manson Construction Company  
Parsons Transportation Group Inc.  
Golder Associates Inc. & VMS Inc.

**Knik Arm Crossing Consortium**

Bouygues Travaux Publics S.A.  
URS Corporation  
ARUP Engineering Services  
USKH Inc.

**V. STATUS OF THE KNIK ARM CROSSING (KAC) PROJECT**

**D. The Procurement**

**(CONTINUED)**

- **Second Step Part 1: Develop the Base Requirements for Proposals.** Over the past and its expert consultants have investigated, studied, analyzed the financial and value of the Project, its benefits to the State, the cost and economic risks associated with the means of delivery including design, permitting, construction and construction operation costs, its projected traffic and toll revenue, and its potential and probable risks. It also sought the views of the qualified private partners.
  - During and as a result of this part of the procurement process, there were issues raised by ADOT, the Governor, members of the Legislature, the qualified private partners. These issues are outlined below under LEGITIMATE CONCERNS.
- **Second Step Part 2: Request for Proposals (RFP) from the qualified private partner.** design, construction, operation and maintenance of the KAC Project.
  - The Request for Proposals is still under development.

**VI. LEGITIMATE CONCERNS - The Public, The Legislature, The Governor, ADOT, Industry**

**A. The Concerns.** Members of the Legislature, the Administration and the Department of Transportation, Public Facilities and members of the public have expressed legitimate concerns regarding the Project.

- The Project's expenditures;
- The cost of the Project;
- The Project's potential risk to the State and other federal-aid transportation program.

These are KABATA's concerns as well.

**VI. LEGITIMATE CONCERNS - The Public, The Legislature, The Governor, ADOT, Industry**  
**(CONTINUED)**

**B. Resolving the Concerns - KABATA's Conditions to Proceeding.**

- *Satisfactory resolution* of the concerns is required prior to issuing a Request for proposal to potential private partners.
- *A publicly supported State position endorsed by the Governor and Legislature* on the KAC Project is fundamental to any realistic expectation that the State will receive offers from developers that maximize the State's best interests.
- *Protection must be provided* ADOT's transportation projects and federal-aid funds not be adversely affected by the KAC Project.
- *The State's best interests* must be maximized with value and benefit to State's transportation systems and the public.
- *Pending satisfactory resolution* of concerns, an RFP will not be issued until but will be issued when concerns are resolved.
- *The RFP will be made publicly available when finalized.*

**VII. THE WAY FORWARD.**

**A. KABATA's Primary Focus and Immediately Necessary Efforts.**

- *The FEIS and ROD.* The primary responsibility and focus of KABATA's is to complete the NEPA environmental review process and obtain the necessary Record of Decision.
  - KABATA must support the FHWA in responding to comments on the FEIS and the Record of Decision.

## **VII. THE WAY FORWARD.**

### **A. KABATA's Primary Focus and Immediately Necessary Efforts.**

*(CONTINUED)*

- ***Environmental Permits.*** KABATA must apply for and pursue the necessary environmental permits for the construction of the KAC while the FEIS remains current.
- ***Preserving the Private Activity Bond Allocation.*** KABATA must maintain the availability of the private partners of the USDOT allocation of \$600 million of federal tax exempt private activity bond use by the private partner.
- ***Preserving the TIFIA Loan.*** KABATA must maintain the availability of the \$200 million TIFIA loan anticipated to be approved by the USDOT TIFIA office for borrowing by the private partner.
- ***Preserving the Interest of the Qualified Partners.*** KABATA must make every effort to preserve the interest of the qualified proposers in the KAC Project.

### **B. A Concurrent Process for Resolving Concerns & Proceeding Forward.**

Concurrent with its pursuit of the ROD and environmental permits, maintaining the availability of funds and preserving the investment interest of the qualified private partners,

- KABATA will continue to consult with the Administration.
- KABATA will continue to consult and coordinate with the Office of the Governor, the Office of Transportation, Revenue, Law, Natural Resources, Environmental Conservation, and the University of Alaska.
- KABATA will review and continue to evaluate the financial feasibility, funding, and structure of the Project under a public-private partnership.
- KABATA supports an independent and objective evaluation of the financial feasibility of the KAC Project by an independent task force or work group.

**VII. THE WAY FORWARD.**

**B. A Concurrent Process for Resolving Concerns & Proceeding Forward.**

***(CONTINUED)***

- The independent evaluation would be open to public participation consistent with the State and its citizens.
- The independent evaluation would produce a report to the Governor, the Legislature and the public at or prior to release of the request for proposals.
- The independent evaluation provides an expeditious process of providing the Legislature and the public at or prior to release of the request for proposals.
  - It is an appropriate and welcome step in the procurement process.
  - The qualified proposers likely will find this process to their advantage and submitting proposals.
- KABATA has demonstrated and will continue its engagement in and support involvement.

**VIII. CONCLUSION AND RECOMMENDATION**

- We recommend and the Legislature is respectfully urged to take no action on SB 268 and H
- KABATA also respectfully requests the Legislature to support KABATA's efforts in TH

**APPENDIX A.**  
to  
**KABATA's PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**  
March 25, 2008

**KABATA Summary, Analysis and Comments**  
Proposed Senate Bill 268 and House Bill 365

**SUMMARY OF PROPOSED BILLS:**

SB 268 and HB 365 amend AS 19.75.11(a)(5) to severely limit KABATA's ability to implement the Legis the Knik Arm Crossing and KABATA's statutory authority to "make and execute agreements, contracts, and the financing design, construction, maintenance, improvement or operation of facilities, properties, or p including incurring indebtedness, and public-private partnerships or other contracts in any form.

Any and all KABATA agreements, regardless of their nature or importance, would be subject to:

- a 60-day public comment period before entering into any proposed contract;
- a determination by the Authority after the comment period whether the agreement, contr sufficiently maximizes the benefits to the people of Alaska, and
- A legislative hearing and approval of the agreement after receiving the KABATA determination

SB 268 and HB 365 also amend the Authority's powers and duties provided under AS 19.75.111(a)10 by:

- limiting toll rate increases to the Consumer Price Index for all urban consumers Anchorage limitation would contradict compliance with 19.75.221(b) or of a provision of a trust entered into
- requiring approval of such toll change by the Commissioner Of Transportation And Public Facili

SB 268 and HB 365 further amend AS 44.42.090 to establish the authority of the Commissioner Of Tr Facilities to approve toll rates.

**APPENDIX A. to**

**KABATA's PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**

March 25, 2008

**KABATA Summary, Analysis and Comments**

Proposed Senate Bill 268 and House Bill 365

**KABATA'S ANALYSIS, COMMENT  
AND RECOMMENDATION ON SB 268 AND HB 365**

**KABATA recommends against passage of SB 268 and HB 365. These bills, if enacted into law, will likely prevent any future procurement of a public-private agreement to finance and build the project. These bills do not protect the public interest.**

**Introduction:**

A public-private partnership is an agreement between the government (in this instance KABATA) and a private group of companies by which the private sector provides all or a material part of the money for and designs the toll bridge. In return, the government provides a small portion of the funds and shares the toll revenue with the private company. The private company may recover its costs, pay its debt and make a reasonable profit on its investment. The government receives improved transportation infrastructure using primarily private sector moneys rather than its own government money. The private company that will be the private partner is selected through the use of a competitive procurement process where private companies submit proposals (offers) to finance, design, construct, operate and maintain the bridge and specific

Their proposals will offer firm financing commitments and designs for construction.

In May 2003 (SB 213) and again in May 2006 (SCS CSHB 471) the Legislature established the powers and authority of the Bridge and Toll Authority. SCS CSHB 471 explicitly authorized KABATA to enter into a public private partnership for the construction and operation of the Knik Arm Bridge. *After just one intervening session* of the Legislature, the Legislature passed HB 365 -propose to severely restrict the Authority's ability to carry out its mission to finance and construct toll bridges to use a public-private partnership to do so. SB 268 and HB 365 also severely limit the Authority's ability to collect tolls.

**Effect of SB 268 and HB 365 Generally**

If enacted, SB 268 and HB 365 will likely result in the inability of KABATA to pursue the existing or any future public-private partnership.

