

**SB**

**86**

<TARGET><BILL>SB 86</BILL><SUBJECT>SB  
86</SUBJECT><COMM>HL&C30</COMM></TARGET>

# Alaska State Legislature

Senate Majority Leader

Joint Armed Services Committee

Co-Chairman

Judiciary Committee

Vice-Chairman

Resources Committee

State Affairs Committee

Legislative Council

Rules Committee



Senator John Coghill

Session Address:  
State Capitol, Room 119  
Juneau, AK 99801-1182  
(907) 465-3719  
Fax (907) 465-3258

Interim Address:  
1292 Sadler Way, Suite 340  
Fairbanks, AK 99701  
(907) 451-2997  
Fax (907) 451-3526  
877-465-3719

[www.aksenate.org](http://www.aksenate.org)



## MEMORANDUM

Date: April 11, 2015

To: Senator Sam Kito, Chairman  
House Labor & Commerce Committee

From: Senator John Coghill *JBC*

Re: Request for Hearing of SB 86 – Alaska Railroad Land Disposal Bill

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I am requesting a hearing for SB 86, *"An Act relating to the sale or other disposal, leasing, or encumbrance of Alaska Railroad Corporation land; relating to the financing and bonding authority of the Alaska Railroad Corporation; and providing for an effective date."* at your earliest convenience. I have attached the backup information for the bill.

Thank you for your consideration.

# 30<sup>th</sup> Alaska State Legislature

Judiciary Committee  
Chairman  
Resources Committee  
Vice-Chair  
Education Committee  
Vice-Chair  
State Affairs Committee  
Select Committee on Legislative  
Ethics  
Joint Armed Services Committee



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## Senate Bill 86 Alaska Railroad Corporation Land Sales

### SPONSOR STATEMENT

SB 86 creates a pilot project to allow the Alaska Railroad Corporation to manage their non-corridor real estate portfolio and enhance their ability to be self-sustaining as required by state statute.

The bill repeals the current requirement for legislative approval prior to an Alaska Railroad Corporation (ARRC) land sale or land lease for more than 95 years and enables the ARRC to react much more quickly and efficiently to real estate opportunities and land transactions with state entities such as DOTPF for state road and facility projects.

SB 86 will put ARRC on an even playing field with the Department of Transportation and Public Facilities (DOTPF), the Department of Natural Resources (DNR), the Alaska Mental Health Lands Trust, and the University of Alaska. Sale of land would include reversion of subsurface rights to DNR.

The bill would enable ARRC to sell land on which development would not occur with a land lease such as real estate in residential areas that could be subdivided for home construction. Such an incentive could increase private land ownership, encourage private development, and increase the local tax base.

SB 86 will allow ARRC to monetize non-performing land assets, generate cash flow to respond to opportunities in the real estate market, enhance the overall real estate portfolio of ARRC, and enable ARRC to continue to comply with the statutory mandate to remain self-sufficient.

The bill allows sale of railroad land that is not needed for railroad purposes and sales that are in the best interest of the state. The bill establishes a 90-day timeline to exercise first right of refusal but provides for written refusal prior to the deadline to shorten the process for a sale. It requires a 60-days public notice process which includes notification of adjacent landowners. SB 86 has a three-year sunset provision.

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# ARRC Contact Information

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## Alaska Railroad Real Estate Department

### Address

**Mailing:** P.O. Box 107500, Anchorage, Alaska 99501

**Office:** 327 West, Ship Creek Avenue, Anchorage

### Phone

**Leasing:** (907) 265-2325, or (907) 265-2466

**email:** HalJ@akrr.com

## Our Board of Directors



ARRC's Board of Directors pictured left includes public and commercial representatives who establish ARRC policy and approve leases. L to R: Governor Bill Sheffield, Marc Luiken, John Binkley, Chris Hiadick, Linda Leary (Board Chair), Jon Cook, and Jack Burton.





## **“An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land”**

### **Benefits**

- **ARRC**
  - ARRC will be able to monetize non-performing land assets such as remote areas, unusable small or irregularly shaped parcels or parcels subject to long-term leases that are generating below-market rent due to rent caps.
  - Monetizing non-performing real estate assets will allow investments in real estate infrastructure that will enhance the overall value of the ARRC real estate portfolio.
  - ARRC will be able to react much more quickly with respect to real estate opportunities that could potentially be funded by sale or encumbrance of ARRC land. Under the current situation, delays due to waiting for legislative approval can reduce the benefits of such transactions or completely scuttle or prevent prospective deals.
  - Efficient sales and encumbrances of ARRC land will generate cash flow to respond to opportunities in the real estate market and ensure ARRC complies with its mandate to be self-sufficient.
  - ARRC will be more efficient in engaging with land exchanges with other State entities, such as the DOT-ARRC land exchange currently being discussed.

### **Additionally potential beneficiaries:**

- **LOCAL GOVERNMENT:**
  - Sale of ARRC land could increase private development and will increase local tax base.
- **ARRC CUSTOMERS:**
  - Existing ARRC customers acquiring land would benefit from elimination of rental payments and ARRC lease administration.
- **PUBLIC:**
  - Sale of ARRC land will provide the opportunity for individuals to acquire investment and recreational property promoting economic growth and development.
  - Sale of ARRC land will benefit its shareholder, the State of Alaska.



## **“An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land”**

### **Overview**

Senate Bill 86 will change the current requirements under AS 42.40.285 to authorize the Alaska Railroad Board of Directors (ARRC Board) to sell, dispose of and encumber the entire interest of the Alaska Railroad Corporation (ARRC) in its land, and to issue leases of more than 95 years, without authority from the Alaska State Legislature (Legislature) and the Governor of Alaska (Governor).

This legislation will allow the ARRC Board to streamline real estate transactions and make decisions in a timely manner as to whether the sale or other disposal of ARRC property, or leases longer than 95 years, are in the best interest of ARRC. This is the same ability held by other state entities such the Department of Transportation and Public Facilities (DOT&PF), the Department of Natural Resources (DNR), the Alaska Mental Health Lands Trust, and the University of Alaska.

SB 86 will allow ARRC to work more efficiently with those same state entities, particularly DOT&PF, on land sales or exchanges needed for state road or facility projects. It will also allow ARRC to monetize non-performing land assets, generate cash flow to respond to opportunities in the real estate market, and enhance the overall real estate portfolio while complying with the statutory mandate to remain self-sufficient.

