

SENATE FINANCE COMMITTEE
February 27, 2024
9:08 a.m.

[9:08:48 AM](#)

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:08 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Emma Torkelson, Staff, Senator James Kaufman; Bill O'Leary, President and CEO, Alaska Railroad Corporation; Preston Carnahan, Regional Vice President of Development, Royal Caribbean; Ken Alper, Staff, Senate Finance Committee; Stacy Barnes, Director of Government Relations and Public Affairs, Alaska Housing Finance Corporation; Senator Cathy Giessel.

PRESENT VIA TELECONFERENCE

Akis Gialopsos, Deputy Executive Director, Alaska Housing Finance Corporation, Brian Lindamood, Chief Engineer, Alaska Railroad Corporation, Anchorage; Kat Sorenson, City Manager, City of Seward; Bryan Butcher, CEO and Executive Director, Alaska Housing Finance Corporation, Anchorage.

SUMMARY

SB 105 RAILROAD CORP. FINANCING

SB 105 was HEARD and HELD in committee for further consideration.

SB 125 AK HOUSING FINANCE CORP: SUSTAIN ENERGY

SB 125 was HEARD and HELD in committee for further consideration.

SB 205 AHFC AUTHORITY TO ACQUIRE BUILDING

SB 205 was HEARD and HELD in committee for further consideration.

#sb105

SENATE BILL NO. 105

"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."

[9:10:02 AM](#)

EMMA TORKELSON, STAFF, SENATOR JAMES KAUFMAN, introduced the legislation. She read from the Sponsor Statement (copy on file):

The Alaska Railroad Corporation (ARRC) owns and operates a passenger dock and an associated intermodal terminal facility in Seward, Alaska. These facilities serve cruise ships; other passenger and freight vessels; and provide cruise ship passengers who help support Southcentral Alaska's economy.

These facilities were both built in 1966 and have experienced significant corrosion over their half century lifespan. Recently, the deterioration of the dock has forced dock managers to implement weight restrictions. While currently safe for restricted service, the dock is clearly nearing the end of its useful life. Continuing to curtail use or completely closing the dock would severely impact not just the vessels that rely on the dock, but also the robust tourism industry in Seward. ARRC would lose a key revenue source, important for meeting their public

corporation obligations and supporting necessary capital improvements across the state. More broadly, losing the Seward dock would diminish a key gateway that would take a heavy toll on Southcentral Alaska's travel industry and broader transportation infrastructure across the state.

The Legislature and the Governor recognized the importance of this issue in 2022 when both parties authorized ARRC to issue up to \$60 million in bonds to replace its aging Seward passenger dock and terminal. After working closely with their long-term dock tenant, Royal Caribbean Group (RCG), ARRC is now requesting an additional \$75 million in bond authorization to support an expanded version of this vital project that aligns with RCG growing needs.

Senate Bill 105 authorizes ARRC to issue revenue bonds up to \$135 million total for the Seward Dock replacement project. The project will be fully funded by ARRC through a multi-year berthing agreement with the RCG with an annual revenue guarantee. Per the railroad's statutes, the bonds are not a liability of the state, and no state dollars will be used to repay them. To support RCG's commitment and associated economic growth, the project construction schedule is time sensitive.

The passage of SB 105 this session allows ARRC to proceed on schedule with the critically needed Seward dock/terminal replacement and expansion project. Join me in supporting this opportunity to secure Seward's critical port infrastructure and boost the tourism industry in Seward and around the state of Alaska.

[9:12:27 AM](#)

Co-Chair Olson wondered what had happened with the \$60 million in revenue bonds that had already been issued.

[9:12:34 AM](#)

Ms. Torkelson replied that no funds had been bonded. An additional amount was being waited on for the expansion of the larger project.

[9:12:44 AM](#)

Co-Chair Olson said in addition to the \$75 million.

[9:12:46 AM](#)

Ms. Torkelson responded in the affirmative; the total would be \$135 million.

Co-Chair Olson asked whether that total would be enough to complete the dock.

Ms. Torkelson replied that the railroad had indicated that it would be enough.

[9:12:57 AM](#)

Co-Chair Olson asked when the project would be complete.

[9:13:03 AM](#)

Ms. Torkelson replied that the project completion was expected in 2026.

