

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

April 18, 2024

1:03 p.m.

**MEMBERS PRESENT**

Representative Kevin McCabe, Chair  
Representative Sarah Vance, Vice Chair  
Representative Tom McKay  
Representative Craig Johnson  
Representative Genevieve Mina

**MEMBERS ABSENT**

Representative Jesse Sumner  
Representative Louise Stutes

**OTHER LEGISLATORS PRESENT**

Representative Jennie Armstrong

**COMMITTEE CALENDAR**

PRESENTATION(S): PORT OF HOMER

- HEARD

HOUSE BILL NO. 395

"An Act approving the transfer of land owned by the Alaska Railroad Corporation to the City of Nenana; and providing for an effective date."

- MOVED HB 395 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 395

SHORT TITLE: TRANSFER OF RAILROAD PROPERTY

SPONSOR(S): TRANSPORTATION

|          |     |                                 |
|----------|-----|---------------------------------|
| 04/09/24 | (H) | READ THE FIRST TIME - REFERRALS |
| 04/09/24 | (H) | TRA                             |
| 04/18/24 | (H) | TRA AT 1:00 PM BARNES 124       |

**WITNESS REGISTER**

BRYAN HAWKINS, Port Director and Harbormaster  
City of Homer  
Homer, Alaska

**POSITION STATEMENT:** Gave a PowerPoint, titled "Alaska's Ports & Harbors."

RACHEL LORD, Mayor Pro Tempore  
Homer City Council  
Homer, Alaska

**POSITION STATEMENT:** Answered questions during the "Alaska's Ports and Harbors" presentation.

JULIE MORRIS, Staff  
Representative Kevin McCabe  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 395 on behalf of Representative McCabe, prime sponsor.

JOSHUA VERHAGEN, Mayor of Nenana  
Nenana, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 395.

CLINT HALL  
Hall Quality Builders, Inc.  
Kenai, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 395.

MICHAEL WALLERI, Attorney  
Nenana Native Association  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 395.

ROMY CADIENTE, Administrator  
Nenana Native Association  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 395.

BRIAN LINDAMOOD, Vice President and Chief Engineer  
Alaska Railroad Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 395.

CHRISTY TERRY, Vice President of Real Estate

Alaska Railroad Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 395.

**ACTION NARRATIVE**

[1:03:34 PM](#)

**CHAIR KEVIN MCCABE** called the House Transportation Standing Committee meeting to order at 1:03 p.m. Representatives McKay, Vance, Mina, and McCabe were present at the call to order. Representative C. Johnson arrived as the meeting was in progress.

**PRESENTATION(S): Alaska's Ports & Harbors**

[1:04:22 PM](#)

CHAIR MCCABE announced that the first order of business would be a presentation titled "Alaska's Ports and Harbors".

[1:04:42 PM](#)

BRYAN HAWKINS, Port Director and Harbormaster, City of Homer, gave a PowerPoint, titled "Alaska's Ports & Harbors" [hard copy included in the committee packet]. He provided a brief background related to the context of the presentation and proceeded to slide 2, which displayed a picture of the Homer Harbor and Kachemak Bay. He summarized the history of the harbor.

[1:07:09 PM](#)

MR. HAWKINS moved to slide 3, which explained the role that the Port of Homer plays in the development of maritime and other industries in the Cook Inlet region. He proceeded to slide 4, titled "Connecting Commerce and Communities, Vessels, that call Homer Home," and further elaborated on the role that the Port of Homer plays in serving as a homebase for operations elsewhere in the Cook Inlet region. He moved to slide 5, which displayed a picture of the Port of Homer's commercial barge ramp being used to load construction materials on a barge.

[1:10:14 PM](#)

MR. HAWKINS moved to slide 6, which displayed a series of photos of various marine safety sites around Alaska and highlighted the Marine Exchange of Alaska (MXAK) operations center in Juneau. He advanced to slide 7, which showed a map of vessel movements as tracked by MXAK's operations center in Homer. He explained that slide 8 emphasized the access that the Port of Homer provides to 47 nearby communities that are not accessible by road.