In 1985, the federal government transferred land reserves of approximately 36,000 acres to ARRC in order to provide the land base to build infrastructure for transportation services and to generate revenue. Approximately 18,000 acres are devoted to railroad right-of-way and operations, such as rail yards. The remaining 18,000 acres are available for lease, permit, sale or exchange.

Since transfer, ARRC land holdings have been very important to fulfilling the statutory mandate to remain self-sufficient. In 2015, real estate leasing revenues provided 15% of operating revenues and more than 80% of corporate net income. Proceeds from leasing and permitting have provided a steady, reliable source of funds to invest in capital projects that do not qualify for federal funding and to provide a buffer for lean years when train operations revenues do not cover expenses.

The ARRC Board consists of seven members appointed by the Governor: four public members, two state commissioners, and one ARRC employee member. All decisions to lease or sell land occur in publicly noticed and open meetings.

# ALASKA RAILROAD

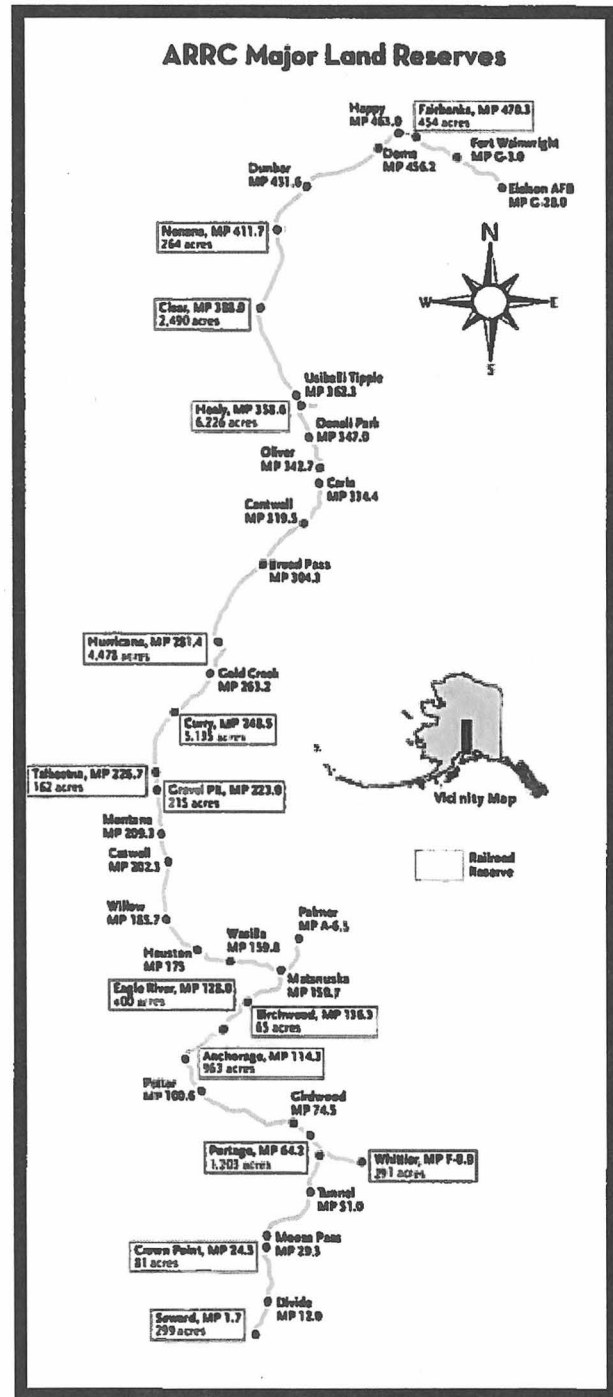
## “An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land”

### Alaska Railroad Real Estate

In 1985, the federal government transferred land reserves of approximately 36,288 acres to ARRC in order to provide the land base to build infrastructure for transportation services and to generate revenue. As part of the legal structure for ARRC, established by the Alaska State Legislature in the Alaska Railroad Corporation Act (ARCA), ARRC is only allowed to lease, for up to 95 years, or permit land but is prohibited from selling land without the approval of the Legislature and Governor.

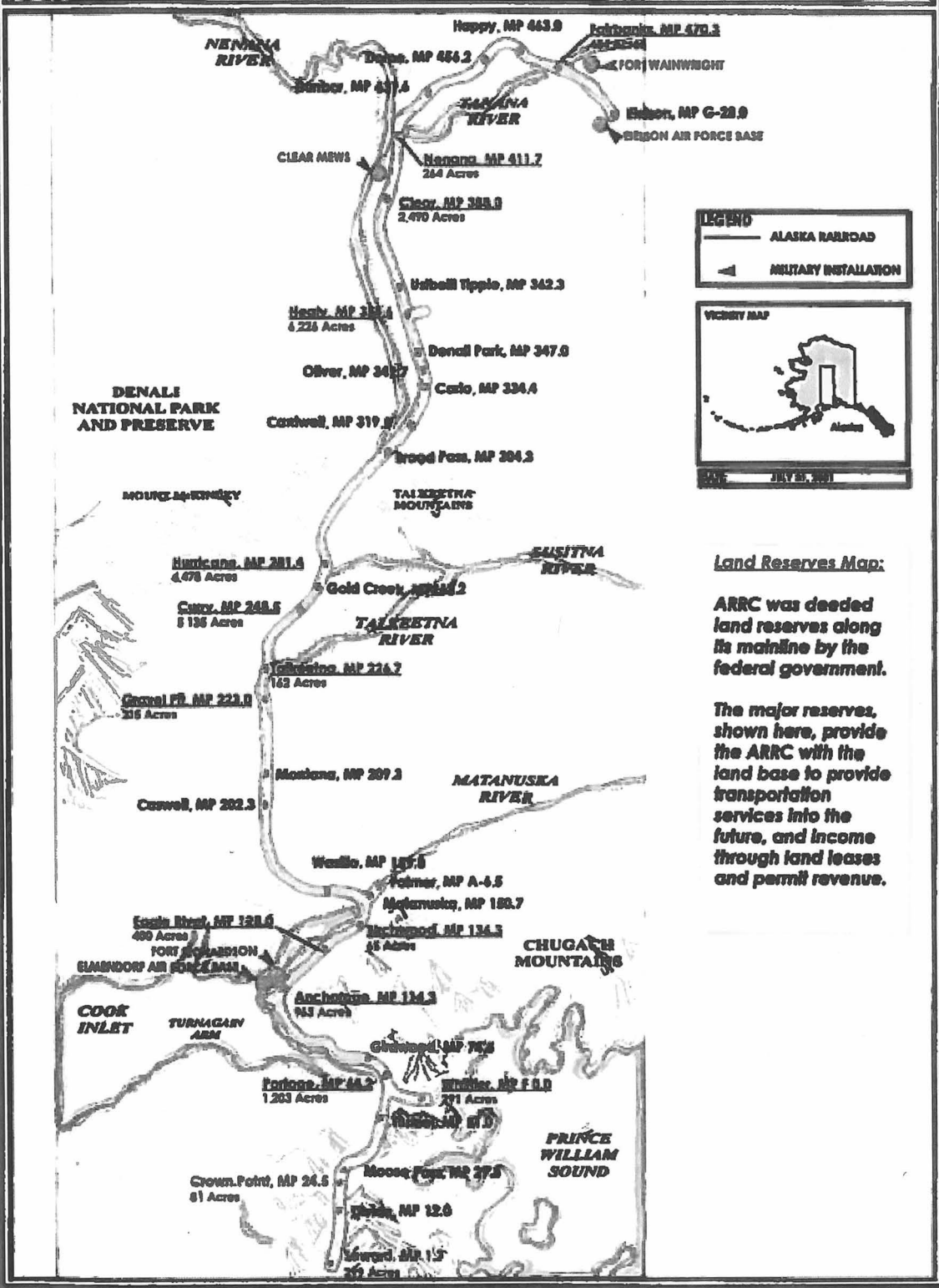
In addition to the right-of-way (ROW) that typically extends 100 feet on either side of the track, ARRC also owns land reserves in Seward, Crown Point, Portage, Whittier, Anchorage, Birchwood, Eagle River, Talkeetna, Curry, Hurricane, Healy, Clear, Nenana, Fairbanks, and Valdez. (See Map) Of this land, roughly 4,520 acres (12%) are devoted to the track bed and ROW and another 13,738 acres (38%) are used for railroad operations, such as rail yards in Seward, Anchorage, Whittier and Fairbanks. The remaining 17,970 acres (50%) are available for lease or sale, subject to the restrictions noted above.