[9:13:16 AM](#)

Ms. Torkelson discussed the Sectional Analysis (copy on file):

Section 1. Authorizes the Alaska Railroad Corporation to issue additional \$75 million (not exceeding a total \$135 million) in revenue bonds to finance the replacement of ARRC's passenger dock and related terminal facility in Seward, Alaska.

Section 2. Sets an immediate effective date.

[9:14:17 AM](#)

BILL O'LEARY, PRESIDENT AND CEO, ALASKA RAILROAD CORPORATION, discussed the presentation, "Seward Passenger Dock and Terminal Replacement Project" (copy on file). He looked at slide 2, "Need For Replacement":

- Current Seward dock facility is rapidly approaching end of useful life
- Seward cruise port is critical infrastructure for Alaska's travel industry: 188,124 passengers cruised

to or from Seward in 2023, many adding on travels in Southcentral and Interior

[9:19:38 AM](#)

Mr. O'Leary looked at slide 3, "Funding and Timeline":

2022: \$60 million in bond authorization approved
2024: Requesting additional \$75 million bond authorization
Fall 2025: Construction begins
Spring 2026: New dock and terminal complete

Bonds issued by ARRC are not a liability of the state, and no state dollars will be used for repayment; ARRC bonds will be secured by a long-term use agreement with anchor tenant Royal Caribbean Group.

The new dock and terminal facility will support the next 50 years of industry growth and visitor demand.

[9:20:10 AM](#)

Co-Chair Stedman requested the cost escalators of the project.

[9:20:25 AM](#)

Mr. O'Leary replied that there had been significant escalation in costs over the past few years. He noted changing of scope to meet anchor tenant needs. He said that the dock could be used by other cruise lines and the point was to be able to bring in larger ships not currently supported by the dock.

[9:21:43 AM](#)

Senator Bishop understood that the dock would be a dual-purpose dock.

[9:22:07 AM](#)

Mr. O'Leary replied that it would be a floating dock designed for the cruise industry and could be available for "light" freight.

[9:23:16 AM](#)

Senator Wilson asked why the dock was a floating dock rather than a fixed dock.

[9:23:30 AM](#)

Mr. O'Leary replied that that was what the customer wanted.

[9:23:46 AM](#)

Senator Wilson asked whether there might be other customers who would want something different.

[9:23:57 AM](#)

Mr. O'Leary replied that other cruise lines had shown interest, but Royal Caribbean Group had been the only one to sign a long-term agreement.

[9:24:32 AM](#)

Co-Chair Stedman mentioned long-term agreements and preferential moorage.

[9:24:37 AM](#)

Mr. O'Leary replied that the anchor tenant would have benefits but that the railroad perceived that the dock would be an open dock available for other users.

[9:24:58 AM](#)

Co-Chair Stedman expressed dissatisfaction with the reply. He queried electrification of the dock.

[9:25:21 AM](#)

Mr. O'Leary responded deferred to Mr. Carnahan.

[9:25:36 AM](#)

PRESTON CARNAHAN, REGIONAL VICE PRESIDENT OF DEVELOPMENT, ROYAL CARIBBEAN, introduced himself, and asked Co-Chair Stedman to restate his question.

[9:25:50 AM](#)

Co-Chair Stedman asked about electrification of the ports so that ships could turn off generators while in port.

[9:26:32 AM](#)

Mr. Carnahan replied that the budget provided for electrification of the dock to provide power to ships. He said that the utilities would work to make power available.

Co-Chair Olson queried the technical details.

[9:27:15 AM](#)

Mr. Carnahan replied that he had a technical team that had the details.

[9:27:33 AM](#)

Co-Chair Stedman understood the idea of preferential moorage for an anchor tenant and thought that the cruise industry and the railroad should be transparent about that common benefit. He asked whether the electrification would be put in during the installation of the dock and whether it was included in the current bond authorization request. He asked how many ships the dock could accommodate and whether the ships could plug in on either port or starboard sides.

[9:28:41 AM](#)

Mr. O'Leary deferred to Mr. Carnahan.

[9:28:51 AM](#)

Mr. Carnahan replied that the dual sided pier would accommodate two larger ships simultaneously. The current budget included the dock electrification.

[9:29:19 AM](#)

Co-Chair Stedman asked about plugging in on port and starboard sides of the ships; some older ships only plugged in on one side. He asked about the megawattage capacity once ships were plugged in.

