

**SB**

**2009**

During Session, January - May:  
State Capitol, Room 115  
Juneau, Alaska 99801  
(907) 465-2095  
465-3810 FAX



During Interim, June - December:  
716 W 4th Ave, Suite 520  
Anchorage, Alaska 99501  
(907) 269-0240  
269-0242 FAX

Senator Loren Leman

## Sponsor Statement for SSSB 209 Railroad Leases

**An Act relating to authorizing the Alaska Railroad Corporation to lease land within certain terminal reserves for a period of up to 55 years.**

SSSB 209 extends the length of time the Alaska Railroad Corporation (ARRC) can lease lands within its Anchorage, Fairbanks, Seward and Healy Terminal Reserves from the current 35 years to 55 years.

This change in statute will help cultivate economic development in communities along the Railbelt by making commercial and residential development on Alaska Railroad lands more viable.

On any existing ARRC lease with a term longer than 35 years, an option to extend leases beyond that time includes a termination clause. This clause allows the ARRC to terminate any lease after 35 years in the event the land is needed for railroad purposes.

While the 35-year lease limit is adequate for most of ARRC's tenants, it is an obstacle in leasing lands to large commercial and residential developers who need to secure long-term financing for their investments. Financial lenders are reluctant to invest in large-scale projects requiring substantial equity participation when there is no guarantee the land will be available beyond 35 years.

The 35-year lease limit and termination clause restrictions have prevented commercial as well as residential development on ARRC lands. For example, Anchorage Neighborhood Housing, Inc. is working on the development of a 20-unit senior housing complex on ARRC property located in the Government Hill area. Housing for this project would be developed using Housing and Urban Development (HUD) 202 senior housing funds. However, HUD requires a 50-year lease period.

SSSB 209 will promote economic development and job opportunities for Alaskans by allowing greater flexibility in developing real estate in many railbelt communities. It will also make ARRC's leasing practices more consistent with other state agencies. Both the University of Alaska and the Department of Natural Resources can lease land for up to 55 years.

The proposed extension of allowable lease term is supported by the following businesses, individuals and organizations: Anchorage Historic Properties, Anchorage Neighborhood Housing Services, Mel Tipton (Ship Creek tenant and commercial developer), Seward Ship's Drydock, Inc., Doel Engineers, Northrim Bank, AIDEA, Yukon Fuel, Kantishna Holdings, Inc., A&A Construction and Development, Inc., the Anchorage Chamber of Commerce, City of Seward, Anchorage Assembly, and Fairbanks Chamber of Commerce.

Released: January 22, 2002  
Contact: Whitney Highland, Legislative Aide to Senator Loren Leman, at (907) 465-3712

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Senator Loren Leman

**MEMORANDUM**

**TO:** Senator John Cowdery  
Senate Transportation Committee Chairman

**FROM:** Senator Loren Leman, Sponsor *Loren Leman*

**DATE:** January 23, 2002

**RE:** Scheduling a hearing for SSSB 209  
Legislative Approval of Railroad Leases

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Please schedule a hearing for SSSB 209: Legislative Approval of Railroad Leases on Thursday, January 31. This is the only opportunity for the primary witness on this bill to testify in person before the committee, as she will be in Juneau for a concurrent House Transportation Committee hearing.

SSSB 209 will extend the length of time the Alaska Railroad Corporation can lease lands within its Anchorage, Fairbanks, Seward and Healy Terminal Reserves from the current 35 years to 55 years. This change in statute will help cultivate economic development in communities along the railbelt by making commercial and residential development on Alaska Railroad lands more viable.

Attached is a copy of the bill and sponsor statement. Whitney Highland in my office will provide the packet information at your request. Please contact her at X3712 with any questions you have regarding this matter.



250 Cushman Street, Suite 2D  
Fairbanks, AK 99701-4665  
Phone: 907-452-1105  
Fax: 907-456-6968  
e-mail: staff@fairbankschamber.org  
website: www.fairbankschamber.org

# Fax

To: Senator Cowdery From: Anna Atchison  
Committee & Event Coordinator

Fax: 465.2069 Pages: 3

Phone: Date: January 31, 2002

Re: SB 209 Hearing CC:

● Comments:

Dear Senator Cowdery:

We understand that as Chair of the Senate Transportation Committee you will be hearing testimony on SB 209 today, and we ask that you please consider the attached resolution of support.

Thank you for your time,

Anna

- Benefactors
- Alaska Airlines
- Alaska Communications Systems
- Alaska Railroad
- Alaska Pipeline Service Company
- AT&T Alascom
- BP Exploration (Alaska) Inc.
- Capt. Bartlett Inn
- Denali State Bank
- Design Alaska
- Fairbanks Building & Construction Trades Council "The Unions"
- Fairbanks Natural Gas, LLC
- Fairbanks Urgent Care Center
- First National Bank of Anchorage
- Flowline Alaska
- Fort Knox Mine
- Golden Heart Utilities
- Golden Valley Electric Association
- K's Janitorial
- Key Bank of Alaska
- Mt. McKinley Bank
- North Star Computing
- Northrim Bank
- Phillips Alaska, Inc.
- Santina's Flowers & Gifts
- Tanana Valley Clinic
- Third Sector Technologies
- Totem Ocean Trailer Express
- Usibelli Coal Mine
- WebWeavers, LLC
- Wells Fargo
- Wendy's
- Westmark Fairbanks Hotel & Conference Center
- Williams Alaska Petroleum