Real estate has been very important to fulfilling the statutory mandate for ARRC to remain self-sufficient. In 2015, real estate leasing revenues provided 15% of operating revenues, excluding grants. More than 80% of corporate net income is derived from real estate.





# ALASKA RAILROAD MAJOR LAND RESERVES



**LEGEND**

ALASKA RAILROAD

MILITARY INSTALLATION

**VICTORY MAP**

DATE: JULY 25, 2001

**Land Reserves Map:**

ARRC was deeded land reserves along its mainline by the federal government.

The major reserves, shown here, provide the ARRC with the land base to provide transportation services into the future, and income through land leases and permit revenue.

# **ARRC Land Use**

## **Planning for the Long Term**

As a state-owned entity, many of ARRC's land management policies are dictated by Alaska statutes. For example, ARRC is prohibited from selling, exchanging, or otherwise conveying a complete interest in its land.

However, ARRC may lease non-operating lands for up to 35 years as a source of funds for sustaining the railroad's transportation assets. Lease terms are intended to ensure that the railroad can meet and balance its changing transportation and land use needs over time. In several specific areas, such as in Fairbanks, Seward, and the Ship Creek redevelopment sites in Anchorage, an extension of these lease terms to 55 years is under consideration.

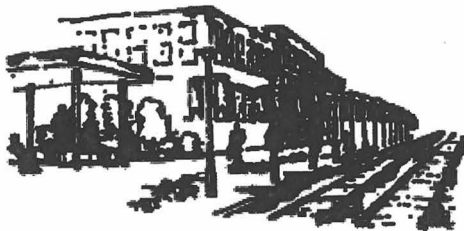
ARRC has approximately 275 long term leases, and a history of successful relationships with communities and businesses throughout the

years. In a number of communities, ARRC has endeavored to plan for the highest and best uses of specific areas, and has made capital improvements that support area-specific public and economic objectives. Recent examples of this in Anchorage include the Ship Creek Development Master Plan, and pedestrian safety improvements in the rail depot area.

In general terms, ARRC recognizes four classifications of land uses that have specific characteristics, infrastructure needs, and future land use goals. The main classification, Rail Right-of-Way and Operating Lands covers fifty percent of ARRC's lands. These lands are dedicated to rail-specific and transportation uses, as described below.

Lease lands are considered "non-operating" and generally host three categories of use, as described on page 4:

- **Commercial-Industrial Activities;**
- **Passenger Related / Tourism Uses; and**
- **Commercial Mix / Redevelopment Uses.**



## **Rail Right-of-Way and Operating Lands**

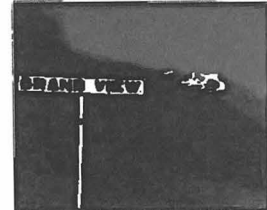
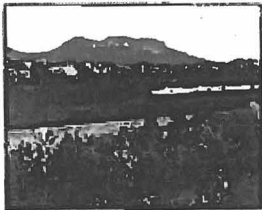
Half of ARRC's land is dedicated to supporting and maintaining the corporation's primary activity-freight and passenger transportation services. Although modern transportation technology allows for more efficient use of these lands, unforeseeable future demands must be met by their use.





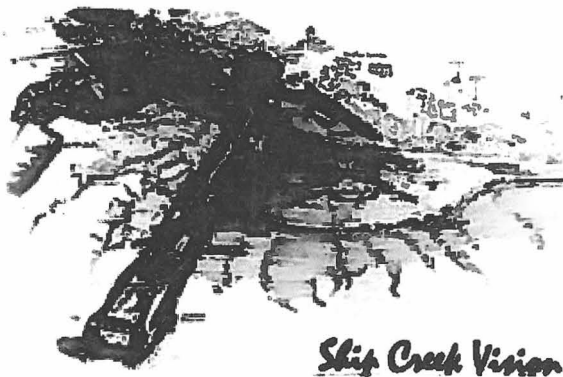
## Commercial-Industrial Activities

Industrial and commercial uses are well served by locating next to rail corridors and rail port junctions. ARRC appreciates the needs of its business partners, and seeks to maintain access, transportation links, and delivery systems that help its partners to succeed and grow.



