

**ALASKA STATE LEGISLATURE**  
**SENATE TRANSPORTATION STANDING COMMITTEE**

April 30, 2024

1:38 p.m.

**DRAFT**

**MEMBERS PRESENT**

Senator James Kaufman, Chair  
Senator Löki Tobin  
Senator Robert Myers

**MEMBERS ABSENT**

Senator David Wilson, Vice Chair  
Senator Jesse Kiehl

**COMMITTEE CALENDAR**

SENATE BILL NO. 263

"An Act relating to the Roads and Highways Advisory Board; relating to metropolitan planning organizations; relating to the statewide transportation improvement program; and providing for an effective date."

- HEARD & HELD

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."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 263

SHORT TITLE: ROADS & HWYS ADV BOARD; IMPROVEMENT PRGM

SPONSOR(S): TRANSPORTATION

04/12/24	(S)	READ THE FIRST TIME - REFERRALS
04/12/24	(S)	TRA
04/16/24	(S)	TRA AT 1:30 PM BUTROVICH 205
04/16/24	(S)	Heard & Held
04/16/24	(S)	MINUTE(TRA)
04/25/24	(S)	TRA AT 1:30 PM BUTROVICH 205

04/25/24 (S) -- MEETING CANCELED --  
04/30/24 (S) TRA AT 1:30 PM BUTROVICH 205

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  
04/18/24 (H) Moved HB 395 Out of Committee  
04/18/24 (H) MINUTE(TRA)  
04/22/24 (H) TRA RPT 3DP 2NR  
04/22/24 (H) DP: MCKAY, VANCE, MCCABE  
04/22/24 (H) NR: C.JOHNSON, MINA  
04/29/24 (H) TRANSMITTED TO (S)  
04/29/24 (H) VERSION: HB 395  
04/30/24 (S) TRA AT 1:30 PM BUTROVICH 205

#### **WITNESS REGISTER**

MATTHEW HARVEY, Staff  
Senator James Kaufman  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided an explanation of changes for SB 263, version A to S.

ANDY MILLS, Legislative Liaison  
Department of Transportation and Public Facilities (DOTPF)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 263.

IAN WALSH, Counsel  
Legislative Legal Services  
Legislative Affairs Agency  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 263.

SEAN LYNCH, Counsel  
Transportation Section  
Civil Division  
Department of Law (DOL)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 263.

REPRESENTATIVE KEVIN MCCABE, District 30

Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of HB 395.

JULIE MORRIS, Staff  
Representative Kevin McCabe  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Provided the sectional analysis for HB 395.

JOSH VERHAGEN, Mayor  
City of Nenana  
Nenana, Alaska  
**POSITION STATEMENT:** Invited testimony for HB 395.

MEGHAN CLEMENS, Director  
External Affairs  
Alaska Railroad Corporation  
Anchorage, Alaska  
**POSITION STATEMENT:** Answered questions on HB 395.

CHRISTY TERRY, Vice President of Real Estate  
Alaska Railroad Corporation  
Anchorage, Alaska  
**POSITION STATEMENT:** Answered questions on HB 395.

#### **ACTION NARRATIVE**

[1:38:15 PM](#)

**CHAIR JAMES KAUFMAN** called the Senate Transportation Standing Committee meeting to order at 1:38 p.m. Present at the call to order were Senators Tobin, Myers, and Chair Kaufman.

#### **SB 263-ROADS & HWYS ADV BOARD; IMPROVEMENT PRGM**

[1:39:12 PM](#)

CHAIR KAUFMAN announced the consideration of SENATE BILL NO. 263 "An Act relating to the Roads and Highways Advisory Board; relating to metropolitan planning organizations; relating to the statewide transportation improvement program; and providing for an effective date."

CHAIR KAUFMAN said this is the second hearing on SB 263 and a committee substitute would be considered that incorporates original changes submitted by the committee and some changes requested by the Department of Transportation.

[1:39:57 PM](#)

CHAIR KAUFMAN solicited a motion.

[1:40:02 PM](#)

SENATOR MYERS moved to adopt the committee substitute (CS) for SB 263, work order 33-LS1460\S, as the working document.

