

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

May 6, 2019

1:02 p.m.

**MEMBERS PRESENT**

Representative John Lincoln, Co-Chair  
Representative Geran Tarr, Co-Chair  
Representative Grier Hopkins, Vice Chair  
Representative Sara Hannan  
Representative Ivy Spohnholz  
Representative Dave Talerico  
Representative Sara Rasmussen

**MEMBERS ABSENT**

Representative Chris Tuck  
Representative George Rauscher

**COMMITTEE CALENDAR**

SENATE BILL NO. 95

"An Act approving the transfer of certain Alaska Railroad Corporation land; and providing for an effective date."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 116

"An Act relating to the renewal or extension of site leases for aquatic farming and aquatic plant and shellfish hatchery operations."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 95

SHORT TITLE: LAND TRANSFERS

SPONSOR(s): SENATOR(s) COGHILL

03/22/19	(S)	READ THE FIRST TIME - REFERRALS
03/22/19	(S)	RES, FIN
04/05/19	(S)	RES AT 3:30 PM BUTROVICH 205
04/05/19	(S)	Moved SB 95 Out of Committee
04/05/19	(S)	MINUTE(RES)
04/08/19	(S)	RES RPT 4DP 1NR

04/08/19 (S) DP: BIRCH, KIEHL, GIESSEL, COGHILL  
04/08/19 (S) NR: KAWASAKI  
04/15/19 (S) FIN AT 9:00 AM SENATE FINANCE 532  
04/15/19 (S) Heard & Held  
04/15/19 (S) MINUTE(FIN)  
04/24/19 (S) FIN RPT 3DP 4NR  
04/24/19 (S) DP: VON IMHOF, MICCICHE, BISHOP  
04/24/19 (S) NR: STEDMAN, WIELECHOWSKI, OLSON,  
WILSON  
04/24/19 (S) FIN AT 9:00 AM SENATE FINANCE 532  
04/24/19 (S) Moved SB 95 Out of Committee  
04/24/19 (S) MINUTE(FIN)  
04/26/19 (S) TRANSMITTED TO (H)  
04/26/19 (S) VERSION: SB 95  
04/27/19 (H) READ THE FIRST TIME - REFERRALS  
04/27/19 (H) RES  
05/06/19 (H) RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

SENATOR JOHN COGHILL  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Speaking as the sponsor of SB 95,  
introduced the bill.

RYNNIEVA MOSS, Staff  
Senator John Coghill  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of Senator Coghill, sponsor,  
explained aspects of SB 95.

BARBARA BLAKELEY, Vice President  
Board of Directors  
Whittier Manor Condominium Association  
Whittier/Sterling, Alaska

**POSITION STATEMENT:** Testified in in regard to SB 95.

SID ATWOOD, Condominium Owner  
Whittier Manor Condominium Association  
Whittier/Anchorage, Alaska

**POSITION STATEMENT:** Testified in regard to SB 95.

**ACTION NARRATIVE**

1:02:10 PM

CO-CHAIR JOHN LINCOLN called the House Resources Standing Committee meeting to order at 1:02 p.m. Representatives Hannan, Rasmussen, Hopkins, Tarr, and Lincoln were present at the call to order. Representatives Talerico and Spohnholz arrived as the meeting was in progress.

**SB 95-LAND TRANSFERS**

1:02:35 PM

CO-CHAIR LINCOLN announced that the only order of business would be SENATE BILL NO. 95, "An Act approving the transfer of certain Alaska Railroad Corporation land; and providing for an effective date."

1:02:48 PM

SENATOR JOHN COGHILL, Alaska State Legislature, sponsor, introduced SB 95. He explained the bill would transfer land from the Alaska Railroad Corporation ("the railroad") in the Whittier area to the Whittier Manor Condominium Association Inc. ("condo association"). He noted there is a timeliness issue with this transfer and that his staff person, Ms. Moss, would provide the committee with further details.

RYNNIEVA MOSS, Staff, Senator John Coghill, Alaska State Legislature, on behalf of Senator Coghill, sponsor of SB 95, explained that this condo complex sits on about 58,000 square feet that were part of a 40-year lease dating back to 1979. This lease expires at the end of 2019, she said, which will leave the 100 condominiums without a lease. [The association] could get a 13-year lease through the lease management agreement that the railroad has with the City of Whittier, she continued, but a 13-year lease is insufficient for being able to sell a property and have a bank finance it. She noted the condos are now over 40 years old and deferred maintenance needs to be done, but money cannot be borrowed from a bank on a 13-year lease. She stated that SB 95 would deed the 58,000 square feet to the condo association and part of the payment would go to the City of Whittier to settle the management agreement that the railroad has with the City of Whittier. It is a win-win, she added, in that it puts the property with the condos, gives the City of Whittier a tax base, increases the value of the condos, and allows the deferred maintenance to be done.