**APPENDIX A. to  
KABATA's PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**

March 25, 2008

**KABATA Summary, Analysis and Comments**

Proposed Senate Bill 268 and House Bill 365

It is the apparent intent of SB 268 and HB 365 to limit KABATA's ability to enter into public-private partnerships requiring a *prior* public hearing and *prior* legislative approval. However, the actual language of these bills allows KABATA agreements, contracts, and other instruments without exception.

**Effect of Proposed Legislation on Public-Private Partnerships**

To compete for the contract, the private sector will have to spend between \$5 and \$10 million of their own money to prepare offers. To prepare binding financial and technical offers, they must investigate project characteristics, prepare the project, prepare cost estimates, perform traffic and revenue studies, develop operations and maintenance plans, analyze and comment on prospective contract documents with KABATA, negotiate a design and construction contract, obtain financial feasibility and obtain the necessary equity investments and loans needed to fund their offers. If the project is not approved, the private sector is subject to the political risk of legislative approval, in addition to the competitive risk, they will not expect to receive the \$5 million necessary to prepare an offer. Instead, they will choose to drop out of the procurement.

Further, under the current procurement, the private sector is required to irrevocably offer firm financial commitments for the project. To review and compare the private sector offers and enter into a binding contract with the state will take approximately three to six months. That is the absolute maximum time the private sector can reasonably hold firm commitments without a risk of increased costs and lower value to the public. The recent and continuing volatility in the capital markets may limit their ability to hold financial commitments to an even shorter period of time.

Any extended public hearing and legislative review process will negate the ability to obtain firm financial commitments from the private sector and reduce the value to the state.

**Status of Procurement**

KABATA has followed Alaska's Procurement Code and regulations as well as best industry practices in competitive procurement. It has hired the leading experts in the industry and with their assistance is developing proposals and associated documents, including a draft Public-Private Agreement (PPA), in response to which the private sector will make their competing offers in an auction bid format to maximize value to the state and protect the public interest.

**APPENDIX A. to**

**KABATA's PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**

March 25, 2008

**KABATA Summary, Analysis and Comments**

**Proposed Senate Bill 268 and House Bill 365**

The proposal process will take 6-8 months because of the complexity of preparing a responsive offer, commence with release of the RFP. Issuance of the RFP does not cast the request for proposals in concrete - amended during the proposal process. Neither issuance of the RFP nor receipt of proposals will result in KABATA Board will have full discretion to decide whether either offer meets the proposal requirements and to the State.

**Public Involvement**

KABATA has demonstrated its engagement in and support of public involvement through 10 Gov't meetings, 4 other Community Council meetings, 8 non-governmental organization meetings, 16 meetings groups, 6 formal public open house presentations and public hearings, 5 other public information meetings, 2 on Draft EIS, 2 public surveys, and 49 other meetings with gov't agencies, interested groups and individuals outreach to 23 cooperating and participating government agencies through 6 interagency group meetings, 39 interagency meetings and 11 native tribal meetings.

KABATA has also made extensive documents and information available through its website including reports, informational presentations, project documents, the Draft and Final EIS, surveys, open houses and minutes, annual reports, comment forms, schedules and EIS activities,

KABATA is committed to continuing that public and agency outreach and dialogue. The request for proposal agreement and related documents, has always been assumed and intended to be a publicly available document private sector. An expeditious process of providing information to the Legislature and the public at or prior for proposals is an appropriate and welcomed step in the procurement process. Hopefully the private sector advantage and remain interested in submitting proposals.

**Capping Toll Rate Increases**

Private sector lenders and equity investors will provide 85-90% of the project funding. Obviously, without that not feasible. Lenders and equity investors will not fund against a revenue stream that is subject to political

**APPENDIX A. to**

**KABATA's PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**

March 25, 2008

**KABATA Summary, Analysis and Comments**

Proposed Senate Bill 268 and House Bill 365

order for the private sector to borrow funds and raise equity investment against the stream of toll revenue, must be certain and set forth in the agreement.

The authority recommends that a base maximum toll rate be established within the PPA rather than by law. The PPA already cap annual toll rate increases by the three year rolling average of Anchorage CPI-U as suggested.

A number of contingent compensation events where the risk is retained by KABATA could be covered through toll rates above the maximum base toll rate. KABATA also needs to retain the flexibility of using toll rates for the term of the agreement on a revenue neutral basis to the developer. Statutorily limiting toll rate setting, rather than leaving it to the discretion of the state or the Alaskan public and will not be acceptable to the private sector.

**ADOT Commissioner's Approval of Toll Rates**

The legislature contemplated a deliberative body to protect the public interest in toll rate setting when it passed AS 19.75. The powers of toll rate setting are vested in the board of directors, which is comprised by statute of members that include the Commissioner of Revenue, the Commissioner of Transportation and Public Facilities, three members appointed by the Governor, and two state legislators – one from the Senate and one from the House. This deliberative body provides the oversight of the Knik Arm Crossing Project. As such it provides a much broader perspective of the project than the Commissioner of ADOT alone.

**APPENDIX A. to**

**KABATA's PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**

March 25, 2008

**KABATA Summary, Analysis and Comments**

Proposed Senate Bill 268 and House Bill 365

**Consultant's Legal Review of Proposed Legislation**

Nossaman Guthner Knox and Elliot, LLP, the nationally preeminent law firm representing solely government P3 transportation transactions, is KABATA's P3 legal counsel and has provided KABATA the following observations:

The legislation would vest in KABATA authority to increase toll rates, fees and other charges only by CPI consistent with the toll regulation already contemplated, it does create certain unnecessary barriers and problems:

1. The new language is written in a way that implies the Authority would need to take a new action to do that. That clearly will not work.
2. The bill would preclude use of value pricing (we call it "traffic management pricing") as a means to fund project expansion. The provision contemplates higher pricing - beyond CPI increases - in peak hour tolling, to result in overall revenue neutrality.
3. The bill might be construed to preclude introduction of video toll premiums if the developer later wants to implement open road tolling. Query whether this would be a "periodic change" in the tolls, or an allowed "initial determination" of toll rates.
4. The bill could preclude a decision to increase toll rate caps as the means for KABATA to pay for a C-PPA currently provides this as the exclusive means to compensate for real property taxes on the Developer's tolling.
5. The bill could preclude surcharging tolls with any tax imposed on gross toll receipts, as now contemplated. Again that depends on whether this would be a "periodic change" in the initial toll or an "initial determination" of toll rates.
6. The bill could preclude flexibility by the developer in adjusting its actual toll rates inside the cap. It could be precluded from seasonal pricing.
7. The requirement for approval of each change by the DOT commissioner is a likely show stopper, especially if it requires a separate regulatory decision for each increase. The financial markets will not accept price adjustments. Nor is this necessary to protect the public interest. The authority already is vested with the responsibility to protect the public interest regarding toll rates. The board bears this public responsibility, and the Commissioner's board members represent other constituencies, giving the board a broader perspective of the public interest.

**APPENDIX A. to**

**KABATA'S PRESENTATION TO THE ALASKA SENATE TRANSPORTATION COMMITTEE**

March 25, 2008

**KABATA Summary, Analysis and Comments**

**Proposed Senate Bill 268 and House Bill 365**

8. CPI limits on fees and other charges is not necessarily a good idea, at least when applied to violation for incidental charges such as account maintenance fees, paper statement fees, and the like.

9. It appears the language in the bill would not preclude use of a 3-year rolling average CPI, but we raise about.

Contract approval by the Legislature certainly deserves comment from the qualified proposers. We strongly support the quick and sure death of this procurement. Layering on top of an already challenging project a new process will likely destroy the current P3 procurement.

Even if the current P3 procurement could be preserved, the time period required for the public and legislative process would undermine the state's ability to receive or hold firm financial proposals. Current market conditions make this difficult. KABATA might have to offer longer interest rate benchmark protections. And with the process of issuing the RFP, it is possible that the legislative review would not finish in one session and would be carried over.

# ALASKA STATE LEGISLATURE

Senate Labor and Commerce  
Committee, Chair

Legislative Budget and Audit  
Committee

Senate Rules Committee

Committee on Committees



*While in Session*  
State Capitol, Rm. 9  
Juneau, AK 99801  
(907) 465-3704  
Fax: (907) 465-2529

*While in Anchorage*  
716 W. 4<sup>th</sup> Ave, Ste. 440  
Anchorage, AK 99501  
(907) 269-0169  
Fax: (907) 269-0172

**SENATOR JOHNNY ELLIS**  
**SENATE MAJORITY LEADER**

## MEMORANDUM

**DATE:** March 13, 2008

**TO:** Senator Albert Kookesh, Chair  
Senate Transportation Committee

**FROM:** Senator Johnny Ellis

**RE:** Hearing Request for SB268 – Knik Arm Bridge & Toll Authority

I am requesting that SB268 be scheduled for a hearing in the Senate Transportation Committee at your earliest convenience.