[9:30:45 AM](#)

Co-Chair Hoffman wondered whether the project was fully designed before the 2022 \$60 million bond authorization.

[9:31:15 AM](#)

Mr. O'Leary responded that the project had been designed but modifications could still be made. He asserted that the process of building could begin under the current design.

[9:32:01 AM](#)

Co-Chair Hoffman noted that the Port of Alaska had had some challenges. He wondered whether a breakdown of how the \$70 million would be spent was available.

[9:32:26 AM](#)

Mr. O'Leary responded that there was no construction risk to the railroad.

[9:33:13 AM](#)

Co-Chair Olson asked who would oversee quality control on the construction.

[9:33:19 AM](#)

Mr. O'Leary replied that the railroad would be involved to assure that the design met the needs of the railroad.

[9:33:54 AM](#)

Co-Chair Hoffman understood that the dock would be designed and built by the state and wondered what involvement the state had in the construction, considering it would eventually become a state asset.

[9:34:39 AM](#)

Mr. O'Leary agreed that the railroad should be aware of the operations and maintenance responsibilities that would be assumed by the railroad. He said that the arrangement with the anchor tenant would include provisions for funding.

[9:35:24 AM](#)

Co-Chair Hoffman asserted that the operation and maintenance would depend on the design and that those costs should be as minimal as possible. He expressed reluctance to give approval for the state to take responsibility for operation and maintenance without more design information.

[9:36:45 AM](#)

Mr. O'Leary said that it was incumbent on the railroad to know what the costs would be and deferred further explanation of the design to the project's chief engineer.

[9:37:53 AM](#)

Co-Chair Hoffman said that the railroad would not be before the committee if there was funding authorization to proceed with the project. He felt that it was the legislature's fiduciary responsibility to vet the project more extensively.

[9:38:51 AM](#)

Senator Merrick asked whether Seward ever had more than two cruise ships in dock at a time, and if so, would the dock have the capability to accept tenders.

[9:39:03 AM](#)

Mr. O'Leary replied in the affirmative.

[9:39:29 AM](#)

Senator Bishop wondered whether a percentage contingency fee for overruns had been built into the cost.

[9:39:43 AM](#)

Mr. O'Leary responded that the liability was capped for the railroad.

[9:40:04 AM](#)

Senator Bishop asked whether there was a third-party consultant assigned to consult on the execution on the dock project.

[9:40:30 AM](#)

Mr. O'Leary replied that the railroad was adept at the building of large projects and that this project would be no different.

[9:40:47 AM](#)

Senator Bishop asked whether there was a "sinking fund" component built into the project plans.

[9:41:18 AM](#)

Mr. O'Leary replied in the negative. He suggested that dock fees would be used for repairs.

[9:41:49 AM](#)

Senator Bishop wondered whether the floating dock method was a "one off" or whether there were other examples of the method being used.

[9:42:00 AM](#)

Mr. O'Leary deferred to Mr. Carnahan but explained that a large percentage of recently built cruise docks had used a similar design to Seward.

[9:42:53 AM](#)

Co-Chair Olson asked whether there was Port of Alaska support as well.

[9:42:56 AM](#)

Mr. O'Leary replied "no."

[9:43:04 AM](#)

Co-Chair Olson asked Mr. Carnahan to speak to Co-Chair Bishop's question.

[9:43:18 AM](#)

Mr. Carnahan explained that the dock was unique to Alaska. He stated that the dock in Seward would be a turnaround port and the design reflected an enhanced design to turn around passengers and be a port of call.

[9:44:06 AM](#)

Co-Chair Stedman queried the scale of the dock as compared to other docks in Southeast.

[9:44:26 AM](#)

Mr. Carnahan responded that the facilities in Hoonah and Ketchikan were port of call docks, which meant they required less space, and all access hatches of the vessel did not need to be accessible. The project at Seward would have all hatched available and the dock was wider and sat steeper.

[9:45:09 AM](#)

Co-Chair Stedman understood the width was wider but wondered about length.

[9:45:17 AM](#)

Mr. Carnahan said that the dock was long enough to accommodate access to all hatches.

[9:45:39 AM](#)

Co-Chair Stedman asked whether the dock could be used for aircraft carriers or naval vessels.

[9:45:43 AM](#)

Mr. Carnahan responded that he did not know.

[9:45:54 AM](#)

Co-Chair Stedman requested that he get back to the committee with the information. He noted that there was a military build up in the North Pacific.