SENATOR COGHILL specified that this is critical land and so a caveat in the agreement is that if the condo association were to sell the land, the railroad would have first right to buy back the land.

[1:05:45 PM](#)

REPRESENTATIVE HANNAN, in regard to the railroad having first right to buy back the land, inquired whether the buyback would be at fair market value at that time or would be an amount the condo association chooses.

MS. MOSS replied she is unsure, but said she knows the railroad must sell the land at fair market value and she sees no reason why the condo association would want to sell it for less than fair market value.

REPRESENTATIVE HANNAN expressed her concern about the offering of a speculative value as opposed to a fair market value; for example, a cruise line offering to pay half a billion dollars for the land even though it is appraised for less.

MS. MOSS responded that the railroad's land managers would be online at the bill's next hearing. She deferred to them to answer that question.

SENATOR COGHILL pointed out that [the property] is right along railroad spur lines and is critical access land for the railroad. He said the agreement to sell was so the private investment could happen in [the condos]. He offered his belief that one of the key elements in the discussion is if [the condo association] should for whatever reason decide to sell.

REPRESENTATIVE HANNAN asked whether there is a fair market appraisal for the railroad selling the land today.

MS. MOSS answered yes; it was appraised at \$170,000 in total for the land, the land being a little bit more than one acre.

[1:07:56 PM](#)

REPRESENTATIVE RASMUSSEN inquired whether an easement is in place for the railroad in the purchase transaction.

MS. MOSS replied that the property is actually in the railroad corridor area.

REPRESENTATIVE RASMUSSEN asked whether that easement stays in place as part of the transaction agreement.

MS. MOSS responded that there is no road on the property; the property is consumed by the condos.

[1:08:56 PM](#)

CO-CHAIR LINCOLN opened public testimony on SB 95.

[1:09:50 PM](#)

BARBARA BLAKELEY, Vice President, Board of Directors, Whittier Manor Condominium Association, testified she lives in Sterling and has a [Whittier Manor] condominium. She related that the condo association's agreement with the railroad and the city is that should [the condo association] ever decide to sell, [the railroad] will have right of first refusal. She said the agreement is that [the condo association] will purchase the land for fair market value plus 25 percent. She explained this is because the right of first refusal includes that in 40 years [the railroad] has the right to purchase the property, but only if it needs the property for the movement of trains, for the fair market value at that time plus 25 percent. The railroad was smart enough not to let [the condo association] speculate on selling it to a cruise line, she added.

[1:11:33 PM](#)

REPRESENTATIVE HANNAN inquired whether she heard correctly that in 25 years the railroad could force the condominium association to sell the land back to the railroad.

MS. BLAKELEY answered 40 years, not 25 years. This gives [the condo association] what it wants for 40 years at least, she said, and [the railroad] would only have the right to purchase the land if it was needed for the movement of trains and that would be the only reason the railroad could buy back the land.

[1:12:19 PM](#)

SID ATWOOD testified he lives in Anchorage and that he and his wife have a Whittier Manor condominium. He said he is excited that the condo association could possibly own the land that Whittier Manor is sitting on because, due to the end of the lease, property values are dropping similar to a rock in a lake. He stated it is a win-win-win because the railroad is in a

position to sell, the association has the money to buy, and the City of Whittier would have that property on its tax rolls.

[1:14:00 PM](#)

REPRESENTATIVE RASMUSSEN asked whether there are currently any provisions in [the association's] bylaws that prohibit anyone from renting out their property. She offered her understanding that one of the concerns with this is that people won't be able to secure financing for the loans because of the leasehold situation that the property is in. She offered her further understanding that another cause for making the property unfinanceable is too high of a tenant to owner ratio.

MR. ATWOOD replied that what he does know is that in order to rent or sublease a lease must be had in the first place and the first problem is obtaining enough time to have ownership.

REPRESENTATIVE RASMUSSEN restated her question. She asked whether there is something in the condo association's bylaws that states that [owners] can or cannot rent out their condos.

MR. ATWOOD responded that owners could certainly rent out their condos.

[1:15:31 PM](#)

CO-CHAIR LINCOLN closed public testimony, but noted it will be reopened at the bill's next hearing.

[SB 95 was held over.]

[1:16:24 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 1:16 p.m.