

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

April 5, 2019

3:30 p.m.

MEMBERS PRESENT

Senator Chris Birch, Chair
Senator John Coghill, Vice Chair
Senator Cathy Giessel
Senator Scott Kawasaki
Senator Jesse Kiehl

MEMBERS ABSENT

Senator Lora Reinbold
Senator Click Bishop

COMMITTEE CALENDAR

SENATE BILL NO. 95

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

- MOVED SB 95 OUT OF COMMITTEE

SENATE BILL NO. 91

"An Act relating to the development and operation of a hydroelectric site at the Nuyakuk River Falls; providing for the amendment of the management plan for the Wood-Tikchik State Park; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 95

SHORT TITLE: ALASKA RAILROAD CORP. 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

WITNESS REGISTER

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

POSITION STATEMENT: Presented an overview of SB 95 on behalf of the sponsor.

BARBARA BLAKELEY, Board Vice President
Whittier Manor Condominium Association
Whittier, Alaska

POSITION STATEMENT: Testified in support of SB 95.

JIM HUNT, City Manager
City of Whittier
Whittier, Alaska

POSITION STATEMENT: Testified in support of SB 95.

JIM KUBITZ, Vice President, Real Estate
Alaska Railroad Corporation
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 95.

VIKKI JO KENNEDY, representing self
Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 95.

NORM BLAKELEY, representing self
Whittier, Alaska

POSITION STATEMENT: Testified in support of SB 95.

ACTION NARRATIVE

[3:30:54 PM](#)

CHAIR CHRIS BIRCH called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Coghill, Kawasaki, Kiehl, Giessel, and Chair Birch.

SB 95-ALASKA RAILROAD CORPORATION LAND TRANSFERS

[3:31:24 PM](#)

CHAIR BIRCH announced the consideration of Senate Bill 95 (SB 95), sponsored by Senator Coghill. He stated his intention to move SB 95 from committee, barring any strong objections or issues being raised.

SENATOR COGHILL, Alaska State Legislature, sponsor of SB 95, explained that the legislation is a good solution for 10 years of negotiations for a property issue between the Whittier Manor Condominium Association, the City of Whittier, and the Alaska Railroad Corporation (ARRC).

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RYNNIEVA MOSS, Staff, Senator Coghill, Alaska State Legislature, Juneau, Alaska, explained that the issue of identifying the exact address of the Whittier Manor Condominium has been resolved.

She detailed the background information for SB 95 as follows:

- Whittier Manor Condominium entered a lease with the Railroad Corporation on February 15, 1980:
 - The Railroad Corporation was federally owned at the time.
 - President Regan approved transfer of the railroad to the State of Alaska in 1983.
 - The railroad was officially transferred to the state in 1985, resulting in ARRC becoming the landlord of the Whittier Manor Condominium.
- Whittier Manor Condominium entered a management contract with the City of Whittier to manage the railroad's property a few years after ARRC was transferred to the state:
 - The City of Whittier is party in the property discussion to be made whole for their management contract with ARRC.
- Over a 10-year period, discussions have resulted in an agreement between the Whittier Manor Condominium Association, the City of Whittier, and ARRC.
- The City of Whittier and ARRC have presented resolutions relating to the sale of land to the Whittier Manor Condominium Association.

She explained that as the current lease for the Whittier Manor Condominium Association nears the end with ARRC, the property sale addresses several issues:

- Land does not belong to the Whittier Manor Condominium Association:
 - Condominium values are not as high as they could be.
 - Land cannot be collateralized to pay for the 39-year-old facility's deferred maintenance and improvements.

- Whittier Manor Condominium's 58,000 square foot lot was appraised at \$170,000:
 - Land purchase price is \$170,000.
 - City of Whittier will be able to collect property taxes and possibly raise the city's tax-base value.

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SENATOR KIEHL asked what is expiring in 2020 and 2033.

MS. MOSS explained that the City of Whittier offered the Whittier Manor Condominium Association a 13-year lease extension, but the association would rather own the property because the lease is not bankable.

SENATOR KIEHL asked for clarification of the meaning of the City of Whittier resolution that refers to a split of the price between the city to compensate for its leasehold interest and the railroad and the bill that says the railroad may accept cash equivalent to the fair market value of the land.

MS. MOSS explained that it means ARRC will reimburse the City of Whittier for the share that they own to get out of the management contract.