## Passenger Related / Tourism Uses

ARRC's passenger service provides access to spectacular scenery and the state's railbelt communities. Growth in the tourism sector means significant co development opportunities for strategic ARRC lands including retail and resort uses. New transportation services developed by ARRC in the future-including rail service connecting the airport to downtown Anchorage-will create additional development opportunities.



*Ship Creek Vision*

## Commercial Mix / Redevelopment

ARRC recognizes the untapped potential of some of its highly visible vacant and/or underdeveloped lands. Anchorage's waterfront along Ship Creek and the Chena Landings area in Fairbanks are examples of priority areas for mixed use redevelopment. ARRC planning efforts for these areas are ongoing and have attracted significant community interest.

# Lease Process & Timeline

## Working with ARRC

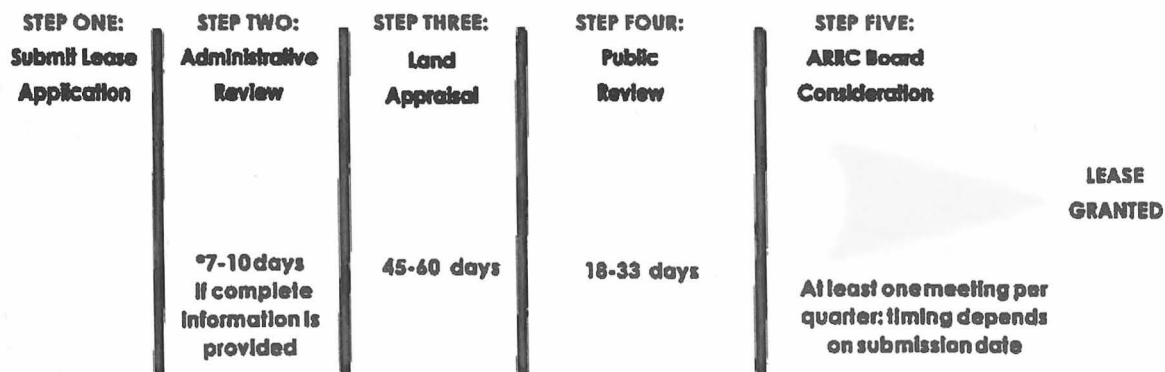
As a state-owned corporation, ARRC has a fair and open process for establishing leases. The key steps in this process, which can take two months or more to complete, are as follows:

### Five Steps to Leasing

- 1. Submit lease application.** Completely fill out all information called for by ARRC in the lease application packet, and submit with a \$500 non-refundable administrative fee (subject to change).
- 2. Administrative review.** ARRC's Real Estate Department performs a credit check, conducts a business plan review, and verifies that the information provided in the application is complete.
- 3. Land Appraisal.** ARRC hires an independent appraiser to assess the fair market value of the land for lease to establish the lease rent.
- 4. Public Review.** As a public entity, ARRC must advertise the proposed lease, and allow time for public comment prior to Board Approval of the lease.
- 5. ARRC Board of Directors Consideration.** The ARRC Board of Directors meets at least quarterly, and at that time considers all leases that have been through the administrative review process. After approval, the lease is finalized through ARRC's legal department and executed.

### Lease Application Timeline

Below is a typical timeline for ARRC's lease application process. Some applications may take three to four months to finalize because of the public-owned corporation's stringent requirements.



\* Application processing is most often delayed by incomplete information.

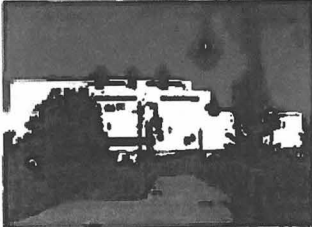
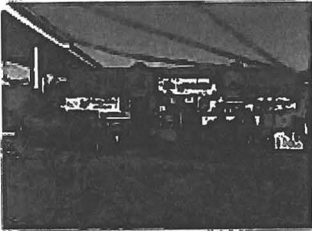
## ARRC: A State-Owned Asset

As a public entity, ARRC is required to provide public notice regarding proposed leases and land use changes.

ARRC leases are subject to federal, state, and local regulations (i.e., zoning, environmental laws, etc.), and property taxes.



Above: In some cases, such as during this Ship Creek public workshop, planning efforts between ARRC and the local community help determine the best outcome for all interested parties.



Above: Businesses leasing sites from the Alaska Railroad own and sell their improvements. The photos above show the many diverse businesses supported by ARRC lands in the Ship Creek area.

# Commercial Leases

## Application Information Requirements

The following information must be submitted for a lease request to be considered. All financial information supplied to the ARRC will be stamped "Confidential" and will not be released for public scrutiny under applicable Public Records statutes.

### EXISTING BUSINESSES

#### Sole Proprietorship

- Lease application
- Credit application
- Personal guaranty
- Statement of business purpose, prior experience of management or business owners
- Business financial statements: last two years plus most recent (signed and dated)
- Business tax returns: last two years
- Business license
- Written explanation of any significant financial changes over the last two years

#### Partnership

- Lease application
- Credit application
- List of partners and percentage of ownership
- Social Security Numbers of partners
- Statement of business purpose, prior experience of management or business owners
- Business financial statements: last two years plus most recent (signed and dated)
- Business tax returns: last two years
- Business license
- Written explanation of any significant financial changes over the last two years

#### Corporation

- Lease application
- Credit application
- Personal guaranty
- List of shareholders and percentage of ownership
- Statement of business purpose. Prior experience of management or business owners
- Business financial statements: last two years plus most recent (signed and dated)
- Business tax returns: last two years
- Business license
- Written explanation of any significant financial changes over the last two years
- If this information has been submitted within the past year, please submit updated information only.

### NEW BUSINESSES

- Lease application
- Credit application
- Personal guaranty
- List of partners or shareholders and percentage of ownership
- Statement of business purpose, prior experience of management or business owners
- Pro forma two-year income statement
- Pro forma two-year balance sheet
- Business plan available

## Examples of Public Entity Leases

### Municipality of Anchorage

- Tony Knowles Coastal Trail, 2.18 acres
- Greenbelt lease, 30 acres
- Residential lease lot, <1 acre for two original ARRC houses donated to MOA

### City of Whittier

- 160 acres (revenue sharing agreement for subleases executed by City of Whittier)

### City of Palmer

- City Park and depot site, 3.5 acres

### City of Wasilla

- Depot site, 0.5 acres

### Matanuska Susitna Borough

- Parking lot and town square, 1.5 acres in Talkeetna
- Flood control project, 20.12 acres
- Chase Trail

### Denali Borough

- Otto Lake Park, 13 acres

### City of Nenana

- ARRC depot building, section house and other buildings donated to city.

