

State of Alaska FY2009 Governor's Operating Budget

Department of Transportation/Public Facilities Knik Arm Bridge/Toll Authority RDU/Component Budget Summary

RDU/Component: Knik Arm Bridge/Toll Authority*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Knik Arm Bridge and Toll Authority is established in Alaska Statute 19.75. The purpose of the authority is to develop, stimulate, and advance the economic welfare of the state and further the development of public transportation systems in the vicinity of the Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage and the Matanuska-Susitna Borough.

Core Services

The Knik Arm Bridge and Toll Authority (KABATA) will construct, own and operate a toll facility across Knik Arm at Anchorage. In order to achieve this it is anticipated that an additional year will be needed to comply with the National Environmental Policy Act (NEPA) process, secure the necessary permits, and start project development through procurement of a private partner developer to enter into a public-private partnership (P3) concession agreement to finance, construct, operate and maintain the Knik Arm Crossing. Construction is anticipated to require 3 to 4 years to get the facility into an operational stage.

FY2009 Resources Allocated to Achieve Results**FY2009 Component Budget: \$1,504,700****Personnel:**

Full time 11

Part time 0

Total 11**Key Component Challenges**

During the calendar year of 2008 the following activities are anticipated:

1. Completion of the Final Environmental Impact Statement (EIS) and Record of Decision.
2. Issuance of construction permits.
3. Agreement on project mitigation measures.
4. Issuance of a Request for Proposal (RFP) as the second step in a two-tier procurement process to find a suitable partner for a Public-Private Partnership Agreement (PPA).
5. Emphasis will be placed on securing sufficient funding through non-governmental sources. The private partner concessionaire will provide the majority of debt and equity to finance the project and will use the toll revenue of the facility to repay debt and provide a return to equity. Right-of-Way acquisition and other pre-construction activities will be a primary focus.
6. Upgrade of the MacKenzie Road as a first step in the delivery program will commence through a state grant to the Mat-Su Borough.

This is a challenging schedule considering the complexity and size of the project. Unlike regular capital projects, this project, owned by a toll authority, had to identify various funding sources including private activity bonds, Transportation Infrastructure Finance and Innovation Act (TIFIA) loans and private partner equity and had to develop a complex financial plan and budget. In addition, for reporting purposes it has been declared a "Mega Project" by the Federal Highway Administration (FHWA) and has to adopt a compatible management structure and select a suitable private partner during 2008.

Significant Changes in Results to be Delivered in FY2009

The project development calls for completion of the EIS, issuance of the necessary permits and procurement of delivery services through a PPA, including finance, construction and operation of the facility.

Major Component Accomplishments in 2007

- During 2007 the procurement of a private sector partner through a PPA was initiated. The first step of that process was completed by shortlisting two qualified proposers through a request for qualifications process, completed in March of 2007. KABATA has worked with the shortlisted proposers and its consultants to develop a PPA. Technical Provisions (TP) and an RFP competition will be formally issued in December 2007 or January 2008. Prequalified consortia will submit their proposals in mid-2008, and the best value proposer will be selected to finance, construct and operate the facility under the terms of the PPA and TP.
- The final EIS was submitted to FHWA in April 2007. The FHWA review is to be complete by October 2007 and a Record of Decision on the NEPA process is expected by January 2008.
- Completion of a supporting near investment grade analysis of the traffic and revenue was accomplished.
- A financial model was completed to demonstrate financial feasibility and use of private activity bonds and a TIFIA loan (federal programs).
- \$600 million private activity bond allocation is expected in October 2007.
- TIFIA credit was applied for on behalf of proposers in August 2007.

Statutory and Regulatory Authority

AS 19.75

Contact Information

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Knik Arm Bridge/Toll Authority Component Financial Summary

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	962.0	1,502.5	1,504.7
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	0.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	962.0	1,502.5	1,504.7
Funding Sources:			
1061 Capital Improvement Project Receipts	962.0	1,502.5	1,504.7
Funding Totals	962.0	1,502.5	1,504.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Capital Improvement Project Receipts	51200	962.0	1,502.5	1,504.7
Restricted Total		962.0	1,502.5	1,504.7
Total Estimated Revenues		962.0	1,502.5	1,504.7

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	0.0	0.0	1,502.5	1,502.5
Adjustments which will continue current level of service:				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	2.2	2.2
FY2009 Governor	0.0	0.0	1,504.7	1,504.7

Knik Arm Bridge/Toll Authority Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2008</u> <u>Management</u> <u>Plan</u>	<u>FY2009</u> <u>Governor</u>		
Full-time	11	11	Annual Salaries	1,050,806
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	499,702
			<i>Less 2.95% Vacancy Factor</i>	(45,808)
			Lump Sum Premium Pay	0
Totals	11	11	Total Personal Services	1,504,700

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk III	1	0	0	0	1
Dep Ex Dir Corp Affairs Kabata	1	0	0	0	1
Dep Exec Dir Proj Devel Kabata	1	0	0	0	1
Exe Dir Knik Arm Bdg Toll Auth	1	0	0	0	1
Financial Manager	1	0	0	0	1
Kabata Admin Director	1	0	0	0	1
Kabata Chief Engineer	1	0	0	0	1
Kabata Chief Financial Officer	1	0	0	0	1
Liaison Officer	1	0	0	0	1
Project Mgr Fed Aid Contract	1	0	0	0	1
Project Mgr P3 Contract	1	0	0	0	1
Totals	11	0	0	0	11