**GREATER \* FAIRBANKS  
CHAMBER  
OF COMMERCE**

250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665  
phone: (907) 452-1105, fax: (907) 456-6968

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website: [www.fairbankschamber.org](http://www.fairbankschamber.org)

Introduced By: Governmental Affairs  
Other Review: Transportation  
Date Introduced: November 5, 2001  
Date Passed: December 10, 2001  
Date Transmitted: December 11, 2001

**RESOLUTION 01-1210**

**A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF  
COMMERCE SUPPORTING LEGISLATION AUTHORIZING THE  
ALASKA RAILROAD TO LEASE LAND FOR 55 YEARS**

**WHEREAS** legislation authorizing the Alaska Railroad Corporation (ARRC) to lease land for 55 years will cultivate economic development in Alaska communities along the railbelt by making commercial and residential development on ARRC lands more feasible; and

**WHEREAS** ARRC's current statutory limit is a 35-year lease. Proposed legislation would amend AS 42.40.285 (4) enabling the Alaska Railroad Corporation (ARRC) to lease lands within its Anchorage, Fairbanks, Seward and Healy Terminal Reserves for up to 55 years rather than 35 years without first gaining legislative approval; and

**WHEREAS** today, ARRC can extend leases beyond 35 years subject to a termination clause defined by AS 42.40.285 (4). The clause states ARRC can terminate any lease with a term in excess of 35 years in the event the land is needed for railroad purposes after the initial 35 years; and

**WHEREAS** financial lenders are reluctant to lend on large-scale projects requiring substantial equity when there is no guarantee the land will be available beyond 35 years; and

**WHEREAS** ARRC's statutory constraints limit the ability for developers of large-scale commercial and residential projects to secure financing because certain banking regulations require ground lease maturity to exceed loan maturity by 10 years; and

**WHEREAS** when developers provide significant infrastructure or operational improvements, it is beneficial to have a lengthened lease term allowing companies to amortize debt over a longer span of time; and

**WHEREAS** increasing the lease term to 55 years would increase financing options and, therefore, investor interest; and

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e-mail: [staff@fairbankschamber.org](mailto:staff@fairbankschamber.org)  
website: [www.fairbankschamber.org](http://www.fairbankschamber.org)

**WHEREAS** this change would result in increased business activity on railroad property by making improvements more attractive to investors/users. This also creates long term benefits to the surrounding communities by providing an economic and tax base; and

**WHEREAS** the proposed legislation would make ARRC's leasing practices more consistent with other state agencies. The University of Alaska and the Department of Natural Resources can both lease land for up to 55 years:

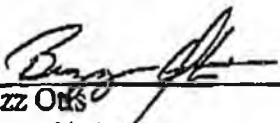
**NOW THEREFORE BE IT RESOLVED** that the Greater Fairbanks Chamber of Commerce views legislation authorizing ARRC to lease land for 55 years as an important step toward promoting economic development in railbelt communities where certain high value Railroad lands are currently underdeveloped.

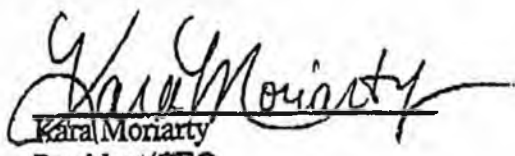
**BE IT FURTHER RESOLVED** that the Greater Fairbanks Chamber of Commerce supports and seeks to assist ARRC in obtaining legislative approval to lease land for up to 55 years in its Seward, Anchorage, Healy and Fairbanks Reserve Lands.

**BE IT FURTHER RESOLVED** that this resolution be distributed to:

Governor Tony Knowles  
Interior Delegation  
Senator Loren Leman  
Alaska Railroad Corporation

**PASSED** in Fairbanks, Alaska this 10th day of December, 2001 by the Greater Fairbanks Chamber of Commerce Board of Directors.

  
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Buzz Ous  
Board Chair

  
\_\_\_\_\_  
Kara Moriarty  
President/CEO

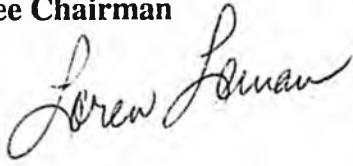
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## Senator Loren Leman

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Released: January 22, 2002  
Contact: Whitney Highland, Legislative Aide to Senator Loren Leman, at (907) 465-3712

**Subject: Fiscal Note**

**Date:** Fri, 25 Jan 2002 12:14:45 -0900

**From:** Donald Smith <Donald\_Smith@legis.state.ak.us>

**Organization:** Alaska State Legislature

**To:** Shari\_Kochman@gov.state.ak.us

Sheri,

The Senate Transportation Committee will be hearing SS SB 209 - An Act relating to authorizing the Alaska Railroad Corporation to lease lands within certain terminal reservations for a period of up to 55 years. I would like to request a fiscal note.

Thank you.

Don Smith  
Legislative Aide - Senate Transportation Committee