

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**

OFFICE OF THE COMMISSIONER

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April 22, 2008

Mr. Andrew Niemiec
Knik Arm Bridge Toll Authority
550 W. 7th Avenue
Anchorage, AK 99501-3570

Dear Mr. Niemiec:

Randy Ruaro shared with me your March 11 draft project development outline for the Knik Arm Crossing. We appreciate the time and effort you and your staff put into preparing this outline and the thoughtfulness of your approach. We would, however, like KABATA to answer several significant questions before proceeding further with the outline.

We are concerned with the ongoing expenses associated with the planning process for this project. KABATA has spent roughly \$40 million of public funds over several years exploring the possibility of constructing the Knik Arm Crossing through a public-private partnership. The Federal Highway Administration has made it very clear that if the project does not move forward, it will look to the State for repayment of all federal funds spent to date. In addition to the possible payback of federal money, KABATA has spent significant amounts of state funds on the project. The State has a strong interest in making sure all public funds are spent productively. Therefore, the Governor, the Department of Transportation & Public Facilities and the Department of Law would like to fully evaluate the work KABATA has done to date and ascertain the financial risks and other obligations that KABATA and the State must assume for the project to move forward.

To accomplish our evaluation, we would like to review KABATA's request for proposals (RFP) documents in their final form. We ask that KABATA make a written request to the two pre-qualified proposers that they submit to KABATA within fifteen (15) days the final terms they would like included in the RFP. The request should notify the proposers that while the State reserves the right to make technical changes after issuing the RFP,