SENATOR KIEHL asked Ms. Moss to specify how much the City of Whittier and ARRC will end up with from the \$170,000 purchase price.

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MS. MOSS replied that she would need to review the resolutions before answering.

CHAIR BIRCH noted that individuals from the City of Whittier and ARRC were available to answer questions.

MS. MOSS said the percentages are in one of the resolutions but it is up to ARRC to pay the city due to their management contract.

SENATOR GIESSEL referenced ARRC resolution number 2019-04, dated March 21, 2019. She said on page 2 the third "WHEREAS" from the bottom says ARRC will receive between 42.2 percent and 43.4 percent and the City of Whittier will receive between 56.6 percent and 57.8 percent.

MS. MOSS concurred with Senator Giessel.

SENATOR KIEHL said he understood that Ms. Moss explained that ARRC will accept the full \$170,000 and then pay the City of Whittier its share.

SENATOR GIESSEL asked for clarification that the address for the Whittier Manor Condominium in the bill was correct.

MS. MOSS confirmed the address was correct.

[3:39:13 PM](#)

CHAIR BIRCH opened invited testimony.

[3:39:44 PM](#)

BARBARA BLAKELEY, Board Vice President, Whittier Manor Condominium Association, Whittier, Alaska, testified in support of SB 95. She explained that the Whittier Manor Condominium Association has been working for years to purchase the land from ARRC. All parties have agreed to the sale of the property to the Whittier Manor Condominium Association.

She noted that condominium sales have not occurred because the Whittier Manor Condominium Association's lease is about to expire. She added that condominium owners have seen their investment lose value due to the lease situation.

She said the process that the association went through was complicated by a master lease agreement between the City of Whittier and ARRC. The Whittier Manor Condominium Association has come to an agreement with all entities to purchase the land and all the association needs is for the Alaska Legislature to sign off on the deal.

[3:43:03 PM](#)

JIM HUNT, City Manager, City of Whittier, Whittier, Alaska, testified in support of SB 95. He said the ten-year process has resulted in everybody coming together for the good of the landowners.

[3:44:44 PM](#)

JIM KUBITZ, Vice President, Real Estate, Alaska Railroad Corporation, Anchorage, Alaska, testified in support of SB 95. He said the process has been long, but the result turned out to benefit everyone.

[3:45:36 PM](#)

CHAIR BIRCH opened public testimony.

[3:46:08 PM](#)

VIKKI JO KENNEDY, representing self, Kodiak, Alaska, testified in support of SB 95. She said she supports the state selling land to make money.

[3:47:08 PM](#)

NORM BLAKELEY, representing self, Whittier, Alaska, testified in support of SB 95. He said he did not see any reason where there should be any resistance to the land sale and noted that all parties involved have agreed.

[3:48:03 PM](#)

CHAIR BIRCH closed public testimony.

SENATOR KAWASAKI asked Mr. Kubitz to explain the meaning of the following "WHEREAS" on page 3 of the ARRC resolution:

Whereas, the Board of Directors specifically and expressly finds that (i) the Property is not currently necessary for railroad purposes, but might become so in the future, and (ii) the sale of the land to the Association would be, if made subject to the retention by ARRC of certain rights to repurchase and/or redeem the Property, in the best interest of the State of Alaska.

MR. KUBITZ explained that the Whittier Manor Condominium property is immediately adjacent to the ARRC railyard in Whittier and has always been identified as a potential expansion area. ARRC has no current plans for expansion but wanted to hold back the possibility for expansion so they negotiated with the City and the condominium owners for handsome compensation should ARRC ever need to expand its yard. Normally, ARRC does not include repurchase language, but the land is adjacent to its yard in Whittier and that is why the language was inserted.

MS. MOSS added that the resolution does say that the proceeds from the sale would be split such that ARRC receives 42 percent and the City of Whittier receives 58 percent.

[3:50:32 PM](#)

SENATOR GIESSEL moved to report SB 95, version 31-LS0678\U, from committee with individual recommendations and attached zero fiscal note.

CHAIR BIRCH said there being no objection, SB 95 moves from the Senate Resources Standing Committee.

3:50:54 PM

At ease.

3:52:10 PM

CHAIR BIRCH called the committee back to order.

3:52:31 PM

There being no further business to come before the committee, Chair Birch adjourned the Senate Resources Standing Committee meeting at 3:52 p.m.