### Department of Natural Resources

- Tri Valley Cemetery in Healy, 6 acres
- Talkeetna boat launch, 10 acres
- Potter Historic Site

### DOT/PI

- Whittier, Healy, Seward Airports, approximately 85 acres total
- Whittier Alaska Marine Highway Terminal, 3.3 acres
- Fairbanks Geist Road Project, approximately 50 acres total

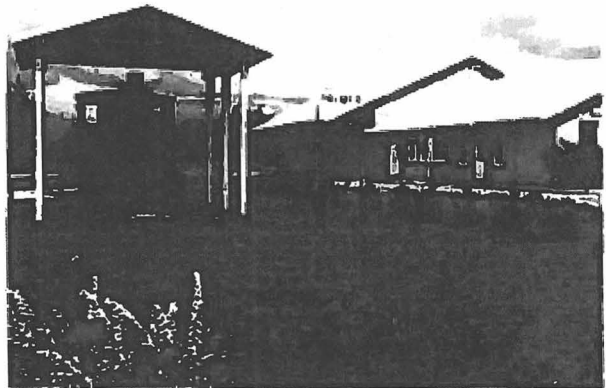
## Public Leases

### Working with Communities

ARRC has always been a good corporate citizen by leasing and permitting a portion of its properties to government entities at under fair market value for public interest land uses.

ARRC currently has over twenty contracts to public entities for various land uses which cover more than 575 acres of land (this total does not include permits to State DOT and the various local communities for roads, crossings, and a multitude of utilities).

Communities interested in working with ARRC should contact the Real Estate Department to initiate negotiations.



Above: ARRC has provided leases to railbelt communities, such as Nenana (pictured top) for public interest uses. The flower gardens outside the Palmer Depot (pictured above) are an example of a public lease.

# Development Opportunities

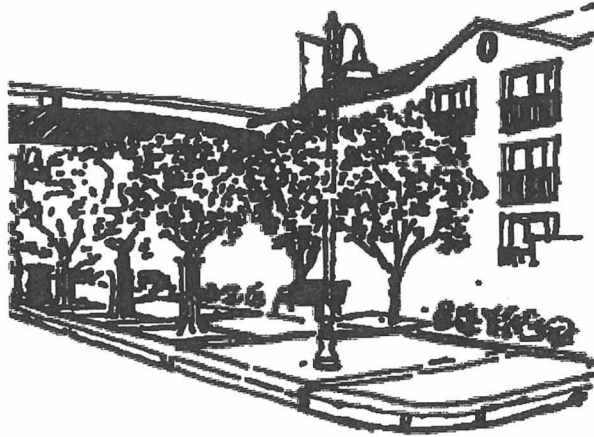
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## ARRC Looking to the Future

ARRC is steward of some of Alaska's most visited and visible lands. For example, more than half a million rail passengers travel through the Anchorage depot annually.

Some prime ARRC lands have significant untapped potential, which the corporation seeks to demonstrate to developers and the public. Areas with exciting mixed development opportunities at present include Anchorage's Ship Creek, Chena Landings along the Fairbanks riverfront, the Seward waterfront, and land adjacent to the Seward Airport.

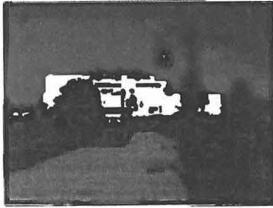
As Alaska grows, ARRC seeks to attract the kind of developers and business partners that will continue to improve our economy, our visitor industry, and our communities' quality of life.



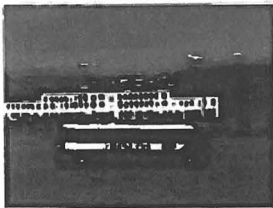
Above: The Comfort Inn along Anchorage's Ship Creek is one example of development that takes advantage of tourism opportunities in a growing market.

# Ship Creek

## Transportation-Oriented Development on Anchorage's Waterfront

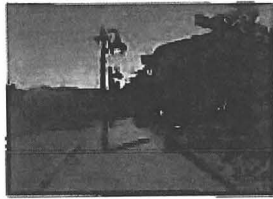


Anchorage's urban waterfront has been identified by the public and the Railroad as a priority area for economic redevelopment. Lower Ship Creek Valley represents what is unique to Anchorage—its spectacular setting, its economic and industrial activities, its tent city heritage, and its people and cultures, past and present.



Public investment and improvements are under way in the area to support successful redevelopment:

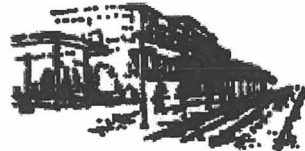
- New Intermodal Facility - ARRC's historic Depot is being upgraded to host rail service from the airport to downtown, and potentially, commuter service.
- Intermodal facility co-development of parking and an enclosed pedestrian connection to downtown featuring business nodes and atriums is partially funded.
- ARRC is investing in pedestrian amenities to support year-round access, along with a strong sense of area identity and safety.
- Ship Creek access and trail improvements are funded to enhance recreational use of the area.
- Public investments are under way to improve area roads, the port, and other access infrastructure.
- Potentially, a new Anchorage Civic and Convention Center, could bring new activity and investments into the area.



Prime parcels located around the rail depot, Intermodal Facility, and south of Ship Creek provide an immediate opportunity for development. ARRC has performance-oriented design guidelines for these redevelopment sites which allow flexibility, yet also to give ARRC and developers improved economic returns over the long-term, while protecting the state's interests and helping Anchorage to realize its desire for quality waterfront development.

### Key Features:

- Adjacent to downtown
- Waterfront access, scenic views
- Improved Intermodal Facility with rail, pedestrian, and bus access
- Future airport to downtown and commuter service
- Planned for quality development



*Seattle's Pike Street Market points to the potential of Anchorage's urban waterfront.*



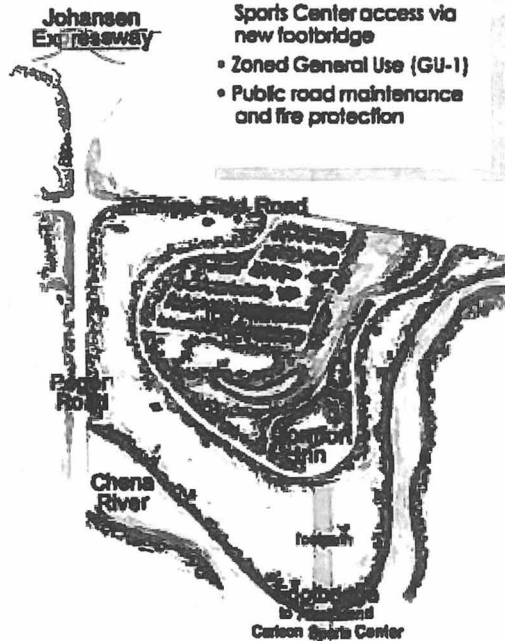
# Chena Landings

## Fairbanks Riverfront Development

ARRC's Chena Landings is located on the riverfront in the heart of Fairbanks. Easy access and visual exposure from major roads (the Johanson Expressway and Peger Road) is complemented by direct pedestrian access over a new bridge to Alaskaland and the Carlson Sports Center.