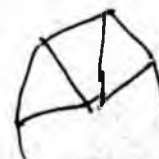
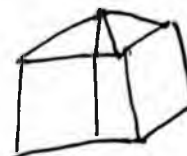
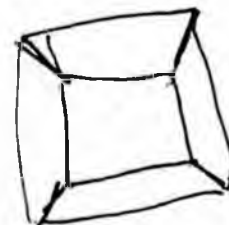
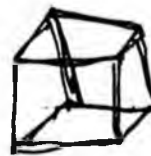
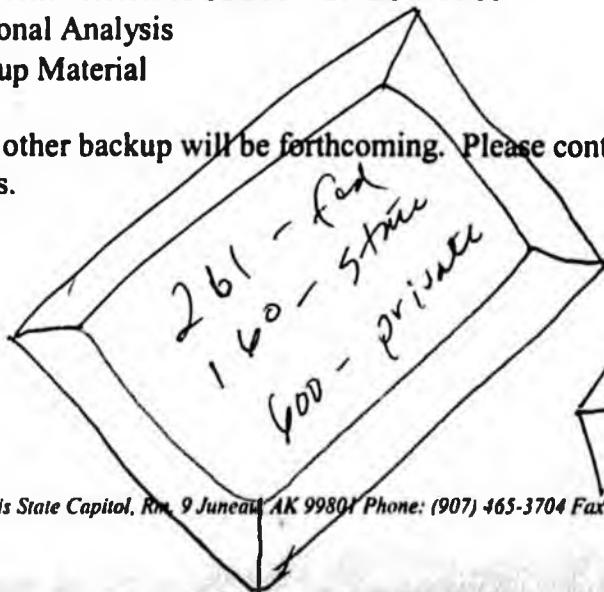
This bill adds transparency and accountability to the process of building a potential Knik Arm bridge. If built, this bridge would be one of the most expensive public works projects in Alaska history, and this bill ensures that the legislature and the public will have the chance to see and evaluate any proposal before construction can begin.

Included in this packet:

- Sponsor Statement
- A current version of SB268 – 25-LS1480A
- Sectional Analysis
- Backup Material

If necessary, other backup will be forthcoming. Please contact me or Max Hensley of my staff with any questions.

Thank you.



# ALASKA STATE LEGISLATURE

Senate Labor and Commerce  
Committee, Chair

•  
Legislative Budget and Audit  
Committee

•  
Senate Rules Committee

•  
Committee on Committees



*While in Session*  
State Capitol, Rm. 9  
Juneau, AK 99801  
(907) 465-3704  
Fax: (907) 465-2529

*While in Anchorage*  
716 W. 4<sup>th</sup> Ave, Ste. 440  
Anchorage, AK 99501  
(907) 269-0169  
Fax: (907) 269-0172

**SENATOR JOHNNY ELLIS**  
**SENATE MAJORITY LEADER**

## **Sponsor Statement** **SB 286: Knik Arm Bridge & Toll Authority**

At an estimated price of \$600 million, the potential Knik Arm bridge would be one of the most expensive public works projects in Alaska history. Since its founding in 2003, the Knik Arm Bridge & Toll Authority (KABATA) has already spent nearly \$40 million in public money. With the amount of dollars at stake, ensuring that any agreement KABATA enters into is an economical use of state funds that is in the best interests of Alaskans is essential. The Alaska Gasline Inducement Act (AGIA) process has shown us the value of public input and legislative oversight, and a similar role is appropriate in any potential Knik Arm bridge process as well.

SB268 would install safeguards similar to those in AGIA to ensure that KABATA follows an open and accountable process. The bill would establish a 60-day public review period of any proposed agreement to build a Knik Arm bridge. Additionally, the legislature would have to approve any proposal submitted by KABATA before the authority could enter into an agreement.

The bill also contains a consumer protection provision, which limits the amount that KABATA could increase tolls. Any toll changes would have to be approved by the Commissioner of the Department of Transportation and Public Facilities, and are limited to matching the rate of inflation. This is necessary to protect residents of Anchorage and the Mat-Su valley who may come to depend on a potential bridge for commuting.

The amount of public money at stake in this project requires a certain level of governmental oversight in order to ensure that any project is a good deal for the state and the communities the bridge will effect.

**SENATE BILL NO. 268****IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIFTH LEGISLATURE - SECOND SESSION****BY SENATOR ELLIS****Introduced: 2/13/08****Referred: Transportation, Finance****A BILL****FOR AN ACT ENTITLED**

1 **"An Act amending the ability of the Knik Arm Bridge and Toll Authority to make and**  
2 **execute certain agreements, contracts, and other instruments; and relating to the facility**  
3 **toll charges that the authority may collect from its operation of the Knik Arm bridge**  
4 **and appurtenant facilities and to the necessity of securing the approval of the**  
5 **commissioner of transportation and public facilities as to the amounts to be collected as**  
6 **toll charges."**

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

8 **\* Section 1. AS 19.75.111(a) is amended to read:**

9 (a) Except as otherwise explicitly made applicable to the authority, the  
10 performance of the authority's duties and the exercise of its powers, including its  
11 powers to issue bonds and otherwise incur debt, shall be governed exclusively by this  
12 chapter. In furtherance of its purposes, the authority may

13 (1) own, acquire, construct, develop, create, reconstruct, equip,

1 operate, maintain, extend, and improve the Knik Arm bridge and its appurtenant  
2 facilities;

3 (2) sue and be sued;

4 (3) adopt a seal;

5 (4) adopt, amend, and repeal regulations under AS 44.62 and establish  
6 bylaws;

7 (5) make and execute agreements, contracts, and all other instruments

8 (A) with any public or private person, governmental unit or  
9 agency, corporation, or other business entity lawfully conducting business in  
10 the United States for the exercise of its powers and functions under this  
11 chapter, other than those described under (B) of this paragraph: and

12 (B) subject to the provisions of AS 19.75.345, for the  
13 financing, design, construction, maintenance, improvement, or operation of  
14 facilities, properties, or projects of the authority, including making and  
15 executing contracts with any person, firm, corporation, governmental agency,  
16 or other entity for the purpose of

17 (i) [(A)] incurring indebtedness, obtaining investments  
18 in the authority's projects, acquiring or granting lump sum payments for  
19 services in advance or in arrears, grants, and other financing; and

20 (ii) [(B)] entering into public-private partnerships or  
21 service contracts in any form;

22 (6) in its own name acquire, lease, rent, sell, or convey real and  
23 personal property;

24 (7) issue and refund bonds in accordance with this chapter, in order to  
25 pay the cost of the Knik Arm bridge and its appurtenant facilities; the authority may  
26 also secure payment of the bonds as provided in this chapter;

27 (8) incur other indebtedness, including lines of credit and indebtedness  
28 to the Federal Highway Administration, United States Department of Transportation,  
29 under 23 U.S.C. 601 - 610 (Transportation Infrastructure Finance and Innovation Act  
30 of 1998), as amended, and secure that indebtedness as provided in this chapter;

31 (9) apply for and accept gifts, grants, or loans from a federal agency or

1 an agency or instrumentality of the state, or from a municipality, private organization,  
 2 or other source, including obtaining title to state, local government, or privately owned  
 3 land, directly or through a department of the state having jurisdiction of the land;

4 (10) fix and collect fees, rents, tolls, rates, or other charges for the use  
 5 of the Knik Arm bridge and appurtenant facilities, or for a service developed,  
 6 operated, or provided by the authority; for purposes of exercising the power granted  
 7 in this paragraph.