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MR. HAWKINS moved to slide 9, titled "Planning for the Future," where he explained that the Homer Port Facility is operating well beyond its original intended capacity and added that the City of Homer and the United States Army Corp of Engineers (USACE) began a study on the feasibility of a large-vessel dock there in March 2023. He continued to slide 10, which showed a variety of points related to the previously mentioned feasibility study on the Port of Homer's prospective large vessel dock. He emphasized the role that USACE plays in working with the City of Homer in moving forward with public development projects such as the large vessel dock in Homer.

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MR. HAWKINS advanced to slide 12, titled "Alaska is Different!" The slide provided an explanation of the history of port and harbor development in Alaska and highlighted the age of and difference between ports that are served by roads and ports that are not. He continued to slide 13, which showed a map of Alaska superimposed over a map of the contiguous United States, as well as a list of factoids about various ports and harbors in Alaska. He moved to slide 14, which stressed the low grade of "D" that the State of Alaska received in its 2017 ports & harbors review as done by the American Society of Civil Engineers (ASCE).

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MR. HAWKINS continued through slides 15 and 16, both of which gave examples of port modernization projects in Nome, Juneau, Hoonah, Valdez, and Whittier that were funded in part by USACE. He continued to slide 17, which used the Port of Alaska as an example of government and private entities collaborating successfully to modernize local port infrastructure in a timely and efficient manner. He moved to slide 18, which highlighted the improved grade of "C" that the State of Alaska received during its 2021 ports & harbors review as done by ASCE. He

explained that this improved grade was given to Alaska for a variety of reasons, two of which being an improved capacity for tourism and the Nome Deep Draft Arctic Port.

[1:24:34 PM](#)

MR. HAWKINS advanced to slide 21, which displayed a map of the Alaska Marine Highway System's (AMHS's) routes currently operating throughout the state. He continued on slide 22, which displayed a map of all marine highway routes currently in operation in North America. He proceeded to slide 23, which displayed a map of the new "M-11" marine highway route in Alaska.

[1:26:44 PM](#)

CHAIR MCCABE asked where the M-11 route's Cook Inlet path terminates.

MR. HAWKINS offered his understanding that the route would terminate in Anchorage. He concluded the presentation on slide 24, which gave an overview of the role that ports & harbors play in Alaska's economy and lifestyle. Slide 25 showed contact information, and Mr. Hawkins encouraged questions from committee members.

[1:31:18 PM](#)

REPRESENTATIVE MCKAY asked about the water depth requirements and the feasibility of any given requirements for the proposed Port of Homer expansion project.

MR. HAWKINS responded that the Port of Homer expansion project is in an already shallow area and would require extensive dredging.

[1:35:17 PM](#)

REPRESENTATIVE MINA asked how USACE measures project demand, impact to a community, cost to maintain, and environmental impact of any given project.

MR. HAWKINS responded that the Port of Homer's harbor office measures demand with its own anecdotal experience as an entity.

[1:37:23 PM](#)

RACHEL LORD, Mayor Pro Tempore, Homer City Council, answered questions during the "Alaska's Ports and Harbors" presentation. She said that the Homer City Council takes a perspective of investigation when community concern arises from a proposed project. The demand for the harbor is clear and the desire for access for safe moorage is well documented, she explained.

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REPRESENTATIVE MINA asked how the timeline of the Port of Homer project would be affected by any delays in federal funding.

MR. HAWKINS replied that the Project Initiation Document (PID) is separate from the proposed project itself and does not give an outline for any sort of federal funding as it relates to the timeline of the Port of Homer project.

MAYOR LORD added that the City of Homer has demonstrated an exemplary fiscal prudence in its operations and cited this as evidence for its continued responsible use of state and federal grants in the future.

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REPRESENTATIVE VANCE said this project has been a priority for the City of Homer for a while and asked the presenters to speak to the number of vessels they want to remain in Homer year-round.