[9:46:18 AM](#)

Senator Bishop wondered whether the debt could be floated in the event of another pandemic or if a contingency had been built in.

[9:46:57 AM](#)

Mr. O'Leary responded that the railroad would first look to the long-term agreement with the anchor tenant. If for an unforeseen reason the railroad was not paid, he was confident that the railroad could float the debt service.

[9:47:47 AM](#)

Senator Kiehl asked whether that answer would change if the railroad put in the maximum amount of money under discussion.

[9:48:20 AM](#)

Mr. O'Leary replied in the negative.

[9:48:47 AM](#)

Senator Kiehl referred to Co-Chair Stedman's question about military vessels. He asked about the capacity the railroad would have for bringing on more capacity across the dock.

[9:49:55 AM](#)

Mr. O'Leary replied that the design under consideration would address the largest cruise ships currently traveling to the state.

[9:50:27 AM](#)

Mr. Carnahan furthered that the dock would accommodate any ships currently existing and under future contemplation. He added that the company did not intend to bring those larger ships to Seward.

[9:50:55 AM](#)

Senator Kiehl spoke of the ship to shore connection. He asked about the dock's capacity to handle dramatic increases in loads.

[9:51:33 AM](#)

BRIAN LINDAMOOD, CHIEF ENGINEER, ALASKA RAILROAD CORPORATION, ANCHORAGE (via teleconference), responded discussions were underway to analyze and optimize capacity. He said that the current design was for highway loads. The float itself was designed to increase capacity later. The

gangway was also being studied for increased capacity. He noted that the dock was designed for "light" to "medium" duty freight.

[9:53:05 AM](#)

Co-Chair Stedman asked about passenger turnaround and how large cruise ships and large passenger groups would be handled.

[9:53:27 AM](#)

Mr. O'Leary responded that the issue was a concern. The infrastructure, excluding the dock, would need to be addressed. He understood that large ships had not been planned for in the immediate future but that the dock would have capacity in the future for large ships. He said that the railroad was looking to expand the passenger fleet to meet growth in the cruise industry. He relayed that the first step was to optimize existing assets. He did not think that passenger coaches would need to be added to address the growing number of tourists.

[9:55:10 AM](#)

Co-Chair Stedman remarked that the railroad would need to expand to accommodate the increase in visitors. He asked whether the railroad had contemplated any capital needs that would be brought before the legislature for funding - or could the railroad absorb expenses internally.

[9:55:50 AM](#)

Mr. O'Leary responded that the goal was to fund any expansion internally and not have to come before the legislature to ask for funding.

[9:56:31 AM](#)

KAT SORENSON, CITY MANAGER, CITY OF SEWARD (via teleconference), spoke in support of the legislation. She stated that the bill represented a crucial investment in the community and the broader economic prosperity of Alaska. She replied that the spaced was designed for year-round community use and would be a vibrant hub for residents. She noted that the project would bring seasonal and year-round employees to the city. She attested that the

project would add a large rate payer to the locally owned electric utility, which would ease the overall burden to smaller rate payers and contribute to overall energy sustainability in the community. She said that the railroad had also invested in the freight dock in Seward, expanding and improving corridors. She urged the committee to support the legislation.

[9:58:39 AM](#)

Co-Chair Stedman queried the utility capacity and the utility ownership in Seward, and the city's ability to have two large ships plug into their grid.

[9:59:06 AM](#)

Ms. Sorenson replied that currently the utility was owned by the municipality and power was purchased from Chugach Electric. She said that infrastructure projects were underway to meet the demand of the cruise ships upon their arrival.

[9:59:48 AM](#)

Co-Chair Stedman felt that the committee needed more information. He predicted future funding requests from the city for financial assistance, as had been the case with other communities electrifying cruise ships in port.

[10:00:19 AM](#)

Mr. O'Leary spoke in support of shore power. He relayed that the railroad would work with the city and the developer to make shore power a reality.

[10:00:42 AM](#)

Co-Chair Olson asked for the numbers that Co-Chair Stedman had requested.

Mr. O'Leary agreed to provide the information.

[10:01:00 AM](#)

Co-Chair Olson surmised and wondered what would happen with the fixed dock once the floating dock was completed.

[10:01:14 AM](#)

Mr. O'Leary replied that the existing passenger dock would be demolished but the freight dock would remain and would be lengthened and widened.