8 (A) notwithstanding AS 37.10.050(a), fees, rents, tolls, rates,  
 9 and other charges fixed and collected under this paragraph may exceed the  
 10 actual operating cost of the use of the bridge, facility, or service; and

11 (B) the authority may make periodic changes in the tolls,  
 12 fees, and other charges that it imposes and collects for a vehicle's use of a  
 13 facility owned, controlled, or managed by the authority for which the toll,  
 14 fee, or other charge is imposed only if

15 (i) the amount of the percentage of change in the toll,  
 16 fee, or charge does not exceed the amount of the percentage of  
 17 change in the Consumer Price Index for all urban consumers for  
 18 the Anchorage metropolitan area compiled by the Bureau of Labor  
 19 Statistics, United States Department of Labor, since the initial  
 20 determination of a toll, fee, or other charge or the last periodic  
 21 change, whichever is later; however, the authority may exceed the  
 22 limitation of this sub-subparagraph if a greater change in a toll,  
 23 fee, or other charge is necessary to allow the authority to remain in  
 24 compliance with a provision of AS 19.75.221(b) or of a provision of  
 25 a trust agreement entered into to secure the bonds of the authority  
 26 issued under this chapter; and

27 (ii) the change is approved by the commissioner of  
 28 transportation and public facilities;

29 (11) bring civil actions, refer criminal actions to the appropriate  
 30 authority, and take other actions or enter into agreements with law enforcement and  
 31 collection agencies to enforce the collection of its fees, rents, tolls, rates, other

1 charges, penalties, and other obligations;

2 (12) pledge, encumber, transfer, or otherwise obligate revenue derived  
3 by the authority from the ownership, use, or operation of toll facilities, including fees,  
4 rents, tolls, rates, charges, or other revenue of the authority or money that the  
5 legislature may appropriate, except a state tax or license, as security for bonds or other  
6 indebtedness or agreements of the authority;

7 (13) deposit or invest its funds, subject to agreements with  
8 bondholders;

9 (14) procure insurance against any loss in connection with its  
10 operation;

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

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

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

19 (18) exercise powers of eminent domain or file a declaration of taking  
20 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -  
21 09.55.460 to acquire land or an interest in land; the authority's exercise of powers  
22 under this paragraph may not exceed the permissible exercise of those powers by the  
23 state;

24 (19) confer with municipal and other governments, metropolitan  
25 planning organizations, and the department, concerning the Knik Arm bridge;

26 (20) do all acts and things necessary to carry out the powers expressly  
27 granted or necessarily implied in this chapter; nothing in this chapter limits the powers  
28 of the authority that are expressly granted or necessarily implied.

29 \* **Sec. 2.** AS 19.75 is amended by adding a new section to article 2 to read:

30 **Sec. 19.75.345. Public review and legislative notice and approval.** (a) The  
31 authority shall publish notice and provide a 60-day period for public review and

1 comment on all agreements, contracts, and other instruments proposed to be entered  
2 into under AS 19.75.111(a)(5)(B).

3 (b) If, after consideration of public comments received under (a) of this  
4 section, the authority determines that a potential agreement, contract, or other  
5 instrument proposes a project that will sufficiently maximize the benefits to the people  
6 of this state and merits the authority entering into the agreement, contract, or other  
7 instrument, the authority shall

8 (1) issue a determination, with written findings addressing the basis for  
9 the determination;

10 (2) publish notice of intent to enter into the agreement, contract, or  
11 other instrument; and

12 (3) forward the notice under (2) of this subsection, along with the  
13 findings, supporting documentation, and determination under (1) of this subsection, to  
14 the presiding officer of each house of the legislature.

15 (c) If, after consideration of public comments received under (a) of this  
16 section, the authority determines that a potential agreement, contract, or other  
17 instrument, does not sufficiently maximize the benefits to the people of this state and  
18 merit the authority entering into the agreement, contract, or other instrument, the  
19 authority shall issue a written finding that addresses the basis for that determination.

20 (d) After the presiding officer of each house of the legislature receives a  
21 determination from the authority under (b) of this section, the rules committee of each  
22 house of the legislature shall introduce a bill in the committee's respective chamber  
23 that provides for the approval of agreement, contract, or other instrument.

24 (e) If a bill approving the agreement, contract, or other instrument passes the  
25 legislature within 60 days after the last date a presiding officer receives a  
26 determination by the authority under (b) of this section, the authority shall make and  
27 execute the agreement, contract, or other instrument after the effective date of the Act  
28 approving the agreement, contract, or other instrument.

29 (f) Notwithstanding a legislative rule that prohibits the carryover of a bill after  
30 the end of a special session or after the end of a regular session of a legislature, a bill  
31 introduced under (d) of this section that is not passed or not withdrawn, defeated,

1 vetoed, or indefinitely postponed shall be carried over to any subsequent regular or  
2 special legislative session convened during the 60-day period described in (e) of this  
3 section in the same reading or status it was in at the time of adjournment. However, a  
4 bill introduced under (d) of this section may not be carried over to the first regular  
5 session of a legislature.

6 (g) If the legislature fails to approve the agreement, contract, or other  
7 instrument entered into under AS 19.75.111(a)(5)(B), the authority may not enter into  
8 the agreement, contract, or other instrument that the legislature failed to approve.

9 \* Sec. 3. AS 44.42 is amended by adding a new section to article 1 to read:

10 **Sec. 44.42.090. Commissioner to approve toll changes of the Knik Arm**  
11 **Bridge and Toll Authority. The commissioner**

12 (1) shall consider all proposed changes in the tolls, fees, and other  
13 charges to be imposed and collected by the Knik Arm Bridge and Toll Authority under  
14 AS 19.75; and

15 (2) may approve those changes; the commissioner shall exercise  
16 authority under this paragraph in conformity to the standard set out in  
17 AS 19.75.111(a)(10)(B).

**adn.com**

Anchorage Daily News

[Print Page](#) | [Close Window](#)**Knik bridge****Knik Arm crossing project will benefit from more oversight**

(02/16/08 01:21:14)

Two legislators have introduced bills that, if passed, should increase Alaskans' comfort level with future decisions about the proposed Knik Arm bridge.

Right now, the Knik Arm Bridge and Toll Authority is empowered to make a deal on its own with private investors to build the bridge.

But the project, estimated to cost \$600 million, is relying on about \$105 million of Alaska's federal highway money and another \$10 million in direct state contributions, in addition to private financing.

That's a lot of government funding at stake. More oversight is essential.

Senate Majority Leader Johnny Ellis and Rep. Les Gara, both of Anchorage, filed bills Wednesday that ensure the Legislature has final approval of any deal to build the bridge.

Their bills, SB 268 and HB 365, call for a 60-day public review of any bridge-building agreement. The deal would need legislative approval to go forward.

Leaving the final approval in the hands of KABATA never made sense. It is an agency that is dedicated to making the project happen -- a necessary and important role. What's missing is someone to stand back and say, "Wait a minute -- is this a good deal for the state and the borough and cities it will affect?"

The Legislature can effectively fill that role.

Two international groups have shown interest in the bridge. The toll authority is already preparing a request for proposals that will ask possible private investors how they would finance, build and maintain the crossing.

Already, the state administration has concerns about potential state costs and about lack of public discussion on the terms of the request for proposals, according to Randy Ruaro, a special assistant to the governor. He was quoted in a Daily News story Thursday.

The toll authority was widely criticized in 2006 after its board gave three top executives raises of \$25,000 to \$40,000 each, for salaries in the \$130,000 range. Rep. Gara brought the raises up this week as he sought more control over the agency's dealings.

The raises did show poor judgment. But they're small potatoes compared to the decisions that lie ahead, involving hundreds of millions of dollars.

Alaska will be able to rest easier if a bill calling for legislative oversight becomes law.

**BOTTOM LINE:** Don't let the toll authority have final say on any deal to build the Knik Arm Crossing. That's the Legislature's job.

[Print Page](#) | [Close Window](#)

Copyright © Sat Feb 16 2008 12:43:14 GMT-0900 (Alaskan Standard Time)1900 The Anchorage Daily News  
(www.adn.com)

## Lawmakers introduce bills seeking review of bridge deal

(02/14/08 09:53:30)

Anchorage Democrats in the state House and Senate have introduced bills that would require legislative approval of any deal signed to build a Knik Arm Bridge.

The bills by Rep. Les Gara and Sen. Johnny Ellis would require a 60-day public review of a bridge deal.

Currently, the authority can sign a bridge deal without lawmakers' approval.

Lois Epstein, a spokeswoman for the Alaska Transportation Priorities Project, a watchdog group, said the bill is needed to make sure the Knik Arm Bridge and Toll Authority does not strike a bad bargain with international investors to get the bridge built.