[1:40:16 PM](#)

CHAIR KAUFMAN objected for purposes of discussion.

[1:40:30 PM](#)

MATTHEW HARVEY, Staff, Senator James Kaufman, Alaska State Legislature, Juneau, Alaska, provided an explanation of changes for SB 263, version A to S.

[Original punctuation provided.]

**Explanation of Changes for SB 263 -  
Bill Version A to S**

Page 1, Lines 5 - 14:

Adds a new Section 1 adding language clarifying that Metropolitan Planning Organization's (MPOs) must be established by agreement between the governor and local governments.

Page 2, Lines 8 - 11:

Revises language in AS 44.42.053(a) to clarify the development cadence and to add "intermodal".

Page 2, Lines 18 - 24:

Adds language requiring that the STIP incorporate without change applicable tribal transportation programs, federal lands transportation programs, or federal lands access programs.

Page 2, Line 25 through Page 3, Line 3:

Adds language stating that agreements between the state and a metropolitan planning organization relating to foundational structure or roles and responsibilities must be made available on the Internet website.

Page 3, Lines 4 - 10:

Moves the distribution list for STIP submissions and changes to this new subsection (f).

[1:41:35 PM](#)

MR. HARVEY continued with the explanation of changes for SB 263, version A to S.

Page 3, Lines 15 - 27:

Replaces the designated board seats for public members from specific judicial districts with the requirement that the board must consist of at least two members from each judicial district. Also, adds "one member who is a community leader residing in the unorganized borough".

Page 4, Lines 2 - 4:

Adds language clarifying terms of members appointed to fill vacancies.

Page 4, Lines 7 - 9:

Adds the requirement that the board adopt bylaws including guidelines for board operations.

Page 4, Lines 21 - 29:

Revises the preconstruction review process by

1. Requiring that the department submit to the board a list of projects that have been in the preconstruction phase for at least 8 years.
2. Allowing the board to request a presentation from the department on any listed project.
3. Providing clarity that the board may issue project recommendations following the presentation.
4. Requiring that the recommendations are submitted to the included distribution list.

[1:42:31 PM](#)

SENATOR MYERS referred to SB 263, Section 3, page 4, line 21-22. He noted the time for these projects began with three years, was extended to five and is now in the bill at eight years. He said eight years in the preconstruction phase seems excessive and may suggest that time and effort is being expended on projects that are not fruitful.

[1:43:29 PM](#)

MR. HARVEY said the extension from five to eight years was requested by the Department of Transportation and Public Facilities (DOTPF) and he deferred the question to DOTPF.

[1:43:56 PM](#)

ANDY MILLS, Legislative Liaison, Department of Transportation and Public Facilities (DOTPF), Juneau, Alaska, said the request for the increase in time [that a given project has been in the preconstruction phase] reflected the effort to obtain the resourcing level needed for the type of project described. He emphasized that the list of preconstruction planning items is very long. He reported that DOTPF has experienced an increase in the volume of information requested by the advisory boards from DOTPF staff in the preconstruction phase. He acknowledged that DOTPF willingly supports the board with these requests. The fiscal note provided reflects the resources required to provide that board support by describing the workload. He said five years for preconstruction was not very long and added that the term "preconstruction" was not clearly defined and has been interpreted in different ways. He said DOTPF would like to work with the committee to clearly define "preconstruction". He said he wished right-of-way acquisition and other pieces of the preconstruction phase were faster. He noted that the federal "stale list review" is ten years and the eight-year recommendation from DOTPF was intended to split the difference.

[1:45:48 PM](#)

SENATOR MYERS shared his perception that DOTPF does a lot of planning, some resulting in good projects while other projects are thrown by the wayside. He suggested money and time could be saved and transparency to the public could be improved by cutting down on the number of plans. He acknowledged right of way acquisition and other legal considerations can drag things out, but he expressed desire to move projects from planning to actual usable infrastructure.