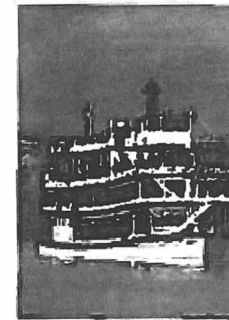
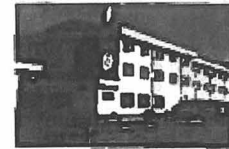
Leases are available on 50+ acres with good drainage and level topography. The area is zoned General Use (GU-1) and is served by public fire protection and road maintenance.

One mile northwest of downtown, Chena Landing's visibility and easy access could support a retail outlet, or large department store. Co-development with the existing Comfort Inn, the Ice Alaska Championship Ice Carving Event, or with the nearby Alaskaland and the Carlson Sports Center, could take advantage of the riverfront's tourism potential.



### Key Features:

- Riverfront setting
- Visual exposure to/from Johanson Expressway
- Alaskaland and Carlson Sports Center access via new footbridge
- Zoned General Use (GU-1)
- Public road maintenance and fire protection



# Seward's Waterfront

## Tourism and Industrial Sites

Tourism and industrial uses are both in full swing at the Railroad's terminus on the Seward waterfront. As the gateway to the Kenai Fjords National Park, Seward's waterfront annually hosts thousands of visitors and attracts over 100 cruise ship dockings.

Additionally, the Alaska Railroad brings over 700,000 tons of cargo transit each year through the port. In this busy waterfront context, ARRC has 26 acres available for lease.

A key attraction of the area is its direct access to the port, rail, and airport and just a short distance from the small boat harbor and downtown Seward.

### Key Features:

- Unique intermodal access: port, rail, road, and airport
- Co-development opportunities with existing waterfront tourism and industrial activities



**ALASKA**  
RAILROAD

March 12, 2018

The Honorable Anna MacKinnon  
Chair, Senate Finance Committee  
Alaska State Legislature  
Capitol Building, Suite 516  
Juneau, Alaska 99801

Dear Senator MacKinnon:

During the Senate Finance Committee hearing on Monday, March 5, Committee members raised several questions regarding Senate Bill 86. This letter addresses those questions.

One issue raised related to the procedures followed by the Alaska Railroad Corporation (ARRC) Board of Directors (Board) and staff when it considering potential sale of ARRC land. Two layers of public notice and other procedures are designed to make the process fair, public, and in compliance with the Alaska Railroad Corporation Act, AS 42.40. These procedures kick in when ARRC identifies a potential land sale, either after being approached by a party wishing to purchase the land or upon consideration by ARRC which land might be appropriate based on the land's current and potential use and rate of return on investment. Once a potential sale has been identified and is ready for consideration by the Board, public notice is issued for the next Board meeting in accordance with ARRC policies. ARRC also publishes online: the agenda for that meeting, which specifically identifies any proposed land sale that the Board will be considering; any non-confidential information related to the proposed sale that the Board will be reviewing; and the text of any draft Board resolution pertaining to the land sale. The public may comment either in writing by letter or email or in person at the Board meeting.

If a land sale resolution is approved by the Board, another public notice is issued that describes the Board's approval of the proposed land sale and the required findings that the land is not necessary for railroad purposes and that the transaction is in the best interest of the State, as required by AS 42.40.352(b)(1). At the same time, if proposed sale terms are already in place, ARRC will offer a right of first refusal to any current lessee of the land, as required by AS 42.40.352(b)(2). The public notice and offer of a right of first refusal have not been employed by ARRC since AS 42.40.352 was added to AS 42.40 in 2010 because the only land sales that have been proposed since that time were only approved by the Board recently and are awaiting the outcome of SB 86. As has been discussed by the Committee, AS 42.40.352(b) does not specify a duration for either the required public notice or the lessee's right of first refusal. ARRC believes that a public notice period of 60 days

# ALASKA RAILROAD

would be sufficient to adequately inform the public of any proposed land sale. ARRC also believes that a right of first refusal notification period of 30 days, with no less than 90 days to close, would afford a meaningful opportunity for a current lessee to make a bone fide offer to match the sale terms. The final step of ARRC land sale procedures is for either ARRC or the prospective purchaser to petition the Legislature for approval. That step would no longer be required if SB 86 passes.

Another question arising at the hearing was how much ARRC land remained without a final U.S. patent. ARRC received title to all federal Alaska Railroad lands in 1985 through a combination of patents, interim conveyances, and exclusive licenses. The interim conveyances and exclusive licenses each expressly had the force and effect of patents. Since 1985, as surveys of the unpatented lands were completed, BLM has issued final patents for a large majority of ARRC land. Of the approximately 36,000 acres of land conveyed to ARRC in 1985 by the United States, approximately 164.5 acres remain without a final patent issued to ARRC. Those properties, and the nature of their conveyance to ARRC, are enumerated below.

#### **Land Conveyed by Interim Conveyances (Total Area: 91± Acres)**

- **Parcels in Anchorage between Oceanview Drive and Old Seward Highway (10± Acres)**
- **Parcels along the Anchorage International Airport Spur (60± Acres or less, depending on the surveyed width of the right-of-way)**
- **West of Fairbanks between Sheep Creek Road and O'Connor Creek Trail (6.5± Acres)**
- **West of Fairbanks between Hay Way and Miller Hill Road (14.5± Acres)**
- **South of Valdez Airport, between Mineral Creek Loop Road, McKinley Street, and Old Loop Road. (4± Acres)**

#### **Exclusive Licenses (Total Exclusive License Area: 73.5± Acres)**

- **Townsite of Nenana, East of Main Street (60± Acres)**
- **Lots in Anchorage north of 3<sup>rd</sup> Avenue and west of Reeve Boulevard (10± Acres)**
- **Lots on Government Hill on Delaney Street (0.5± Acres)**
- **Easement from Glenn Highway to ARRC ROW near Eklutna Village Road (3± Acres)**

Questions were also asked regarding the nature of mineral rights in ARRC land and the intent regarding those rights in the context of land sales. ARRC owns the mineral rights in land conveyed to ARRC in fee simple title by the United States. That would include all land

**ALASKA**  
RAILROAD

that might be subject to potential land sales (i.e., all non-ROW land and land not otherwise used for railroad purposes).