MR. HAWKINS replied that each year, the Port of Homer turns away a dozen large vessels due to capacity issues alone. It can be stretched a bit in the spring, he added, and if you look at the Alaska fleet, many vessels choose to moor elsewhere.

[1:45:20 PM](#)

REPRESENTATIVE VANCE asked the presenters to explain the long-term plan of improvement for all of the Ports in Alaska.

MR. HAWKINS expressed his belief that they are building the next generation of harbors built for larger vessels. He added that making room for additional fleet that would leave the state but would stay here if they had an opportunity would also keep business in the state.

MAYOR LORD added that the Alaska Association of Harbormasters and Port Administrators (AAHPA) was working to collectively

problem solve. She provided examples of AAHPA and grant programs being examples of ways the state can help float all ships by having a vetted program.

[1:50:20 PM](#)

REPRESENTATIVE VANCE asked whether the commission discussed a port authority for Southcentral Alaska.

MR. HAWKINS replied no.

[1:50:50 PM](#)

REPRESENTATIVE MCCABE asked whether the goods for Homer come through Anchorage.

MR. HAWKINS affirmed the City of Homer had thought about it and in 2017 did a deep dive about extending port services to include a dock or build a new one for containerized freight, but it was ultimately a matter of economics and population.

[1:55:00 PM](#)

CHAIR MCCABE thanked the presenters.

#### **HB 395-TRANSFER OF RAILROAD PROPERTY**

[Contains discussion of HB 199.]

[1:55:54 PM](#)

CHAIR MCCABE announced that the final order of business would be HB 395, HOUSE BILL NO. 395, "An Act approving the transfer of land owned by the Alaska Railroad Corporation to the City of Nenana; and providing for an effective date."

[1:56:36 PM](#)

JULIE MORRIS, Staff, Representative Kevin McCabe, Alaska State Legislature, introduced HB 395 on behalf of Representative McCabe, prime sponsor. She paraphrased the sponsor statement [included in the committee packet], which read as follows:

House Bill 395 aims to facilitate the transfer of land from the Alaska Railroad Corporation to the City of Nenana. This transfer is significant because the city has been actively managing this land since 1981,

investing approximately \$29 million in infrastructure over the years.

The location of the land holds strategic importance for industrial development, given its proximity to the river system, the Alaska Railroad, the Parks Highway, and the Nenana Airport, which collectively serve as a vital transportation hub. By acquiring ownership of this land, the municipality aims to leverage it for further economic growth in the region.

The goal for the municipality to own the land under the infrastructure will further economic growth in the region, and the city has a development plan that includes Nenana's Municipal Boat Launch. This boat launch serves as an access point for many rivers such as the Tanana, Totatlankia, Teklanika, Tolovana, Kantishna and the Yukon. The City of Nenana has invested \$300,000 in the boat launch alone and is a central piece of infrastructure which is located on the railroad property that will be conveyed under this legislation.

Overall, HB 395 seeks to empower the City of Nenana to take ownership of the land it has been managing and investing in for decades, enabling it to further its economic development goals and utilize key infrastructure assets for the benefit of the community and the region.

[1:58:59 PM](#)

MS. MORRIS gave the sectional analysis [included in the committee packet] for HB 395, which read as follows [original punctuation provided]:

**Section 1** amends the uncodified law of the State of Alaska by amending a new section that approves the transfer of real property to the City of Nenana. The Alaska Railroad corporation is authorized to convey the convey the interest in the surface estate of approximately 188 acres of rail land to the City of Nenana and provides for the legal descriptions of the property conveyed.

**Section 2** provides for an effective date under AS.01.10.070(c).

[1:59:55 PM](#)

CHAIR MCCABE, as prime sponsor of HB 395, explained that the City of Nenana has first rights of refusal; therefore, the bill now references the City of Nenana first. He welcomed invited testimony.