[10:01:36 AM](#)

Co-Chair Olson asked whether the cold dock was currently being used.

[10:01:41 AM](#)

Mr. O'Leary replied in the negative.

[10:01:55 AM](#)

Senator Merrick asked about the difference between "light", "medium", and "heavy" freight. She wondered whether "light" and "medium" freight would cover food shipments.

[10:02:12 AM](#)

Mr. O'Leary responded that the Seward freight dock could be of use in the event of an emergency at the Port of Alaska.

[10:03:08 AM](#)

Mr. Lindamood added that the proposed passenger dock could take on any of the freight that was currently being handled at the Port of Alaska.

[10:03:40 AM](#)

Co-Chair Stedman asked whether cranes would be installed on the proposed dock.

[10:03:47 AM](#)

Mr. O'Leary responded in the negative.

[10:04:00 AM](#)

Co-Chair Stedman remarked that a dock without a crane might be inefficient. He thought that if the docks at Whittier and Seward were to be back up dock for the Port of Anchorage, they should have cranes.

[10:04:33 AM](#)

Mr. O'Leary responded that the railroad would be "delighted" to discuss possible uses of both their assets in Whittier and in Seward.

[10:05:28 AM](#)

Co-Chair Olson asked Ms. Sorenson to comment on the discussion.

[10:05:36 AM](#)

Ms. Sorenson highlighted that Whittier and Seward were deep water, ice-free ports year-round. She said that the city had been working to get shore power infrastructure in place and would provide numbers to the committee.

[10:06:15 AM](#)

Co-Chair Olson OPENED and CLOSED public testimony.

SB 105 was HEARD and HELD in committee for further consideration.

#sb125

SENATE BILL NO. 125

"An Act relating to subsidiary corporations of the Alaska Housing Finance Corporation; and establishing the Alaska energy independence fund."

[10:07:27 AM](#)

Senator Kiehl MOVED to ADOPT the committee substitute for SB 125, Work Draft 33-GS1074/S (Walsh, 2/14/24) (copy on file).

[10:07:45 AM](#)

Co-Chair Olson OBJECTED for discussion.

[10:07:53 AM](#)

KEN ALPER, STAFF, SENATE FINANCE COMMITTEE, discussed the Summary of Changes (copy on file):

Change 1 Deleted what was Sec. 4 of the original version of the bill. This section would have created a new "energy independence fund" for the purpose of financing certain projects. The remaining bill enables AHFC to set up a subsidiary corporation to pursue federal and other funding, finance projects, and otherwise implement the goals of the bill. But without the fund, there will no longer be the request for a state general fund appropriation to capitalize the fund.

Change 2 Adds an immediate effective date to create the new AHFC subsidiary and make the other changes in the bill. Additional Changes in Second Finance CS, Version "B" to "S"

Change 3 On page 2, line 23, adds the words "or delivering energy to the state." This allows AHFC to support energy projects outside Alaska that will be delivering energy to users in the state.

[10:09:19 AM](#)

Co-Chair Olson WITHDREW his objection. There being no further objection it was so ordered.

[10:09:59 AM](#)

STACY BARNES, DIRECTOR OF GOVERNMENT RELATIONS AND PUBLIC AFFAIRS, ALASKA HOUSING FINANCE CORPORATION, deferred to Mr. Gialopsos.

AKIS GIALOPSOS, DEPUTY EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, related that the corporation was supportive of the changes the committee had made to the bill.

[10:11:06 AM](#)

AT EASE

[10:11:55 AM](#)

RECONVENED

SB 125 was HEARD and HELD in committee for further consideration.

#sb205

SENATE BILL NO. 205

"An Act authorizing the Alaska Housing Finance Corporation to acquire or purchase a building that it occupies for an amount that does not exceed \$9,000,000; and providing for an effective date."

[10:13:18 AM](#)

EMMA TORKELSON, STAFF, SENATOR JAMES KAUFMAN offered a Sponsor Statement:

Alaska Housing Finance Corporation owns and operates more than 1,600 units of public housing in 13 communities throughout the State. Anchorage serves as the maintenance hub for all facilities and a staging ground for both craftspeople and supplies heading to other communities to perform repairs or training for local employees.