ARRC intent in the context of any proposed land sales would be to consider whether to include or exclude mineral rights from any resulting conveyance on a case-by-case basis. Such consideration will be based on the potential value of the mineral rights for that particular parcel, the location of the parcel, and the nature of any existing or proposed future development on the land. Some situations may support retaining the mineral rights when a parcel is sold (e.g., tracts of undeveloped rural land with demonstrable mineral value), while others may not (e.g., developed urban parcels with minimal mineral prospects). Addressing mineral rights on a case-by-case basis, rather than applying a rigid rule requiring or prohibiting the severance of mineral rights, will provide ARRC with the flexibility to make economically viable land transactions that take both the nature of the land and its underlying mineral rights into account.

Thank you for your time on this issue.

Sincerely,

 for Bill O'Leary

Bill O'Leary, President & CEO  
Alaska Railroad Corporation

cc: Senator John Coghill  
Representative Adam Wool

# 30<sup>th</sup> Alaska State Legislature

Judiciary Committee  
Chairman  
Resources Committee  
Vice-Chair  
Education Committee  
Vice-Chair  
State Affairs Committee  
Select Committee on Legislative  
Ethics  
Joint Armed Services Committee



**Senator John Coghill**

Session Address:  
State Capitol, Room 119  
Juneau, AK 99801-1182  
(907) 465-3719  
Fax (907) 465-3258

Interim Address:  
1292 Sadler Way, Suite 340  
Fairbanks, AK 99701  
(907) 451-2997  
Fax (907) 451-3526  
(877) 465-3719

[www.alaskasenate.org](http://www.alaskasenate.org)

## SB 86 Disposal of Alaska Railroad Corporation land

### Sectional – Version U

**Section 1.** Adds AS 42.40.352, sale of land not necessary for railroad purposes, to the Reservation statute relating to the retention of subsurface rights.

**Sec. 2.** Sunsets Section 1 in three years,

**Sec 3.** Deletes from AS 42.40.120 (Delegation of powers and duties to the chief executive officer) the requirement for legislative approval of land transaction affecting utility corridors, land leases, or land disposals if it is a land sale or a lease longer than 95 years.

**Sec. 4.** Sunsets Section 3 in three years and re-establishes in statute the requirement for the Alaska Railroad to get legislative approval for land transfers.

**Sec. 5.** Deletes from AS 42.40.120(c) (transactions requiring board approval) the requirement for legislative approval.

**Sec. 6.** Sunsets Section 5 in three years and re-establishes in statute the requirement for legislative approval for land transfers.

**Sec. 7.** Enacts AS 42.40.285, the **Legislative Approval Required** provision repealed in this legislation three years after the effective date of the bill.

**Sec. 8.** Deletes from AS 42.40.350(b) (authorization of use of a utility corridor) the requirement for legislative approval of such authorization.

**Sec. 9.** Sunsets Section 8 three years after the effective date of the legislation to reinstate the statutory requirement for legislative approval.

**Sec. 10.** Deletes from AS 42.40.350(c) (granting easements on railroad land) the requirement for legislative approval.

**Sec. 11.** Sunsets Section 10 three years after the effective date of the legislation to reinstate the statutory requirement for legislative approval.

**Sec. 12.** Deletes from AS 42.40.350(d) (lease or disposal of land at fair market value) the requirement for legislative approval.

**Sec. 13.** Sunsets Section 12 three years after the effective date of the legislation to reinstate the statutory requirement for legislative approval.

**Sec. 14.** Has been rewritten to require the following before land can be sold:

- Requirement that the board find (1) the land is not needed for railroad purposes and (2) the action is in the "best interest" of the state
- 60-day public notice is required
- Adjacent landowners must be notified as part of the public notice process
- Right of first refusal is limited to 90 days, but can be rejected by a leaseholder in writing

**Sec. 15.** Sunsets Section 14 three years after the effective date of the legislation to reinstate the statutory requirement for legislative approval.

**Sec. 16** This is conforming language renumbering AS 42.40.410. Federal land reference to AS 42.40.285 to conform to the repeal language in Section 15.

**Sec. 17.** Technical change made by leg legal to eliminate reference to legislative approval for exchange of land. Change overlooked in original bill.

**Sec. 18.** Repeals section 17 in three years.

**Sec. 19.** Eliminates provision in statute that allows the railroad to provide financing for construction, maintenance and operation of a railroad extension to Ft. Greely.

**Sec. 20.** Eliminates reference to AS 42.40.550.and 42.40.560 which are repealed in Section 22.

**Sec. 21.** Repeals the following:

Sec. 42.40.285. Legislative approval required.

Unless the legislature approves the action by law, the corporation may not

- (1) exchange, donate, sell, or otherwise convey its entire interest in land;
- (4) lease land for a period in excess of 95 years unless the corporation reserves the right to terminate the lease if the land is needed for railroad purposes;

**Sec. 22.** Repeals bonding authority for the Northern Crossroads Discovery Center project, the facility for the transportation of natural gas resources located in the state, and railroad extension to Ft. Greely.

**Sec. 23.** Has an immediate effective date for statutes amended in the bill that eliminate the requirement for legislative approval.

**Sec. 24.** This section sunsets the statutes amended in this bill that eliminate the requirement for legislative approval in three years and reenacts in statute the requirement for legislative approval.

# Alaska Bankers Association

P.O. Box 241489 • Anchorage, Alaska 99524-1489 • Ph. 907-261-3525 • Fax 907-562-1758

February 1, 2018

Senator Cathy Giessel, Chair  
Senate Resources Committee  
State Capitol  
120 4th Street, RM 3  
Juneau, AK 99801

Re: Support for SB86 – Alaska Railroad Corporation Land

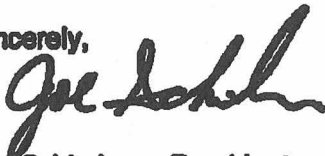
Dear Senator Giessel,

The Alaska Bankers Association wishes to inform you of its support for Senate Bill 86 allowing the Alaska Railroad Corporation to more efficiently manage its overall real estate portfolio.