[2:00:57 PM](#)

JOSHUA VERHAGEN, Mayor, City of Nenana, gave invited testimony in support of HB 395. He stated that prior to his involvement, a former mayor had worked diligently to get this accomplished and he thanked the Alaska Railroad Corporation (ARRC) for its willingness to work with Nenana. He provided a history of Nenana and how it was built as a railroad town, and that the town had a long history of barging. He noted that Nenana had 13 years left on a lease with ARRC and he expressed the difficulties in wanting to invest more in property and having to pay more just to use the infrastructure. There are subleases on the property as well, and there is significant interest from other investors, he said, and the investors are anxious for the City of Nenana to own the land. As for financial matters, he explained the city had \$10.5 million in debt when he took office, but the debt has since been eliminated by 95 percent. He stressed that HB 395 could help with the goal of becoming debt free. He thanked the committee for the opportunity to testify for the betterment of the community and the region.

[2:07:39 PM](#)

REPRESENTATIVE MINA questioned how Nenana had been working on the purchase since the 1980s and what factors were behind the delay.

MAYOR VERHAGEN responded that in the 1980s, the city put an initiative on the ballot to take out a bond, which was supported by the community. He said he was not sure of all the reasons why a bill was never put forward, but a factor that may have come into play was that there was an economic industry that included the barge, and the revenue was substantial but did not cover the cost of the lease; therefore, the city fell behind on payments. He noted hesitation from the community in investing in land owned by ARRC but offered his understanding that the community would be more interested if the land were owned by the city.

[2:10:42 PM](#)

CLINT HALL, Hall Quality Builders, Inc., gave invited testimony during the hearing on HB 395. He provided a professional background and history of his business' involvement throughout the state. He noted the limited supply of logs and that in Nenana, there appears to be a supply of timber and logs; therefore, the timber supply is an attraction and the railroad to Seward is as well, so they can get their patented product on a barge, he stated. He added that barging on the river is also an attraction related to affordable homes in the community, and he offered his support of having a facility in Nenana. He opined that it would create jobs and new companies on the road system.

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CHAIR MCCABE commented that he saw the design of Mr. Hall's homes and he described them as "fabulous." He added that the company was well-poised to make a difference in the state.

[2:16:07 PM](#)

CHAIR MCCABE opened public testimony on HB 395.

[2:16:29 PM](#)

MICHAEL WALLERI, Attorney, Nenana Native Association, testified in opposition to HB 395. He noted that there were many issues that should be addressed. He referred to HB 199, which the tribe would prefer, he said. He mentioned the right of first refusal, but as the mayor had pointed out, the city is in breach of its leases and from a legal standpoint, the right of first refusal is dependent on them complying with the leases but they are out of compliance. He noted the many reasons why the tribe thinks it would be a better steward for the lands. Another concern of the tribe he noted was the contamination on the fuel docks causing much of the land to be contaminated, which presents a health risk to the residents. He said the city neither acknowledges that the contamination exists nor has a plan to remediate it. He mentioned the various liabilities that would stem from the clean-up. He stated the Tribe would prefer cooperation, not litigation, to address the contamination.

[2:21:33 PM](#)

MR. WALLERI spoke to old letters of support and reiterated addressing the contamination issues before discussing

redevelopment. The city has been in a state of decline due to loss of port tenants and the population has dropped, which is legally important, he explained, because it does not meet the criteria to become a first-class city.

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CHAIR MCCABE requested that a report on contamination be forwarded to him.

[2:24:25 PM](#)

ROMY CADIENTE, Administrator, Nenana Native Association, testified during the hearing on HB 395. In relation to the fire department being disbanded, he explained that the tribe supports the fire department in salaries, purchases, and notably the purchase of a new ambulance due to trips back and forth to Fairbanks. He mentioned the Nenana bridge and that the tribe has worked with the Department of Transportation and Public Facilities (DOT&PF) to complete the project and the financial reports. He stressed that the tribe sought to work with all in a meaningful, cooperative, respectful way that benefits the Nenana residents. He summarized accomplishments of projects in which the Tribe had a part.

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CHAIR MCCABE, after ascertaining no one else wished to testify, closed public testimony on HB 395.