For many years, Anchorage maintenance personnel have relied on shipping containers at key housing properties to meet storage needs for operations. In the last several years, these containers have become attractive targets for vandalism, break-ins, and theft of equipment and materials. Similar issues and factors such as supply chain issues and suppliers unwilling to store materials for long periods of time have led to other housing authorities and private property management firms have begun to transition to ownership of warehouse space to respond to the changing business dynamics.

AHFC is in a position to purchase the building and property at 700 Bragaw Street, which they have been renting since September 2023. The location has class C office space, a warehouse and fenced storage yard and parking. Ownership will allow AHFC to build a housing rental office on the property and better provide warehouse space for equipment and materials storage. Maintenance staff will benefit from the building's adequate staging space and staff from around the state will be able to meet in a single location for training. In short, buying the property will help address the maintenance needs of its aging housing portfolio in Anchorage and allow them to more

efficiently plan and prepare for routine activities and emergent needs in other communities.

AHFC's Public Housing Department has verified with the U.S. Department of Housing & Urban Development that federal funds available through AHFCs existing Moving to Work Plan can be used to purchase the building with proper reporting of expenditures. Together with the sale of existing assets, AHFC has adequate funds to address the purchase the facility.

Pursuant to statutory requirement in AS 18.56.090(d), the legislative branch must authorize any property purchase by AHFC. If approved by the legislature, and following signature by the Governor, AHFC intends to pursue acquisition of the property in 2024.

Ms. Torkelson displayed a document on the screen:

Timeline

September 2022

AHFC issues RFP inviting owners of Anchorage area real estate to provide AHFC with a proposal to lease a combination of office and warehouse with a net useable combined space of 13,000 sq. ft.

October 2022

Responses were received

- One response offered for 700 Bragaw with availability in October 2023.
- Offer accepted; Tenant Improvements commence

September 2023

AHFC took possession of the facility and began paying rent.

October 2023

Move AHFC staff and materials from 1525 Boniface.

[10:15:07 AM](#)

Co-Chair Olson asked how the bill would alleviate the vandalism problem.

[10:15:36 AM](#)

Ms. Torkelson replied that the facility would house the shipping containers that were being vandalized.

10:16:10 AM

STACY BARNES, DIRECTOR OF GOVERNMENT RELATIONS AND PUBLIC AFFAIRS, ALASKA HOUSING FINANCE CORPORATION, (AHFC) explained the reason for the legislation. She stated that taking ownership of the space would create new safety opportunities for employees and the properties cared for by AHFC. She said that the property was gated and had a fence surrounding it. She shared that current public housing assets were spread throughout the city. She explained that the AHFC had been created by the legislature in 1971, however, the Alaska State Housing Authority (ASHA) had overseen public housing. In 1992 the ASHA portfolio was brought within the AHFC, which now served 11,000 Alaskans. Public housing was broken into two programs; a program that offered housing vouchers for qualifying participants to rent from private renter, and public housing, which offered units owned by AHFC. She relayed that 1000 of the units were outside of the Anchorage area. The corporation had issued a request for proposal (RFP) to acquire a maintenance space that was more acceptable for the challenges faced by ageing housing stock. She referred to the timeline on the slide. She listed the various ageing public housing units in the state. She lamented that it was taking longer to turn units and get new families into housing.

10:20:29 AM

Ms. Barnes explained how to enhance the housing that was managed and owned by AHFC. She explained that AHFC was addressing the public housing work in Alaska in three different ways; by putting more housing vouchers into communities, by recognizing landlords participating with the voucher program in the private sector and taking care of already owned housing stock. She shared that public housing units had to be used for storage and overflow, which had led to vandalism of office space and vehicles. She said that access to a hydraulic lift and loading materials had allowed for the distribution of Connex units to be distributed in more remote areas of the state. She elaborated on the various benefits of the purchase of the warehouse facility. She spoke to the training opportunities for 50 employees and pointed out that many

came in with specialized skills. She acknowledged that many employees had to go into dark modular spaces to respond to maintenance requests outside of general work hours.

Ms. Barnes relayed that there were federal funds available for the project, and that AHFC was seeking \$9 million for the purchase. She mentioned removal of the temporary storage units and modular spaces in Anchorage. She mentioned the goal of broadening the vendor list. She looked forward to greater collaborations with AVTEC, DPS, and others that had expressed interest in collaborating with AHFC.

[10:25:03 AM](#)

Senator Wilson pointed out that the building was built in the 1970s, was formerly an athletic club, and had been remodeled extensively. He asked whether the building would be suitable for AHFCs current needs or if another building would be better suited.