The bridge authority board met Wednesday in Juneau. Spokeswoman Mary Ann Pease said that the bills caught the authority by surprise and that it was too early to comment on them in detail.

The authority wants to work with the state, she said, and one part of the identical bills, limiting toll increases to the rate of inflation, may not be a problem.

Former Gov. Frank Murkowski and the Legislature created the toll authority in 2003 to plan for construction of the bridge and figure out how to pay for it.

"Now that we're going to shine a public light on this, it encourages KABATA to cut a good deal for the state rather than one that costs a lot of money," Gara said.

The bridge authority for years has estimated the project would cost about \$600 million, with most of that money expected from private investors. Critics believe the cost will be higher.

Two international consortia have shown an interest in building and running the bridge, according to the authority.

The bridge authority is preparing a request for proposals that will ask possible investors to make their best pitch for financing, building and maintaining the bridge.

The state has been reviewing a draft of the authority's request for proposals for weeks, said Randy Ruaro, a special assistant to the governor.

"Both the Department of Law and the Department of Transportation, in their limited, initial review to date, have pointed out some areas of concern," he said.

State officials are worried about potential costs to the state and about a lack of public comment on terms of the request for proposals, he said.

The authority will work with state officials on changes they want made, Pease said.

Gara said the bills are meant to make the bridge process more like the one Gov. Sarah Palin successfully proposed last year for pursuing a natural gas pipeline.

Like Palin's Alaska Gasline Inducement Act, the bills propose a public comment period and then legislative approval of the deal. After the bridge is built, the state Transportation commissioner would approve any toll increases.

Gara said the bridge authority has been given a blank check to spend public money.

"There's no public oversight," he said. "Their main feat so far has been to hand out massive pay raises to KABATA members and they've disregarded the concerns of the public."

The bridge authority gave big pay hikes to three executives in 2006.

Pease said she did not want to comment on the raises.

"We've maintained the public process at the forefront ... there's a very small staff at KABATA and they're very diligently focused on doing what's best for the state," she said.

So far, the authority has spent about \$38 million or \$39 million on planning, studies and other costs, Pease said.

Palin had not seen the proposed bills Wednesday, said her spokeswoman Sharon Leighow. Palin "does support an open and transparent process," Leighow said.

[Print Page](#)

[Close Window](#)

**S B**

**2 8 9**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 3/4/08

FURTHER: Finance

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 4/1/08

Transportation Committee considered SENATE BILL NO. 298

**SB 298 MARINE TRANSPORTATION: BOARD & DIVISION**

"An Act establishing the division of marine transportation; establishing the Alaska Marine Transportation Authority Board and the position of director of the division of marine transportation, and assigning the powers and duties of each; making conforming amendments; and providing for an effective date."

and recommends:

- be replaced with  SCS or  CS SB 298 (TRA)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
<b>HOUSE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
S.TRA	4/1				
fiscal info forthcoming					

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	WILKEN			X	
<i>[Signature]</i>	COWDERY	✓			
<i>[Signature]</i>	OLSEN	✓			
<i>[Signature]</i>	WILKINSON			X	
CHAIR: <i>[Signature]</i>	KROKESIT	✓			



## SENATE TRANSPORTATION COMMITTEE

---

State Capitol, Room 11  
Juneau AK, 99801-1182  
907-465-6828

To: Senate Transportation Committee Members

From: Albert M. Kookesh, Chair, Senate Transportation Committee  
465-6828

Date: March <sup>31</sup> 27, 2008

Re: Senate Transportation Committee  
For the week of March 31 - April 4, 2008

---

*Albert Kookesh*

*2:00 to 3:30*  
Tuesday, April 1, 2008—~~1:00pm to 3:00pm~~, Butrovich Room #205

SB 298: Establishing the Division of Marine Transportation; Establishing the Alaska Marine Transportation Authority Board. (By Senate Transportation Committee).

Thursday, April 3, 2008—1:00pm to 3:00pm, Butrovich Room # 205

Bills previously heard or scheduled.

*Did you  
adopt C'S?*

**CS FOR SENATE BILL NO. 298(TRA)****IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTY-FIFTH LEGISLATURE - SECOND SESSION****BY THE SENATE TRANSPORTATION COMMITTEE****Offered:****Referred:****Sponsor(s): SENATE TRANSPORTATION COMMITTEE****A BILL****FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska Marine Transportation Advisory Board and setting out**  
2 **its powers and duties; making conforming amendments; and providing for an effective**  
3 **date."**

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

5 **\* Section 1. AS 19.65.011 is amended to read:**

6 **Sec. 19.65.011. Comprehensive long-range plan.** The Department of  
7 **Transportation and Public Facilities, in consultation with the Alaska Marine**  
8 **Transportation Advisory Board,** shall prepare a comprehensive long-range plan for  
9 the development and improvement of the Alaska marine highway system and shall  
10 revise and update the plan at least every five years. The department shall submit the  
11 comprehensive long-range plan and revisions and updates of the plan to the  
12 legislature.

13 **\* Sec. 2. AS 19.65 is amended by adding new sections to read:**

14 **Article 3. Alaska Marine Transportation Advisory Board.**

1           **Sec. 19.65.110. Alaska Marine Transportation Advisory Board.** There is  
2 established in the Department of Transportation and Public Facilities the Alaska  
3 Marine Transportation Advisory Board.

4           **Sec. 19.65.120. Board composition.** (a) The board consists of 11 members  
5 appointed by the governor. Each member must be a resident of the state. The board  
6 shall be composed of the following members:

7                   (1) one member who has a significant level of experience in the private  
8 sector or local government, specializing in financing or economic development or  
9 marketing, from each of the following districts:

10                           (A) northern southeast Alaska, representing Haines, Juneau,  
11 and Skagway;

12                           (B) central southeast Alaska, representing Petersburg, Sitka,  
13 and Wrangell;

14                           (C) southeast Alaska, representing the cities of Angoon,  
15 Hoonah, Kake, Pelican, and Tenakee Springs;

16                           (D) the Prince William Sound and Kenai Peninsula areas,  
17 representing the cities of Cordova, Valdez, and Whittier, the City and Borough  
18 of Yakutat, and the communities of Chenega Bay and Tatitlek; and

19                           (E) southwest Alaska, representing the cities of Akutan,  
20 Chignik, Cold Bay, False Pass, Homer, King Cove, Kodiak, Port Lions, Sand  
21 Point, Seldovia, and Unalaska, including Dutch Harbor;

22                           (2) one retired marine captain, marine engineer, or licensed seaman;

23                           (3) one representative, who may be retired, of a recognized union that  
24 represents employees of the Alaska marine highway system;

25                           (4) one business owner who has experience interacting with the Alaska  
26 marine highway system;

27                           (5) one travel agent or tourism specialist familiar with various Alaska  
28 marine highway reservation systems available to the public; and

29                           (6) two members of the public at large.

30                           (b) For members being appointed under (a)(2) - (6) of this section, there shall  
31 be at least one resident of the Ketchikan Gateway Borough and at least two members

1 who are residents of areas not directly served by the Alaska marine highway system.

2 (c) The members of the board shall serve staggered three-year terms. If a  
3 vacancy arises on the board, the governor shall, within 30 days after the vacancy  
4 arises, appoint a person to serve the balance of the unexpired term. A person appointed  
5 to fill the balance of an unexpired term shall serve on the board from the date of  
6 appointment until the expiration of the term.

7 (d) Board members serve at the pleasure of the governor. In addition, a  
8 majority of the membership of the board may remove a member if that member misses  
9 more than two meetings in a calendar year and has not been previously excused.

10 **Sec. 19.65.130. Officers and quorum.** The members of the board shall select  
11 a chair and a vice-chair from among the members of the board each year. The vice-  
12 chair presides over meetings in the absence of the chair. A majority of the members of  
13 the board constitutes a quorum. A vacancy in the board does not impair the right of a  
14 quorum to exercise all the powers and perform all the duties of the board.

15 **Sec. 19.65.140. Meetings.** The board shall meet at least four times each year.  
16 Meetings may be called by the chair or by a majority of the members of the board. At  
17 least one meeting each year must be attended by the board members in person, but all  
18 other meetings may be conducted by teleconference. All meetings are open to the  
19 public unless an executive session is called based on the criteria in AS 44.62.310(b).