[1:47:22 PM](#)

SENATOR TOBIN also expressed reservations about the eight-year window and the opportunity for good community input. She referred to the 92nd Avenue project and said an eight-year horizon would have been too long for adequate and meaningful public participation. She referred to SB 263, Section 3, page 4, line 23 and said she was concerned that flexibility and nimbleness to respond to community needs and other circumstances would be hindered by specifying that projects must be "listed" on the TIP or the STIP. She asked what the off-ramp for these projects would be.

[1:48:45 PM](#)

MR. MILLS replied that this reflects a resourcing problem for DOTPF more than a policy decision on the cadence or timing [for the STIP and TIP development]. He noted that some projects are

subject to additional scrutiny because of a heightened political climate around something that isn't necessarily associated [directly with the project]. He mentioned bridge projects that were not an issue until there was some industry in the area and noted that it would be important to be cognizant about downstream effects [of projects]. He said eight years was not intended to be a requirement as much as a recommendation that reflects the workload required for planning some projects. He noted use of the word "may" and said "may" might mean all the projects on the list and the need to provide support for all the projects. He offered the committee members the opportunity to attend a project evaluation board (PEB) meeting to observe the in-depth review of a subset of a list of projects. He said it would be an occasion to see the workload for the volunteers who meet quarterly or more often to make progress. He said DOTPF staff is involved in preparing the materials for those review meetings.

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SENATOR TOBIN said she would work with the bill sponsor to craft language for SB 263 that will allow for flexibility for planning timelines.

[1:51:03 PM](#)

CHAIR KAUFMAN referred to planning vocabulary in the construction industry and said definitions for planning stages were very tight. He questioned whether "preconstruction" was undefined.

[1:52:00 PM](#)

MR. MILLS opined that multiple definitions could be used for preconstruction. He explained that there exists a different understanding of preconstruction between the groups that are involved in project development.

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CHAIR KAUFMAN asked whether that suggests an opportunity to define it.

MR. MILLS suggested that preconstruction could be considered to begin with project design as a definitive moment, as opposed to the planning effort which can be quite variable. He acknowledged potential for variability.

[1:53:28 PM](#)

CHAIR KAUFMAN deferred the work of defining preconstruction to another time and agreed that it would be likely be helpful to the process.

[1:53:43 PM](#)

SENATOR MYERS referred to SB 263, Section 1, and noted that MPOs would be created by agreement between the governor and local government and that they would be created in areas with populations greater than 50,000. He asked whether the Kenai Borough, with a population around 60,000, qualified to form an MPO.

MR. MILLS said MPO formation is driven by the U.S. census. He said the formation of an MPO would be triggered by a census area population between 50,000 - 200,000, and 200,000 and over. He offered to provide the committee with the federal regulations that define the parameters to trigger MPO formation. He said that the U.S. census area for Kenai does not have a population exceeding 50,000.

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SENATOR MYERS sought clarification that the numbers necessary to qualify for an MPO are not based on an existing organized area, rather it is based on the way the census bureau breaks down their census areas.

MR. MILLS concurred.

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SENATOR TOBIN read from Case No. 3AN-05-8951 CI, page 4 "This is significant because 23 U.S.C. subsection 134(d)(1) provides that "a designation of a metropolitan planning organization under this subsection or any other provision of law shall remain in effect until the metropolitan planning organization is redesignated under paragraph (5)." And paragraph (5) of that same federal statute provides that an MPO "may be redesignated by agreement between the Governor and [the applicable] units of general purpose local government."

SENATOR TOBIN expressed concern with the insertion of "by agreement between the governor and local governments" in SB 263, Section 1, line 9-10 because "redesignation by agreement" happens after an MPO has already been designated by federal code. She noted this particular court case also says the legislature shall not establish any law or policy about designating MPOs and here we are, the legislature, inserting language about designation of MPOs. She said she wanted to make

sure the committee is not running afoul of this particular summary judgement, nor federal code and ensure that SB 263 is not replicating existing statute.

[1:57:01 PM](#)

CHAIR KAUFMAN called on Mr. Harvey.

[1:57:05 PM](#)

MR. HARVEY deferred to Legislative Legal Services, Department of Law and Department of Transportation and Public Facilities (DOTPF).

[1:57:33 PM](#)

CHAIR KAUFMAN invited Ian Walsh to answer questions on SB 263.