Ms. Barnes relayed British Petroleum (BP) was a recent tenant and had made improvements that were appropriate for further use by AHFC - such as the hydraulic lift. She asserted that the building was well outfitted to serve the needs of AHFC.

[10:26:57 AM](#)

Senator Wilson wondered whether any of the other properties near the building had been vandalized.

[10:27:34 AM](#)

Ms. Barnes responded that she was not aware of any damage or vandalism in proximity of the building. She noted that the building was close to many of the corporations public housing units.

[10:28:37 AM](#)

BRYAN BUTCHER, CEO AND EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, ANCHORAGE (via teleconference), reiterated the statements made by Ms. Barnes. He said that the places they previously used for storage had been in more remote, darker areas, more susceptible to break ins.

He contended that this new location was in a more well-lit area, with fencing, and was less likely to be vandalized.

[10:29:13 AM](#)

Senator Kiehl asked how the building had been determined to be the best facility in Anchorage. He wondered how many RFPs had been issued.

[10:30:23 AM](#)

Ms. Barnes responded that the RFP had requested a minimum of 13,000 square feet. She said that the corporation had been intent on seeking a space that was near the housing units managed by the corporation.

[10:30:46 AM](#)

Mr. Butcher furthered that the property had presented opportunities that AHFC had not considered. He provided examples of supply chain issues, and benefits to partners.

[10:32:38 AM](#)

Senator Kiehl appreciated the vision. He asked about the shift from an Anchorage area maintenance facility to a statewide facility. He queried the exclusion of certain areas from the RFP and wondered whether all Anchorage options had been considered.

[10:33:25 AM](#)

Mr. Butcher responded that there was a hope to keep the facility near the AHFC units and be close to a bus route.

[10:34:43 AM](#)

Senator Kiehl considered that "Anchorage was a pretty short drive from Anchorage."

[10:34:54 AM](#)

Senator Bishop expressed excitement with the building choice. He asked whether a savings factor had been applied to the purchase of the property, given the centralized location. He believed that building made sense for the

mission of the corporation. He wondered about incorporating a childcare center for employees.

[10:36:19 AM](#)

Mr. Butcher responded agreed with Co-Chair Bishop's statements and reiterated that the facility would offer numerous opportunities for the corporation. He offered to provide numbers detailing the financial benefits to the committee in the future. He believed that the new facility would aide in recruitment and retention of maintenance workers.

[10:37:43 AM](#)

Co-Chair Hoffman noted that the major facility would be in Anchorage to service the 500-700 units in the area. He asked that that Mr. Butcher provide information pertaining to other "goal pins" throughout the state. He asked whether an inventory of current public housing needs for the rest of the state could be provided to the committee.

Mr. Butcher agreed to provide the information.

[10:39:52 AM](#)

Senator Kiehl noted that the building was assessed at \$5 million and wondered why the request was for \$9 million.

[10:40:09 AM](#)

Mr. Butcher responded that the hope was to come in under \$9 million but the corporation did not want to underestimate and come before the legislature in the future to ask for additional funds.

[10:40:40 AM](#)

Co-Chair Olson looked at the fiscal note and remarked that it did not provide numbers reflecting the savings that would come from not having to pay rent on the facility. He asked how much AHFC was currently paying in rent for their maintenance and storage facilities.

[10:41:02 AM](#)

Mr. Butcher replied that the corporation currently paid approximately \$785,000 per year. He stated that once the facility was up and running actual numbers of cost would be made available to the committee.

[10:41:45 AM](#)

Co-Chair Olson wondered whether there would be a change in the maintenance management and costs in the building once it was owned by AHFC.

[10:41:55 AM](#)

Mr. Butcher responded in the affirmative and stated that it was too premature to determine the actual numbers. He said that AHFC had not spent even a year in the building yet.

[10:42:34 AM](#)

Co-Chair Olson queried the advantage of a fixed hydraulic lift.

[10:43:01 AM](#)

Mr. Butcher agreed to provide that information.

[10:43:14 AM](#)

Ms. Barnes agreed to follow up on the question.

[10:43:27 AM](#)

Co-Chair Olson OPENED and CLOSED public testimony.

SB 205 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[10:44:15 AM](#)

The meeting was adjourned at 10:44 a.m.