20 **Sec. 19.65.150. Per diem and expenses.** Members of the board do not receive  
21 a salary, but are entitled to per diem and travel expenses authorized for boards and  
22 commissions under AS 39.20.180.

23 **Sec. 19.65.160. Records.** Records of the board are subject to inspection and  
24 copying under AS 40.25.110.

25 **Sec. 19.65.170. Legal assistance.** The Department of Law shall provide all  
26 legal services for the board.

27 **Sec. 19.65.180. Powers, duties, and functions.** (a) After the commissioner of  
28 transportation and public facilities has considered one or more candidates for the  
29 position of director or deputy commissioner of the Alaska marine highway system, the  
30 commissioner shall confer with the board regarding that candidate or those candidates  
31 before making an appointment to that position. The selection of those candidates shall

1 be without regard to political affiliation.

2 (b) The board may establish volunteer regional advisory committees. The  
3 purpose of the advisory committees is to provide recommendations to the board  
4 regarding concerns from the region whose members constitute the advisory  
5 committee.

6 (c) The board, in cooperation with the Department of Transportation and  
7 Public Facilities, shall prepare a strategic plan that includes the mission, core values,  
8 objectives, initiatives, and performance goals of the Alaska marine highway system  
9 and submit that plan to the department for its consideration.

10 **Sec. 19.65.190. Staff.** The department shall provide staff for the board.

11 **Sec. 19.65.195. Definition.** In AS 19.65.100 - 19.65.195, "board" means the  
12 Alaska Marine Transportation Advisory Board.

13 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE  
16 TRANSPORTATION ADVISORY BOARD. (a) Notwithstanding AS 19.65.120(c), added by  
17 sec. 2 of this Act, and AS 39.05.055, the initially appointed members of the Alaska Marine  
18 Transportation Advisory Board shall be appointed by the governor to terms as follows:

- 19 (1) three members shall serve one-year terms;  
20 (2) three members shall serve two-year terms; and  
21 (3) five members shall serve three-year terms.

22 (b) The governor may designate a member of the Marine Transportation Advisory  
23 Board, created by Administrative Order No. 233, who is serving as an advisory board member  
24 on the day before the effective date of this Act, as a member of the initial Alaska Marine  
25 Transportation Advisory Board under (a) of this section, if the member meets the  
26 requirements set by AS 19.65.120, added by sec. 2 of this Act. Nothing in this subsection  
27 prevents the governor from appointing members to the board that do not serve on the Marine  
28 Transportation Advisory Board as authorized by this subsection.

29 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).



**Sarah Palin**  
GOVERNOR

**STATE OF ALASKA**  
OFFICE OF THE GOVERNOR  
JUNEAU

March 29th, 2007

**ADMINISTRATIVE ORDER NO. 233**

I, Sarah Palin, Governor of the State of Alaska, under the authority of art. III, secs. 1 and 24, of the Alaska Constitution, and in accordance with AS 44.19.145(c), establish the Alaska Marine Transportation Advisory Board (board) in the Department of Transportation and Public Facilities (department).

**PURPOSE**

The purpose of the board is to provide recommendations to the governor and the commissioner of the department on the department's exercise of its marine transportation functions assigned by law.

**DUTIES OF THE BOARD**

The board's duties are to:

- (1) meet at the call of the chair to carry out its advisory functions;
- (2) hold public hearings as necessary or use other means to solicit information from the public for the development of the board's recommendations; and
- (3) prepare and submit to the governor and the commissioner of the department recommendations concerning the department's marine transportation functions assigned by law.

**MEMBERSHIP**

The board consists of nine members appointed by the governor, to serve at the pleasure of the governor. The governor will appoint the members as follows:

- (1) a member representing labor unions of employees of the Alaska Marine Highway System;
- (2) a member from Northern Southeast Alaska representing the municipalities of

Haines, Juneau, Sitka, and Skagway;

(3) a member from Southern Southeast Alaska representing the municipalities of Ketchikan, Ketchikan Gateway Borough, Metlakatla, Petersburg, and Wrangell, and the cities and communities of Prince of Wales Island;

(4) a member from Southeast Alaska representing the cities of Angoon, Hoonah, Kake, Pelican, and Tenakee;

(5) a member from the Prince William Sound/Kenai Peninsula area representing the cities of Cordova, Seward, Valdez, and Whittier, the City and Borough of Yakutat, and the communities of Chenega Bay and Tatitlek;

(6) a member from the Southwest Alaska/Aleutian Chain/Alaska Peninsula area representing the cities of Akutan, Chignik, Cold Bay, False Pass, Homer, King Cove, Kodiak, Port Lions, Sand Point, Seldovia, Unalaska, and Dutch Harbor; and

(7) three other members appointed by the governor.

Board members must be persons with an interest or background in marine transportation matters in this state.

The governor will designate the chair of the board. The board may elect other officers as determined necessary.

#### **ADMINISTRATIVE SUPPORT**

The department shall provide administrative support for the board.

#### **GENERAL PROVISIONS**

Board members do not receive compensation as a member of the board. Members of the board who are not state or federal employees are entitled to per diem and travel expenses in the same manner permitted for members of state boards and commissions. Per diem and travel expenses for members of the board who are a representative of a state or federal agency are the responsibility of that agency.

To reduce costs, the board may use teleconferencing or other electronic means, to the extent practicable, in order to gain the widest public participation at minimum cost.

Meetings of the board shall be conducted, and notice of the meetings and hearings provided, in accordance with AS 44.62.310 and 44.62.320 (Open Meetings of Governmental Bodies).

Records of the board are subject to inspection and copying as public records under AS 40.25.110 - 40.25.220.

This Order takes effect immediately.

DATED at Juneau, Alaska, this 28th day of March, 2007.





**FOR IMMEDIATE RELEASE**

07-124

### **Governor Palin Fills Marine Transportation Advisory Board**

May 14, 2007, Juneau, AK – Governor Sarah Palin today announced the appointment of several Alaskans to the Marine Transportation Advisory Board (MTAB). The Alaska Marine Transportation Advisory Board advises the state on issues related to the Alaska Marine Highway System. The nine-member advisory committee is made up of representatives from communities served by state ferries. MTAB was re-authorized under Administrative Order No. 233 by Governor Palin on March 28, 2007.

**Captain William Hopkins** of Ketchikan will represent employee labor unions of the Alaska Marine Highway System. Hopkins retired from the Alaska Marine Highway System (AMHS) in January 2007, after thirty years of service. He has piloted Southeast, Southwest and Puget Sound on all AMHS vessels, except for the Wickersham and high-speed craft. Hopkins served eight years as permanent master of the M/V Aurora and another eight years as permanent master of the M/V Kennicott. He is the author of two books including, "Wrangell Narrows, Alaska," a mile-by-mile guide for mariners navigating the Inside Passage.

**Robert Venables** of Haines will represent northern Southeast Alaska. Venables has worked for the Haines Borough since 2000 – first as the Borough's Economic Development Director and later as the Borough's Manager, a post he has held since 2004. He is a former member of MTAB and former chair of the Southeast Conference. Venables is active in the Haines and Alaska State Chambers of Commerce, and has been a board member of the Haines Borough Fire District #3 since 1988.

**John (JC) Conley** of Ketchikan will represent southern Southeast Alaska. Conley is the owner of Service Auto Parts, a locally owned auto parts store he has been with since 1979. He served three terms on the Ketchikan Gateway Borough Assembly, and served twice as chair of the Ketchikan Chamber of Commerce and Southeast Conference. Conley is the former chair of MTAB.

**Maxine Thompson** of Angoon will represent the cities of Angoon, Hoonah, Kake, Pelican, and Tenakee. She is the president of Thompson Management Services, Inc., DBA Angoon Oil Company, a post she has held for over twenty years. Thompson served on the Angoon City Council from 1994 to 1997, and served one term as Mayor from 1997 to 1999. She is a lifelong Alaskan.

**Clay Koplín** of Cordova will represent the Prince William Sound region. Koplín has served as the Manager of Engineering and Operations for the Cordova Electric Cooperative since 1988. He worked with the Prince William Sound Economic Development Group and the Cordova Chamber of Commerce to develop a marketing strategy for the M/V Aurora and the M/V Chenega. Koplín is a self proclaimed, "Enthusiastic Alaskan."