[1:57:48 PM](#)

IAN WALSH, Counsel, Legislative Legal Services, Legislative Affairs Agency, Juneau, Alaska, asked for the question to be repeated.

SENATOR TOBIN restated her concerns:

1. That SB 263 would establish in statute the designation of how a metropolitan planning organization (MPO) shall be established when that is already part of federal law, in other words, that SB 263 would be replicating federal law with state statute.
2. Whether SB 263 aligns with the summary judgement in Case No. 3AN-05-8951 CI.

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MR. WALSH, in answer to her first question, said 23 USC 134(d)(1) is the federal law that provides the original designation of an MPO by two mechanisms. He read 23 USC 134 (d)(1)(A) by agreement between the Governor and units of general-purpose local government that together represent at least 75 percent of the affected population (including the largest incorporated city (based on population) as determined by the Bureau of the Census); or (B) in accordance with procedures established by applicable State or local law. He said he was not sure that the amendment to "add by agreement between the Governor and local government" is necessary, because without that, the default would be to the federal law. He opined that it does not conflict with the federal law or with the summary judgement decision because the federal law explicitly provides for functionally the same procedure to create an MPO.

[1:59:38 PM](#)

SENATOR TOBIN referred to her preference for less prescriptive statute. She said more prescriptive law can create guardrails that prove deleterious to good governance. She questioned the need to replicate the designation of MPOs when it is already established in federal code.

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CHAIR KAUFMAN concurred and revisited the purpose for SB 236, recalling the widespread concern over the recent STIP process and over potentially missing a construction season.

[2:00:51 PM](#)

SENATOR TOBIN referred to SB 236, Section 4, page 3, line 26. She noted that "one public member" had been amended to say "one member who is a community leader" and asked why a "community leader" was specifically sought, especially when it is often difficult to find people to serve on boards and commissions. She noted the selection could be restrictive, but that keeping the statute less specific would allow for a larger pool of candidates.

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MR. MILLS said this language was put forward because it repeats the structure codifying the aviation advisory board. He suggested that "leader" was still a fairly broad description.

[2:02:08 PM](#)

SENATOR TOBIN maintained her position and said her priority was to find someone to serve.

CHAIR KAUFMAN commented that the aviation board has been observed to function well and that it seems like a valid model for the other transportation boards.

[2:02:30 PM](#)

CHAIR KAUFMAN noted that SB 263 received a significant fiscal note from the Department of Transportation and Public Facilities, OMB Component Number 2762, dated April 24, 2024. He requested DOTPF to address the analysis for the fiscal note; provide explanation of the assertions made, the need for the fiscal note and the thoughts behind it.

[2:03:24 PM](#)

MR. MILLS noted that SEAN LYNCH, Counsel, Transportation Section, Civil Division, Department of Law, Juneau, Alaska, was present and available to answer questions. He said that DOTPF reviewed the provisions of SB 236 and determined that the

requirement of the bill for the Roads and Highways Board to review projects necessitated the fiscal note. He said the figures for the fiscal note were a modest estimate, based on preconstruction estimates from the regional directors for the number of projects possible. He noted that the language of the fiscal note is "may" rather than "shall" as in previous drafts. He said DOTPF would seek to define preconstruction. He referred to SB 263, Section 3, Version A and said "continued viability standard" would require definition as there were multiple factors that would contribute to a project's viability. He said a Transportation Planner I position would be necessary to facilitate all the coordination and communication to prepare, facilitate and allow the board to carry out its function. He noted that SB 263 called for viability review of preconstruction projects every two years. SB 263, Version A initially called for this review for projects that had been in the preconstruction phase for three years. Version B extended that to five years and Version S to eight years.

[2:06:14 PM](#)

SENATOR MYERS referred to page 2 of the fiscal note from DOTPF, OMB Component Number 2762, dated April 24, 2024. He noted that there were about 230 projects in Northern, Central and Southcoast Regions noted on page 2, currently in the preconstruction phase. He asked how many projects are built each year.

MR. MILLS stated he did not have those numbers and would report back to the committee.

