

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

March 15, 2022

1:02 p.m.

MEMBERS PRESENT

Representative Grier Hopkins, Chair
Representative Sara Hannan, Vice Chair
Representative Louise Stutes
Representative Harriet Drummond
Representative Tom McKay
Representative Kevin McCabe
Representative Mike Cronk

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 366

"An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the replacement of the Alaska Railroad Corporation's passenger dock and related terminal facility in Seward, Alaska; and providing for an effective date."

- MOVED HB 366 OUT OF COMMITTEE

HOUSE BILL NO. 357

"An Act naming the Bragaw Street overcrossing of the Glenn Highway the Insook Baik Bridge."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 366

SHORT TITLE: LEG. APPROVAL: AK RAILROAD REVENUE BONDS

SPONSOR(s): TRANSPORTATION

02/22/22	(H)	READ THE FIRST TIME - REFERRALS
02/22/22	(H)	TRA, FIN
03/01/22	(H)	TRA AT 1:00 PM BARNES 124
03/01/22	(H)	Scheduled but Not Heard
03/03/22	(H)	TRA AT 1:00 PM BARNES 124
03/03/22	(H)	Heard & Held

03/03/22 (H) MINUTE (TRA)
03/08/22 (H) TRA AT 1:00 PM BARNES 124
03/08/22 (H) <Bill Hearing Canceled>
03/15/22 (H) TRA AT 1:00 PM BARNES 124

BILL: HB 357

SHORT TITLE: NAMING THE INSOOK BAIK BRIDGE
SPONSOR(S): TARR

02/22/22 (H) READ THE FIRST TIME - REFERRALS
02/22/22 (H) TRA, FIN
03/15/22 (H) TRA AT 1:00 PM BARNES 124

WITNESS REGISTER

BILL O'LEARY, President and CEO
Alaska Railroad Corporation
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony during the hearing on HB 366.

REPRESENTATIVE GARAN TARR
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As the bill sponsor, introduced HB 357.

DAVID SONG, Staff
Representative Garan Tarr
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Tarr, prime sponsor, gave a PowerPoint presentation, titled "House Bill 357: Insook Baik Bridge."

KEY GETTY, President
Korean American Community of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony during the hearing on HB 357.

ACTION NARRATIVE

[1:02:46 PM](#)

CHAIR GRIER HOPKINS called the House Transportation Standing Committee meeting to order at 1:02 p.m. Representatives Hopkins, Drummond, Hannan, McKay, McCabe, and Cronk were present

at the call to order. Representative Stutes arrived as the meeting was in progress.

HB 366-LEG. APPROVAL: AK RAILROAD REVENUE BONDS

[1:03:26 PM](#)

CHAIR HOPKINS announced that the first order of business would be HOUSE BILL NO. 366, "An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the replacement of the Alaska Railroad Corporation's passenger dock and related terminal facility in Seward, Alaska; and providing for an effective date."

[1:04:08 PM](#)

BILL O'LEARY, President and CEO, Alaska Railroad Corporation (ARRC), expressed the opinion that the project would be great for Alaska.

[1:05:27 PM](#)

MR. O'LEARY, in response to a series of questions from Representative McCabe, answered that the current design is for a fixed dock. He responded that the railroad would be responsible for the maintenance, and he responded that as the dock is currently designed, it would not be suitable for ferry usage without significant modifications.

[1:08:21 PM](#)

REPRESENTATIVE DRUMMOND commented that the ferry used to stop in Seward, but a stop on the road system is not always necessary.

[1:09:39 PM](#)

MR. O'LEARY, in response to Chair Hopkins, answered that the freight dock is being rebuilt, but incentives are not a current part of the plan. In response to a follow-up question, he said that the dock would be rebuilt in 2023.

[1:10:57 PM](#)

REPRESENTATIVE MCCABE questioned the cruise ship dock versus the freight dock at Lowell Point.