**Shirley Marquardt** of Unalaska will represent Southwest Alaska, the Aleutian Chain, and the Alaska Peninsula. She was elected mayor of Unalaska in 2004, and served the previous ten years on the Unalaska City Council. Marquardt is the Port Operations Manager for Samson Tug and Barge in Dutch Harbor. Since 1999, Marquardt has been a member of the American Seafoods Community Advisory Board. She also serves on the Alaska Municipal League Finance Committee and is a member of the Fisheries Committee for Southwest Alaska Municipal Conference.

**Murray Walsh** of Juneau will serve as an at-large member. Walsh has served as the Executive Director of Southeast Conference since 2006. He is also the Principal in Walsh Planning and Development Services, a private planning practice he has operated since 1996. Walsh has been preparing comprehensive site plans for communities and clients since 1974. He earned a Bachelor of Arts degree in Urban Planning in 1971 from the University of Washington.

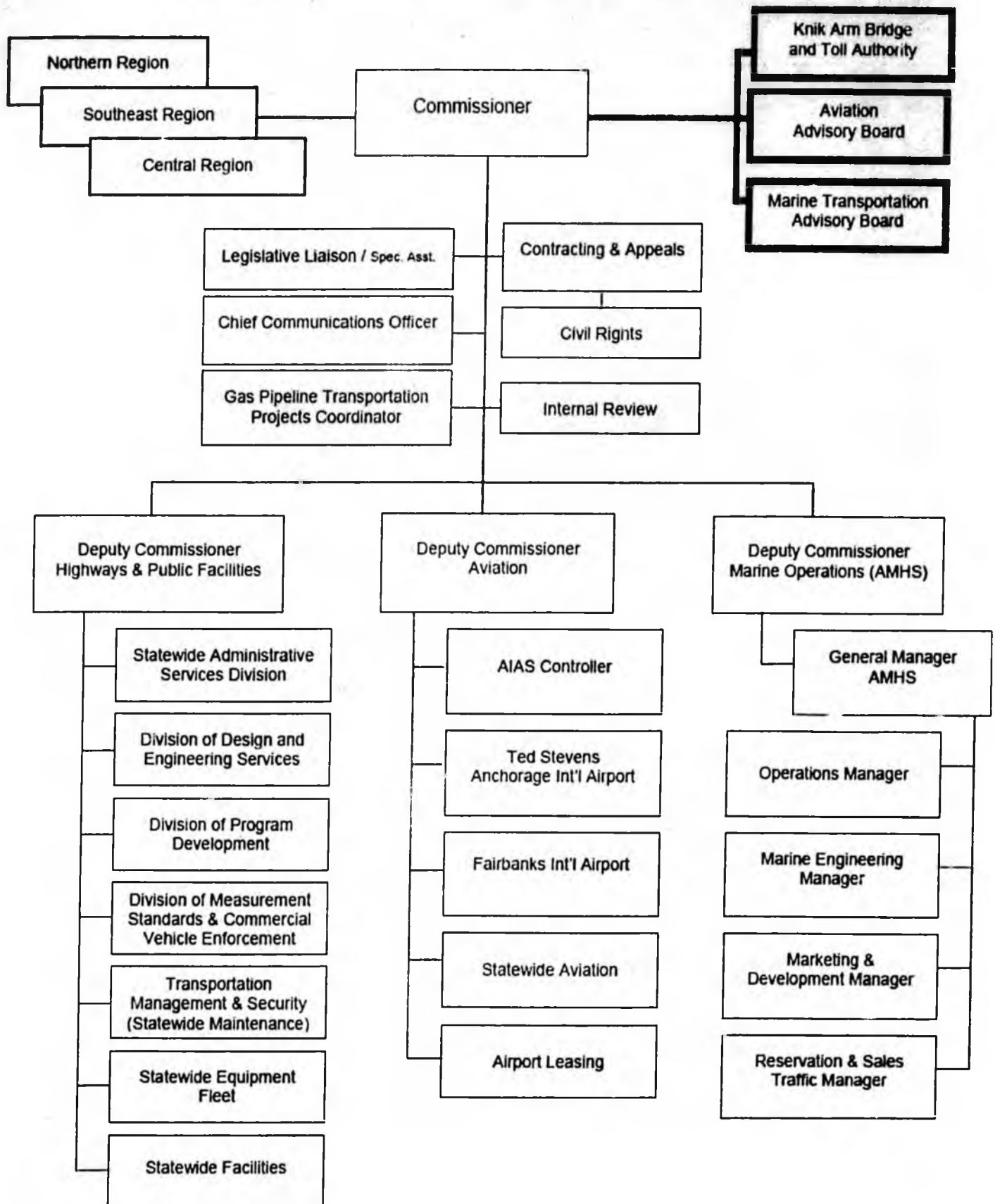
**Cathie Roemmich** of Juneau will serve as an at-large member and as the chair, designated by the Governor. She has served as the executive director of the Juneau Chamber of Commerce since 2006. Roemmich was the assistant port manager for Southeast Stevedoring in Sitka from 1985 to 1996. She also spent four years as the service manager for Willie's Marine, Inc. Boat Sales and Service in Juneau. Roemmich is a lifelong Alaskan.

**Mike Korsmo** of Skagway will serve as an at-large member. Korsmo captains a 100-foot tug boat for Amak Towing, a subsidiary of Southeast Stevedoring. He has served as a Skagway City Council member since 2002, and is a member of the Southeast Conference Board of Directors where he chairs the Transportation Committee. Korsmo also serves on the Alaska Municipal League Public Works and Infrastructure Committee.

###

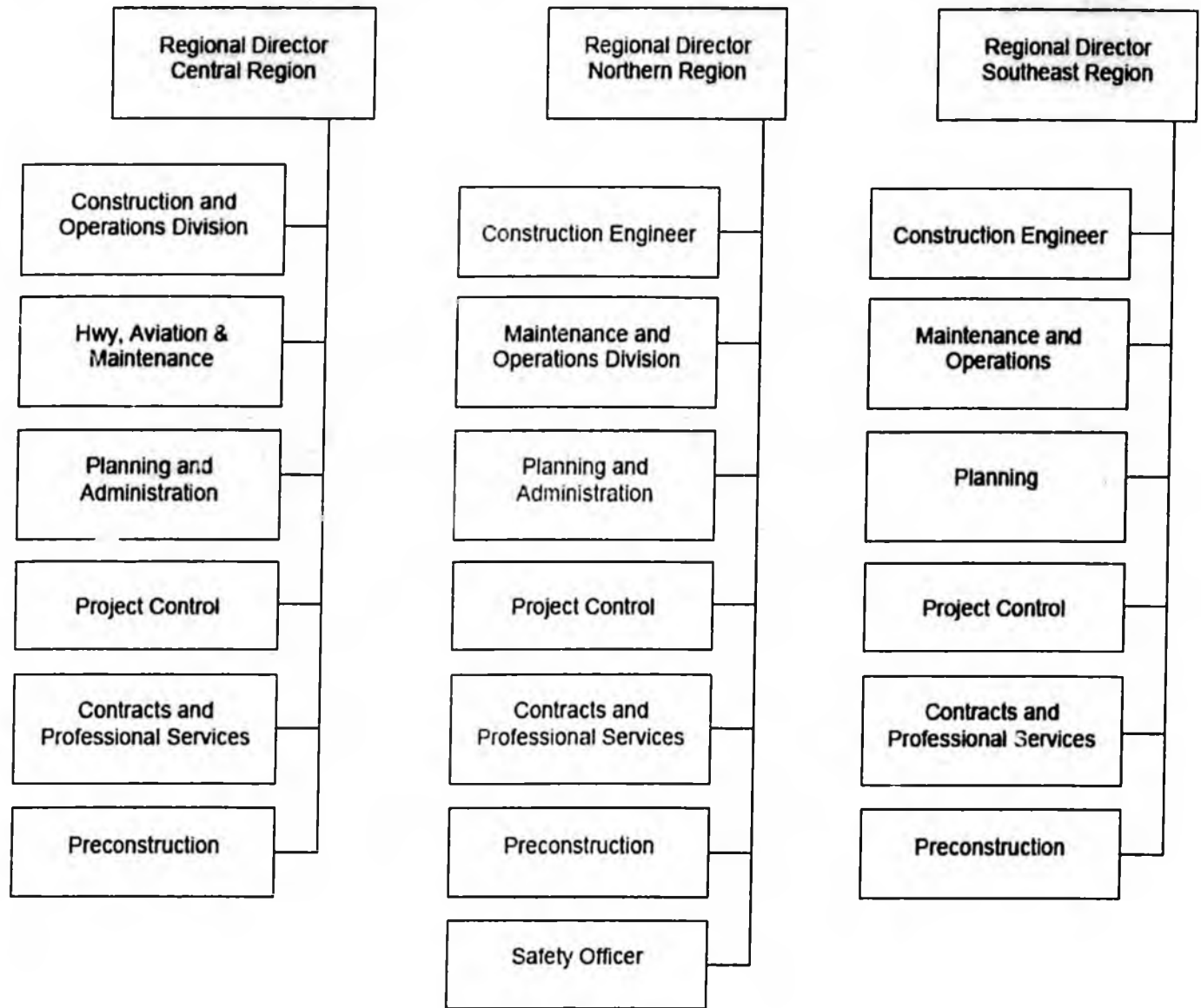
# Department of Transportation and Public Facilities