[2:07:02 PM](#)

CHAIR KAUFMAN sought to summarize the discussion. He noted that some terms ["preconstruction" and "continued viability"] need to be defined. He said the question before the board was to determine the volume of work that would be called for by the Board of Roads and Highways and that determination would point to the need or lack of need for the fiscal note. He asked that DOTPF address the other points from the fiscal note analysis.

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MR. MILLS pointed out the federal requirements reflected in the analysis. He said DOTPF was working with federal partners on the stewardship and oversight agreement. According to the agreement DOTPF would be required to provide additional resources and capacity. He noted that DOTPF has quite a bit of activity statewide and there is no excess capacity to provide resourcing to the level that could be required by SB 263, Version A. The

fiscal note seeks to resource the department adequately and provide for the underpinning requirements from the agreement with federal highways.

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CHAIR KAUFMAN said the STIP processes are in regulations that came out of an Administrative Order, and he said that is what the state is operating under currently. He said the desire was to get into statute what is needed in statute and to provide some of the benefits that the Aviation Board, as a highly functional board, receives now. He noted the concerns that were elevated in the fiscal note and asked whether DOTPF would prefer to keep the STIP in regulation, as it is now, as opposed to having it outlined in statute.

[2:10:35 PM](#)

MR. MILLS deferred to Sean Lynch.

[2:10:52 PM](#)

SEAN LYNCH, Counsel, Transportation Section, Civil Division, Department of Law, Juneau, Alaska, offered a hypothetical example of the potential complication to developing the STIP that could result from having the STIP processes in state regulation. He referred to CSSB 263, Section 3, which describes a two-year cycle for STIP development. He noted that the current STIP process follows federal regulation, 23 CFR 450.218(a), which says the STIP shall be updated every four years, "or more frequently if the Governor of the State elects a more frequent update cycle." He pointed out a conflict between a two-year cycle in statute or currently, without statute, a four-year or less cycle at the election of the governor. In his example, something occurs to "gum up the works," while attempting to meet the two-year STIP cycle. He suggested that a party opposing one particular project could potentially result in a significant delay [to the STIP process]. He pointed out that the federal statutes and regulations recognize they are about a planning process. He said there is no right to go to court. He said once the plan is adopted and there is a federal-aid project, people have the right to vis a vis that project, or to engage the National Environmental Policy Act (NEPA) review process or any number of public interactions regarding judicial rights. But, he said, in the planning process, there are no rights to judicial review of the plan.

[2:14:03 PM](#)

SENATOR TOBIN asked whether it would be possible to return to a four-year STIP process after moving to a rolling STIP, as would be established by SB 263.

2:14:38 PM

MR. MILLS said the morning had been spent with federal highway planning partners, including some visiting from Washington D.C. He said there was great dialogue regarding the STIP and MPOs and that there is a solid partnership between DOTPF and the federal planners. He acknowledged a rough spot while developing the recent STIP, but said they are moving forward rebuilding and retooling the STIP processes. He spoke about aligning the MPO TIPS planning cycles with the STIP process. He said with the four-year STIP process currently in place, there is not great alignment. Moving to a rolling STIP will lead to a new cadence and getting ahead of the planning process, avoiding recent problems and realigning with the MPOs and their short-term TIPS. The concern created by allowing for judicial relief as an option was that it may expose the planning processes to politicized events or contention about something stipulated in statute that DOTPF does not have flexibility around and thereby creating an impediment to completing the STIP. He indicated DOTPF acknowledges the requirements of the department to create the STIP and set forth in AS 44.42, however, is concerned about impediments that could be created by additional openings resulting from a judicial process.

2:16:39 PM

CHAIR KAUFMAN requested an overview of the perspective of Legislative Legal Services.