MR. O'LEARY answered that he is unsure about Lowell Point. In response to a follow-up question, he said that he is unsure whether there would be any delays. Concerning the amortization schedule, he answered that there is a current 30-year model for tax exempt debt. In response to a follow-up question, he said Royal Caribbean Cruise Line would be using the dock, and possibly the Norwegian Cruise Line is considering moving into Whittier.

REPRESENTATIVE MCCABE asked how the budget would affect the Whittier lease.

MR. O'LEARY answered that it is still under consideration by the railroad.

[1:14:59 PM](#)

REPRESENTATIVE DRUMMOND commented that the MV Tustumena serviced Seward.

[1:15:49 PM](#)

REPRESENTATIVE CRONK commented that people who live in Seward are experiencing housing shortages.

[1:16:27 PM](#)

REPRESENTATIVE MCCABE moved Amendment 1 to HB 366, labeled 32-LS1559\A.1, Marx, 3/4/22, which read as follows:

Page 1, line 3, following "Alaska;";
Insert "authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the extension of the Port MacKenzie Rail Spur from Port MacKenzie to Houston, Alaska;"

Page 1, line 7, following "APPROVAL"
Insert ":PASSENGER DOCK AND RELATED TERMINAL FACILITY"

Page 2, line 7:
Delete "Act" in both places
Insert "section" in both places

Page 2, following line 15:
Insert a new bill section to read:

..."**Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE AUTHORIZATION AND APPROVAL: PORT MACKENZIE RAIL SPUR. (a) The Alaska Railroad Corporation is authorized to issue revenue bonds under AS 42.40.250 to finance the extension of the Port MacKenzie Rail Spur from Port MacKenzie to Houston, Alaska, and associated costs, including, without limitation, reserves for debt service and capitalized interest, if necessary or appropriate, and costs of issuance. The maximum principal amount of bonds that the Alaska Railroad Corporation may issue under this section is \$140,000,000. The Alaska Railroad Corporation may issue the bonds in a single issuance or in several issuances, without limitation as to the number of issuances or timing, and as the Alaska Railroad Corporation determines best furthers the purpose of financing the extension of the Port MacKenzie Rail Spur from Port MacKenzie to Houston, Alaska, and associated costs. The bonds shall be repaid from resource or economic development revenue or other funds available to the Alaska Railroad Corporation. The general credit of the Alaska Railroad Corporation and state may not be pledged for the repayment of the bonds.

(b) the authorization under (a) of the section extends to bonds issued to refund the bonds authorized in this section. The principal amount of the bonds authorized in this section may be increased in an issue of refunding bonds in an amount equal to the costs of refunding.

(c) This section constitutes the approval required by AS 42.40.285 for the issuance of the bonds described in this section.

(d) the bonds authorized to be issued under this section are issued by a public corporation and an instrumentality of the state for an essential public and governmental purpose.

(e) In this section, "bonds" means bonds, bond anticipation notes, notes, refunding bonds, or other obligations."

Renumber the following bill sections accordingly.

[1:16:31 PM](#)

CHAIR HOPKINS objected for the purpose of discussion.

[1:16:35 PM](#)

REPRESENTATIVE MCCABE explained Amendment 1 to HB 366. He noted the revenue services and the aggregate rate revenue from the railroad and gave his opinion that businesses would not invest in the area until the project is finished due to Alaska's history of "not finishing projects." He said that with investment, larger ships would be able to dock in Alaska.

[1:20:42 PM](#)

REPRESENTATIVE HANNAN questioned the amount which would be needed for the project bonds to reach \$140 million.

REPRESENTATIVE MCCABE answered that he is unsure.

MR. O'LEARY added that he is unsure of a way for the Alaska Railroad to issue enough bonds to reach \$140 million.

REPRESENTATIVE HANNAN asked for an explanation of revenue bonds.

MR. O'LEARY answered that a revenue bond would involve a revenue source related to the project to permit them to pay back the money plus a premium.