(January 2008)



# Department of Transportation and Public Facilities

Page 2



# Alaska Marine Highway System



DOT&PF > AMHS HOME > Sailing

[Plan Your Trip](#) | [Changes](#) | [Specials](#) | [Sailing With Us](#) | [Travel Options](#) | [Shipping Info](#) | [Contact Us](#) | [Site Guide](#)

## Vessels

There are currently eleven vessels in the AMHS fleet. The newest are the Fast Vehicle Ferries Fairweather and Chenega. They are the first vessels of this type to be built in the United States.

### AMHS Vessel Fleet

M/V Aurora (AUR)	M/V Kennicott (KEN)	M/V Matanuska (MAT)
M/V Chenega (CHE)	M/V LeConte (LEC)	M/V Taku (TAK)
M/V Columbia (COL)	M/V Lituya (LIT)	M/V Tustumena (TUS)
M/V Fairweather (FWX)	M/V Malaspina (MAL)	

[Download the Vessel Information Table](#)

## Sailing With Us

- ▶ [Communities on the Alaska Marine Highway](#)
- ▶ [Employment Opportunities](#)
- ▶ [Frequently Asked Questions](#)
- ▶ [Our Mission](#)
- ▶ [Public Meetings](#)
- ▶ [Reports](#)
- ▶ [Vessels Information](#)

Please note: You must have Acrobat Reader to open any PDF documents on this page. If you do not have Acrobat Reader, [click to download the FREE software](#).

### M/V Aurora

The M/V Aurora was built by Peterson Shipbuilders in Sturgeon Bay, Wisconsin, and began service in 1977. The Aurora is 235 feet long, and can transport 300 passengers and 34 vehicles (20' lengths) at a service speed of 14.5 knots. Because the Aurora is used for short runs, staterooms are not available, although food service and a solarium are provided.



[Back to Main Vessel Menu](#)

### M/V Chenega

The M/V Chenega is one of the new Alaska Marine Highway Fast Vehicle Ferries. Built by Derecktor Shipyards of Bridgeport, Connecticut at a cost of \$34.5 million, she began service in summer of 2005. The Chenega's designer is Nigel Gee & Associates (NGA), a British naval architecture firm that has many years of high-speed ship design and build experience. The Chenega is powered by four diesel engines and four water jets. The hull form is a 235-foot catamaran that has been shown to provide the highest transport efficiency of any high-speed ferry of this size. The Chenega operates in Southeast Alaska during the winter months and in Prince William Sound during the summer. Photo by Ed Lien



[Back to Main Vessel Menu](#)

### M/V Columbia

The **MV Columbia** is the largest vessel of the Marine Highway fleet. Launched by Lockheed Shipbuilding in Seattle in 1974, the Columbia is 418 feet long, with capacity for 499 passengers and 134 vehicles (20' lengths). Its 103 total cabins include 44 four-berth units, and 56 two-berth units, 3 of which are wheelchair accessible. The Columbia boasts both a fine dining room and a cafeteria. The gift shop, cocktail lounge, solarium, and forward observation lounge round out the passenger amenities. Photo by Captain Jack Meyers



[Back to Main Vessel Menu](#)

### **MV Fairweather**

The **MV Fairweather** is one of the new Alaska Marine Highway Fast Vehicle Ferries. Built by Derektor Shipyards of Bridgeport, Connecticut at a cost of \$36 million, she began service in summer, 2004. The Fairweather's designer is Nigel Gee & Associates (NGA), a British naval architecture firm that has many years of high-speed ship design and build experience. The Fairweather is powered by four diesel engines and four water jets. The hull form is a 235-foot catamaran that has been shown to provide the highest transport efficiency of any high-speed ferry of this size. The Fairweather normally operates in Southeast Alaska. Photo by Peter Metcalfe



[Back to Main Vessel Menu](#)

### **MV Kennicott**

The **MV Kennicott** was built by Halter Marine group of Gulfport, Mississippi at a cost of over \$80 million, she began service in the summer of 1998. Designed by Halter Marine, and the Glosen Associates of Seattle, Washington, the Kennicott is 382 feet long, 85 feet wide, with nine decks. She is driven by two 6,690 HP Wartsilla 32E diesel engines, and has a service speed of 16.75 knots. The vessel is ocean certified and is also designed to serve as a command and logistics center during an oil spill or other natural disaster. The ship has a capacity for 499 passengers, provides 109 berthing accommodations, and has space for 80 standard automobiles. There are 48 four-berth cabins (3 wheelchair accessible) and 55 two-berth cabins (2 wheelchair accessible). The observation lounges and the enclosed, heated solarium give excellent vantage points from which to enjoy Alaska's scenic splendor throughout her voyage. Photo by Frank Scigliano



[Back to Main Vessel Menu](#)

### **MV LeConte**

The **MV LeConte**, launched in late 1973 by Peterson Shipbuilders in Sturgeon Bay, Wisconsin, joined the fleet in 1974. The LeConte is 235 feet long, with capacity for 300 passengers and 34 vehicles (20' lengths), and operates at a service speed of 14.5 knots. The LeConte is used for shorter runs, so it does not have staterooms, but food service and a solarium are provided. Photo by Cathy Brown



[Back to Main Vessel Menu](#)

#### **MV Lituya**

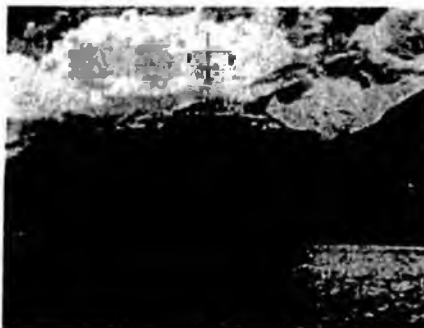
The **MV Lituya** was designed by Coastwise Corporation of Juneau in 2001, built by Conrad Shipyards in Morgan City, Louisiana, and was launched in April of 2004. The \$9.5 million vessel provides daily ferry shuttle service between Metlakatla and Ketchikan, Lituya. The 180-foot, roll on/roll off steel ferry accommodates 18 cars and 149 passengers with an average speed of 10-12 knots.



[Back to Main Vessel Menu](#)

#### **MV Malaspina**

The **MV Malaspina** carries 499 passengers, and provides 46 four-berth and 26 two-berth cabins, one of which is wheelchair accessible. The vessel was built in Seattle in 1963 at the Lockheed Shipbuilding yards, then lengthened and renovated in 1972 at the Willamette Iron and Steel Company shipyard in Portland. The Malaspina is now 408 feet long, with capacity for 88 vehicles (20' lengths), and a service speed of 16.5 knots. Passenger services include a cafeteria, gift shop, cocktail lounge, solarium, and forward observation lounge. Photo by Rodney Stitt



[Back to Main Vessel Menu](#)

#### **MV Matanuska**

The **MV Matanuska** was built by Puget Sound Bridge & Dry Dock Company of Seattle and began service in 1963. In 1968 the vessel was lengthened and renovated. It now carries 499 passengers, and provides 4 four-berth, 21 three-berth, and 80 two-berth cabins. One two-berth cabin is wheelchair accessible. The Matanuska is 408 feet long, with capacity