2:17:03 PM

MR. WALSH said he would provide an overview of court Case No: 3AN-05-8951 CI. He said he did not have a comment on DOTPF's questions about judicial review and he did not think those questions were related to the court case, but he would be open to questions from the committee. He said court case 3AN-05-8951 CI was filed in the early 2000's and dealt with the Anchorage area MPO. The MPO became effective in 2002. In 2003-2004, the legislature passed two bills that affected the Anchorage MPO (AMATS). Senate Bill 260 attempted to change the composition of AMATS' policy board by requiring an area with a population 200,000 or more change the composition of the policy board. Senate Bill 260 also included intent language that purported to require the governor to enter into an agreement with Anchorage to restructure the board according to the legislation. Through

court case 3AN-05-8951 CI, the Anchorage Superior court decided changing the composition of the policy board as required by Senate Bill 260 was a redesignation of the MPO (AMATS). The court reviewed the federal law covering redesignation, 23 USC 134 requires that the MPO may be redesignated by agreement between the governor and units of local government. The Anchorage Superior Court concluded that did not comply with the federal requirement because changing the composition of the policy board for AMATS was a redesignation by the legislature and Anchorage did not agree to it and indeed Anchorage filed suit to try to stop it. The Anchorage Superior Court held that the attempted redesignation through Senate Bill 260 was invalid. He said the section of Alaska law enacted by Senate Bill 260 is AS 19.20.210, which SB 263 proposes to repeal. AMATS is not complying with Senate Bill 260 because of the conclusion by the Alaska Supreme Court that it was not valid and because Senate Bill 260 only applies to areas with Senate Bill 260 greater than 200,000, would only apply to the Anchorage area.

[2:21:00 PM](#)

CHAIR KAUFMAN removed his objection.

[2:21:04 PM](#)

CHAIR KAUFMAN found no further objection and CSSB 263, was adopted as the working document.

[2:21:40 PM](#)

At ease

[2:22:20 PM](#)

CHAIR KAUFMAN reconvened the meeting and asked Mr. Lynch and Mr. Mills for comments on SB 263.

[2:22:38 PM](#)

MR. LYNCH commented on the legislature's ability to designate the policy board. He referred to Case No. 3AN-05-8951 Cook Inlet and read from the "Order on Motions for Summary Judgement", page 1. "this court finds that federal law was amended in 2005 to specifically authorize the Alaska Legislature to change the membership and selection of the AMATS Policy Committee without requiring municipal agreement." He explained that "SAFETEA-LU" [subsection 4404(b)] was the federal law in 2005 that included a stand-alone provision. He read from Case No. 3AN-05-8951 Cook Inlet, Discussion, 2,b, page 16, "this court finds that [SAFETEA-LU, subsection 4404(b) expressly accords to the Alaska Legislature the ability to by-pass the redesignation requirement of 23 U.S.C. subsection 134 (d)(5) that specifies that

redesignation of MPO's can occur only with the agreement of the Governor and the affected local government.." He opined that the legislature has the power to create the policy board in the way that it chooses. He said SAFETEA-LU only gave this power to the legislatures of Alaska and Hawaii. He said the repeal of AS 19.20.210 as proposed in SB 263, is within the legislature's power. He said the legislature may remove all standards and modify the policy board. The outcome of Case No. 3AN-05-8951 Cook Inlet was that both parties (the State of Alaska and the Municipality of Anchorage) decided they would not follow AS 19.20.210. However, he emphasized that according to the law, the legislature does have the power to designate and remove the policy board requirements. Removing AS 19.20.210 would remove the legislature's power to create and designate the policy boards.

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CHAIR KAUFMAN opened public testimony on SB 263; finding none he closed public testimony.

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MR. MILLS said it was clear that SB 263 demonstrates the effort to do right by DOTPF and the state. He noted that there are many legal considerations. He said DOTPF looks forward to providing more information to the committee as the sponsor of SB 263.

CHAIR KAUFMAN instructed DOTPF to submit any further points to the committee.

[2:29:20 PM](#)

CHAIR KAUFMAN [held SB 263 in committee].

[2:29:34 PM](#)

At ease

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

[2:30:20 PM](#)

CHAIR KAUFMAN reconvened the meeting and announced the consideration of 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."

[2:30:43 PM](#)

REPRESENTATIVE KEVIN MCCABE, District 30, Alaska State Legislature, Juneau, Alaska, sponsor of HB 395, paraphrased the sponsor statement.

[Original punctuation provided]

House Bill 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.

**SPONSOR STATEMENT**

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, Totatlanika, 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.