[2:28:34 PM](#)

REPRESENTATIVE MINA asked Mayor Verhagen for his response to the contamination issues and liability to the city and railroad.

MAYOR VERHAGEN replied that he was surprised by the accusations being made because they have not been accurate in relation to communication. On the environmental side of things, he said, the City of Nenana is aware of the contamination which is due to three fuel sites that were not operated by the city, and one predated the city's lease. Monitoring is done every year, and the city receives a report of any changes, he explained, and the contamination is a concern of the city and would be addressed. Grants and funds to clean up the issue are being looked into, he noted, as well as collaboration with the railroad on this environmental issue.

[2:32:13 PM](#)

The committee took an at-ease from 2:32 p.m. to 2:34 p.m.

[2:34:01 PM](#)

CHAIR MCCABE invited questions from committee members.

[2:34:16 PM](#)

REPRESENTATIVE VANCE inquired about the obligation of the railroad to begin the conversation.

CHAIR MCCABE imparted that HB 395 would allow the sale of land but not require it.

[2:35:13 PM](#)

BRIAN LINDAMOOD, Vice President and Chief Engineer, Alaska Railroad Corporation, addressed Representative Vance and explained that the bill as written is permissive for ARRC to sell any property and does require a board of affirmative action. Both the legislature and the ARRC board must approve, he said.

REPRESENTATIVE VANCE brought up the [first right of refusal] for the City of Nenana and inquired whether that was under ARRC's purview.

MR. LINDAMOOD answered that he could not speak for the board on its preferences. He noted that ARRC has been working with Nenana for many years to come up with something that works.

REPRESENTATIVE VANCE asked for clarity on who legally has the first right of refusal.

MR. LINDAMOOD said he did not have the lease in front of him, but typically, the first right of refusal is in the lease documents, and he would field the inquiry to Ms. Terry.

[2:38:18 PM](#)

REPRESENTATIVE C. JOHNSON said that he believed much of the revenue generated from the railroad is from real estate holdings, and he asked what kind of loss of revenue would be generated and whether it would run afoul of the procurement code.

MR. LINDAMOOD directed the inquiry to Ms. Terry.

[2:39:47 PM](#)

CHRISTY TERRY, Vice President of Real Estate, Alaska Railroad Corporation, addressed Representative C. Johnson and confirmed there were no other lands for sale at this time. As for the procurement code, she said that the decision would rest with the board.

REPRESENTATIVE C. JOHNSON recollected that there were parcels of land on Ship Creek and there were attempts to purchase land in that area, and he asked whether that was up for discussion and if it could be included in this piece of proposed legislation.

MS. TERRY replied that the land is unique, and the railroad had significant real estate holdings; therefore, selling land is something the railroad does not take lightly (indisc. - noise interference). She said much work would still need to be done.

REPRESENTATIVE C. JOHNSON asked what kind of lost revenue to the railroad would occur after a sale.

MS. TERRY reiterated that the ARRC had significant real estate holdings, but it would be something for the board to review and take the totality into account.

[2:44:42 PM](#)

CHAIR MCCABE inquired about an agreement of terms between the railroad and Nenana and whether that would cure the lease and allow the city to maintain its first right of refusal.

MS. TERRY responded that there had been discussions, but nothing had been finalized at this time. She said ARRC's legal team could better speak to the terms.

[2:45:38 PM](#)

REPRESENTATIVE MINA asked for background as to why the railroad decided not to sell the land after Nenana passed the bond proposal in the 1980s.

MS CLEMENS replied that she did not know the backstory to why that happened in the 1980s.

[2:46:25 PM](#)

REPRESENTATIVE VANCE moved to report HB 395 out of committee with individual recommendations and the accompanying fiscal notes.

[2:46:41 PM](#)

REPRESENTATIVE MINA objected.

A roll call vote was taken. Representatives C. Johnson, McKay, Vance, and McCabe voted in favor of HB 395. Representative Mina voted against it. Therefore, HB 395 was reported out of the House Transportation Standing Committee by a vote of 4-1.

[2:47:36 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:48 p.m.