REPRESENTATIVE HANNAN shared her understanding that the Matanuska-Susitna Borough, rather than the railroad, put \$180 million into an extension.

REPRESENTATIVE MCCABE commented that the borough is still interested, but the money is not available.

[1:24:36 PM](#)

REPRESENTATIVE HANNAN asked Mr. O'Leary to describe the leases and arrangements of the cruise industry.

MR. O'LEARY responded that there are a number of different brands and subsidiaries. Royal Caribbean is the largest tenant in Seward, and more tenants would be needed long term.

[1:25:51 PM](#)

REPRESENTATIVE MCKAY questioned how much of Port Mackenzie has been built.

MR. O'LEARY answered that Port Mackenzie is a Matanuska-Susitna Borough project which had been envisioned in the previous decade, and a significant amount of work has already been done from Houston, Alaska to the port. He stated that the missing infrastructure is a railroad to the port and the work to increase the port's size. He said that the latest estimate would cost approximately \$325 million, which is supported by ARRC.

[1:29:32 PM](#)

REPRESENTATIVE MCCABE commented that the railroad is important to development and food security in Alaska, and it is the gateway to the Arctic. He questioned why the railroad has been unable to find an anchor tenant much like Seward has.

[1:31:07 PM](#)

REPRESENTATIVE STUTES asked why the Matanuska-Susitna Borough cannot issue revenue bonds.

REPRESENTATIVE MCCABE answered that he is unsure. He added that unless the railroad builds rails to the port, it cannot be expanded.

[1:32:27 PM](#)

REPRESENTATIVE MCKAY asked whether the borough or the railroad could apply for a grant through the [Infrastructure and jobs Act (IIJA)].

MR. O'LEARY answered that IIJA is meant as grant funding and not finance debt. He added that there are possible opportunities to seek out.

[1:34:17 PM](#)

REPRESENTATIVE HANNAN asked for the depth of Port Mackenzie.

REPRESENTATIVE MCCABE answered that it is 90 feet at high tide, and 30 feet under the keel of a Panamax vessel.

REPRESENTATIVE HANNAN expressed the understanding that most vessels are looking for substantially deeper ports, and the port in Anchorage is not deep enough for cruise ships.

REPRESENTATIVE MCCABE responded that he has spoken to pilots who consider Port Mackenzie to be a deep-water port. He added that the Port of Alaska in Anchorage requires dredging, and this is not necessary at Port Mackenzie.

[1:36:33 PM](#)

REPRESENTATIVE DRUMMOND commented that creating a rail project would benefit from the cooperation between the Matanuska-Susitna Borough and the Municipality of Anchorage, and this could possibly include a joint port authority.

[1:38:47 PM](#)

REPRESENTATIVE MCCABE commented that 50 feet is required for a large container ship.

[1:39:02 PM](#)

CHAIR HOPKINS asked whether the railroad has a position on this amendment.

MR. O'LEARY answered that the railroad would not be supportive of the amendment as drafted because of authorization issues.

[1:39:44 PM](#)

REPRESENTATIVE MCCABE questioned whether, with given the authority, would the railroad only use it if necessary.

MR. O'LEARY responded that as drafted, the amendment refers to a greater cost than the benefit ARRC would receive.

[1:41:46 PM](#)

REPRESENTATIVE MCCABE commented that as a second-class borough, the Matanuska-Susitna Borough has limited authority. He added that the strength of a port is the revenue it can generate.

[1:43:16 PM](#)

REPRESENTATIVE STUTES expressed support for the idea, but added she does not believe the amendment is the best way to move it forward.

[1:44:18 PM](#)

CHAIR HOPKINS expressed the opinion that having multiple ports in Alaska would be a great investment for the state, but a better plan needs to be developed.

[1:45:43 PM](#)

REPRESENTATIVE DRUMMOND read a statement from the Matanuska-Susitna Borough website expressing support for connecting Port Mackenzie to the Railbelt.