[2:33:15 PM](#)

REPRESENTATIVE MCCABE said the legislature is required by law to initiate the process anytime there is a land transfer from the Alaska Railroad Corporation (ARRC). ARRC and the purchaser negotiate the price and pay any costs associated with the transaction. He said the City of Nenana has more invested in this property than just the boat launch. There is a gravel pit, storage areas for logs and railroad materials and the railroad depot, which belongs to Nenana, but is on ARRC land. He said they have a number of projects they are managing now on that land. ARRC seems amenable to the purchase of the land by Nenana.

[2:34:58 PM](#)

JULIE MORRIS, Staff, Representative Kevin McCabe, Alaska State Legislature, Juneau, Alaska, provided the sectional analysis for HB 395.

[Original punctuation provided]

#### **House Bill 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.

#### **Sectional Analysis**

**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).

[2:36:07 PM](#)

JOSH VERHAGEN, Mayor, City of Nenana, Nenana, Alaska, said this is a significant project that will make a huge impact on the future of the community of Nenana. He appreciated ARRC for their communication and cooperation. He said the goal of HB 395 is for Nenana to acquire land that is not used for ARRC operations but comprises most of the waterfront property surrounding Nenana and has been developed by the City of Nenana and its sub-lessees. The City of Nenana is currently in the midst of a 55-year lease with ARRC for approximately 188 acres of land. There are thirteen years left on the lease. He said Neana is one of the

few inland ports in Alaska and has a long history of barging. He listed items that are on the property including buildings and businesses, offices, a warehouse, the wastewater treatment facility, gravel processing, storage facility for barge operations, etc. He described the infrastructure and development that has already occurred, and projects and investments planned for the future. He said there is interest from investors representing a broad range of business and industry and some potential investors have hesitated because the City of Nenana does not own the land. Nenana has put about \$29 million into the port land. He said the lease states that Nenana has the first right of refusal if the land were to be offered for sale, though ARRC has never done so. He spoke about past efforts to allow the purchase and transfer of the property from the railroad to Nenana. He appreciated the efforts to bring HB 395 forward.

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MR. VERHAGEN said Nenana has eliminated ninety-five percent of \$10.5 million in debt over the past six years. Debt to ARRC is the only remaining debt Nenana has. HB 395 would help eliminate the debt. He noted that HB 395 is not a request for funds and there is no fiscal note attached. Nenana intends to work out the purchase details with ARRC. He said investors in Nenana will be part of the purchase agreement with ARRC. He said Nenana is working hard to become self-sufficient and sustainable. These economic development projects will help provide jobs, housing and revenue the community needs. He said the land will benefit the community and turn the tide for Nenana's economic future.

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SENATOR MYERS asked, assuming HB 395 passes during the current session, when the sale will be completed.

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MEGHAN CLEMENS, Director, External Affairs, Alaska Railroad Corporation, Anchorage, Alaska, answered that she was hesitant to put a timeline on the sale. She noted essential steps of the process:

- staff review and discussions with the purchasing entity; she said this has begun with Nenana
- legislative approval
- survey of the land
- appraisal of the land
- determining whether Nenana will move forward with purchase
- ARRC Board of Directors review for approval
- Multi-step fair market value purchase process

Given these steps, she said a couple of years would be a fair expectation. She requested input from Christy Terry.

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CHRISTY TERRY, Vice President of Real Estate, Alaska Railroad Corporation, Anchorage, Alaska, concurred with the timeline and the representation of the steps required to complete the transaction. She mentioned that the ARRC board would need to determine that the land is not necessary for railroad purposes. She said ARRC has worked with Nenana to be sure the property description is very specific, and that the sale is in the best interest of the state.

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REPRESENTATIVE MCCABE said one of potential Nenana investors was especially inspiring to him. The investor's business manufactures modular homes which can be assembled in about five days. He said this seemed like an exciting win-win to address the need for housing in the villages. He noted with the airport, the railroad and the Parks highway, Nenana seems like a nexus for good things.

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CHAIR KAUFMAN held HB 295 in committee.

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There being no further business to come before the committee, Chair Kaufman adjourned the Senate Transportation Standing Committee meeting at 2:48 p.m.