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# Can bridge across Knik Arm compete with other Alaska transportation needs?

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5-6 minutes

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## **Alaska** Dispatch News

JUNEAU -- After a failed attempt at finding private investors to help build a bridge across Knik Arm, some supporters are now [shifting to back Gov. Parnell's plan to have the state build the crossing](#).

But exactly which state agency should build the bridge has yet to be decided. And a new public bridge project would be in competition with other state transportation needs, complicating the politics of the issue.

The plan by Parnell, revealed when he released his budget for next year, would have the state finance and manage the project, instead of a private developer. That privately-led project has been the focus of the Knik Arm Bridge and Toll Authority's sales campaign for years, and has been strongly backed by Senate

President Charlie Huggins, R-Wasilla.

Rep. Mark Neuman, R-Big Lake, supports the bridge project and defends KABATA's work so far.

"KABATA was asked to look at a private partnership, and that's what they did," Neuman said.

Neuman is one of two legislators who serve on KABATA's board, along with two of Parnell's commissioners, Pat Kemp of the Department of Transportation and Angela Rodell of the Department of Revenue.

The independently-operating state agency has been trying to build the bridge for 10 years, frequently touting the "private" involvement as proof of the toll project's viability.

At the time KABATA began working to develop a private role in the project, financial markets were embracing such projects, Neuman said.

"It's just that the markets have changed," he said. "Right now there's a financial benefit to the state by the state funding it."

But yet to weigh in publicly is Huggins, the state's foremost advocate of having a private developer build the bridge. Huggins' spokesperson Carolyn Kuckertz said the Wasilla senator still wants a private, not public, project.

### **Who would build it?**

But if it were to become a public project, it's still up in the air which agency should take the lead in making the billion-dollar project happen.

KABATA itself lost the confidence of top House leaders last year when the Legislative Audit Division [issued a report concluding that the agency's traffic projections were unrealistically optimistic](#). And that meant the state would have had to consider taking on big, undefined financial risks, including guaranteeing a developer's profits.

House Finance Committee member Rep. Mia Costello, R-Anchorage, tried to salvage the project's credibility by introducing a bill transferring the project to the well-regarded Alaska Housing Finance Corporation.

Her bill passed the House, but stalled in the Huggins-led Senate in the session's final days.

Costello said that even with the Knik Arm Crossing becoming a fully public project, leadership of the project need to go to AHFC.

"Now is the time for us to look to a different team," she said.

"When you look at all the options we have in front of us, now is the time to ask where would be the best place for this project. AHFC has the credibility, and I think KABATA has lost their credibility."

But making it a state project may eliminate one of the arguments for AHFC ownership, Costello acknowledged, since the bonding expertise offered by the housing agency could also be provided by the state.

"If it is publicly financed we can use the state's bond rating, which is quite good, to bring down the cost of the project," she said.

Neuman, who is also vice-chair of the House Finance Committee in addition to serving on KABATA's board, said he was still convinced the bridge should remain in KABATA's hands.

"This is not a huge government agency, there's five hardworking engineers over there who fully understand this project and that's the way to go," he said.

He also brought up [AHFC's financial problems](#), which were revealed after last year's House vote to transfer the project to the housing agency.

Because the Knik Arm Crossing would produce toll revenues, it would be paying money back to the state in future years when it will likely be badly needed, Neuman said.

"I think AHFC has enough problems of its own without taking on another project, and they need maybe to focus on that," Neuman said. Another Finance Committee member, Rep. Lindsey Holmes, R-Anchorage, says she's supporting Parnell's plan for project ownership, and Costello's for management.

"If we're going to build it, we should be building it rather than hiring somebody (to build it) and then guarantee payment," she said.

Holmes said she continues to like the idea of the well-regarded AHFC taking on the project, but acknowledged that the state's current financial situation means a public project will face challenges.

"I think it is going to go up against some tough competition this year," she said.

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