[1:47:52 PM](#)

REPRESENTATIVE HANNAN commented that she supports the concept of adding more ports but does not support the amendment. She said that she represents two communities who have chosen to build their own docks with plans which have not fully materialized. When the cruise ship corporations build new docks in other parts of the state, they bring all their subsidiaries with them.

[1:50:41 PM](#)

REPRESENTATIVE MCCABE withdrew Amendment 1 to HB 366.

[1:51:42 PM](#)

CHAIR HOPKINS opened public testimony on HB 366. After ascertaining there was nobody who wished to testify, he closed public testimony.

[1:52:37 PM](#)

REPRESENTATIVE HANNAN moved to report HB 366 out of committee with individual recommendations and the accompanying fiscal notes. Without objection, HB 366 was moved from the House Transportation Standing Committee.

[1:53:02 PM](#)

The committee took an at-ease from 1:53 p.m. to 1:56 p.m.

HB 357-NAMING THE INSOOK BAIK BRIDGE

[1:56:18 PM](#)

CHAIR HOPKINS announced that the final order of business would be HOUSE BILL NO. 357, "An Act naming the Bragaw Street overcrossing of the Glenn Highway the Insook Baik Bridge."

[1:56:49 PM](#)

REPRESENTATIVE GARAN TARR, Alaska State Representative, prime sponsor, introduced the bill. She stated that the purpose of the legislation is to name a previously unnamed bridge after a member of the community who is deserving of the honor.

[1:57:47 PM](#)

DAVID SONG, Staff, Representative Garan Tarr, Alaska State Legislature, on behalf of Representative Tarr, prime sponsor, gave a PowerPoint presentation, titled "House Bill 357: Insook Baik Bridge." He progressed from slide 2 to slide 8, describing the bridge as the Bragaw Street bridge over the Glenn Highway in Mountain View in Anchorage. He displayed pictures of the bridge. He said that the community has been involved in deciding the name of the bridge and gave a list of potential names. He showed a brief list of some of the contributions made by Insook Baik to the Mountain View community.

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MR. SONG continued to slide 9 through slide 12 and stated Insook Baik's contributions have received significant media coverage over the years. The community strongly supports the efforts to honor her, and quotes were shown detailing support for HB 357.

[2:04:29 PM](#)

REPRESENTATIVE TARR commented that the project has been fun to develop, as there has been significant community feedback.

[2:05:09 PM](#)

REPRESENTATIVE HANNAN asked whether there is a policy for naming things in honor of living people. She expressed respect for Insook Baik; however, she expressed hesitation to begin a naming convention which would include living people.

REPRESENTATIVE TARR expressed the opinion that it is acceptable to name things for living or deceased people. She noted that there is other legislation which would allow non-profit groups to make donations towards the cost of such projects.

[2:08:57 PM](#)

REPRESENTATIVE CRONK expressed support for naming things for living people. He explained that a person who is still alive could then have appreciation.

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REPRESENTATIVE DRUMMOND commented that the Anchorage School District (ASD) has a policy to not name school buildings after living individuals, although the Municipality of Anchorage does not follow this policy.

[2:10:44 PM](#)

KEY GETTY, President, Korean American Community of Anchorage, Inc., gave invited testimony, providing a brief history of the Korean American Community of Anchorage, Inc. She stated that the community had been founded in 1973. She stated that the organization gives scholarships to ASD students regardless of their ancestry. She stated that Insook Baik has made significant contributions to the communities of Korean Americans and Mountain View as a whole. She said that naming the bridge after Insook Baik would mean a great deal to the Korean American community. She stated that this community has rallied behind many charitable causes, of which Insook Baik has been a participant.

[2:18:58 PM](#)

CHAIR HOPKINS opened public testimony. After ascertaining that there was no one who wished to testify, he closed public testimony.

[2:19:58 PM](#)

CHAIR HOPKINS set aside HB 357.

[2:20:21 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:20 p.m.