Alaska's banks are committed to Alaska's communities, working every day to provide the credit businesses and families need to grow. Providing the ARRC the decision making and management capacities to streamline processes relating to land sales and exchanges would generate liquidity and promote opportunities for private investment leading to economic growth and development. Monetizing non-performing ARRC land assets could, in turn, lead to new jobs and increased local tax bases.

We urge your support for SB86.

Sincerely,



Joe Schlerhorn, President  
Alaska Bankers Association



1016 W Sixth Ave., Suite 303

Anchorage, AK 99501

April 7, 2017

**The Honorable John Coghill**  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801

Dear Senator Coghill:

I am reaching out regarding Senate Bill 86, "An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land."

The Anchorage Chamber of Commerce supports Senate Bill 86 as an effort to encourage more real estate development on Alaska Railroad land within Anchorage and throughout the entire railbelt.

Anchorage has a shortage of usable land, particularly land zoned for industrial uses. Freeing up land in a timely manner, without the delays that can occur in the legislature, would encourage those looking to bring a business into Anchorage or grow their business to do so by being able to own the property. This has the added advantage of increasing Anchorage's property tax rolls.

We also see this as an advantage to the Municipality of Anchorage to be able to complete land swaps or purchases from the Alaska Railroad in an expedited manner for projects beneficial to the people of Anchorage and the state as a whole.

Thank you for your support of this legislation.

Sincerely,



Bruce Bustamante



**ANCHORAGE BOARD  
OF REALTORS®, INC.**  
*The Voice for Real Estate in Anchorage*

3340 Arctic Blvd., Suite 101  
Anchorage, Alaska 99503  
(907) 561-2338 Phone  
(907) 563-8476 Fax

January 25, 2018

The Honorable John Coghill  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801

Dear Senator Coghill:

RE: Senate Bill 86, "An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land".


I encourage legislators to support SB 86 as a tool for economic development during what looks to be tough economic times for our state.

Our organization has a vested interest in real estate development in Alaska and we understand firsthand the benefits of future growth. We see great potential in this legislation for us to work with the Alaska Railroad, as development opportunities arise, to move quickly to take advantage of those opportunities.

The benefits of SB 86 go beyond just our organization and the railroad. Private companies and individuals purchasing Alaska Railroad land will encourage economic growth and development, while at the same time putting the properties on the tax rolls to increase payments to local governments. A five-year sunset provision will also allow enough time for a track record to be established and for the legislature to confirm that the Alaska Railroad Board of Directors is continuing to work towards the best interests of the corporation and the state.

Additionally, SB 86 will bring the Alaska Railroad Corporation into alignment with other state entities that we have worked with in the past such as the Department of Transportation and Public Facilities to be able to sell land without legislative approval.

Sincerely,

Digitally signed by  
**Scott Myers**   
-----

Scott Myers,  
Associate Broker/REALTOR®  
2017 President, Anchorage Board of REALTORS®



# Municipality of Anchorage

Ethan Berkowitz, Mayor

February 20, 2018

The Honorable John Coghill  
State Capitol, Room 119  
Juneau, AK 99801-1182

Re: Senate Bill 86: An Act relating to the sale, other disposal, leasing, and encumbrance of Alaska Railroad Corporation land.

Dear Senator Coghill,

The Municipality of Anchorage fully supports SB86 as an effort to encourage and introduce efficiency to Alaska Railroad real estate development initiatives, particularly within Anchorage's borders.

Freeing up the Railroad's ability to negotiate more expediently with the Municipality, on both purchase and land swap arrangements, will create an atmosphere we feel will make Anchorage more attractive to outside investors, and local developers looking to grow their businesses. Further, providing more flexibility to the Railroad on this matter will serve to expedite those Anchorage-based infrastructure projects that will in the end benefit all of Alaska; the Port of Alaska Modernization Program being just one of them.

Thank you for your time and attention on this matter. I hope for the Legislature's favorable consideration of this important bill.

Respectfully,

Ethan Berkowitz

**January 24, 2018**

**The Honorable John Coghill  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801**

**Dear Senator Coghill:**

**RE: Senate Bill 86, "An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land".**

**I encourage legislators to support SB 86 as a tool for economic development during what looks to be tough economic times for our state.**

**The CCIM chapter in Anchorage is comprised of members of CCIM which is the professional designation that demonstrates the completion of advanced coursework and extensive experience in the commercial real estate industry. Our chapter is has been involved in real estate in Alaska for quite some time. We see great potential in this legislation for us to work with the Alaska Railroad, as development opportunities arise, to move quickly to take advantage of those opportunities.**

**The benefits of SB 86 go beyond just our chapter and the railroad. Private companies and individuals purchasing Alaska Railroad land will encourage economic growth and development, while at the same time putting the properties on the tax rolls to increase payments to local governments. A five-year sunset provision will also allow enough time for a track record to be established and for the legislature to confirm that the Alaska Railroad Board of Directors is continuing to work towards the best interests of the corporation and the state.**

**Additionally, SB 86 will bring the Alaska Railroad Corporation into alignment with other state entities that we have worked with in the past such as the Department of Transportation and Public Facilities to be able to sell land without legislative approval.**

**Sincerely,**

**Mark Filpenko, CCIM  
Certified Commercial Investment Member**

**January 24, 2018**

**The Honorable John Coghill  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801**

**Dear Senator Coghill:**

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**Sincerely,**

  
**Mark Fillpenko, CCIM  
Certified Commercial Investment Member**



**ANCHORAGE BOARD  
OF REALTORS®, INC.**  
*The Voice for Real Estate in Anchorage*

3340 Arctic Blvd., Suite 101  
Anchorage, Alaska 99503  
(907) 561-2338 Phone  
(907) 563-8476 Fax

January 25, 2018

The Honorable John Coghill  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801

Dear Senator Coghill:

RE: Senate Bill 86, "An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land".

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Sincerely,

Digitally signed by  
**Scott Myers**   
PK1022827110-174

Scott Myers,  
Associate Broker/REALTOR®  
2017 President, Anchorage Board of REALTORS®



1016 W Sixth Ave., Suite 303

Anchorage, AK 99501

April 7, 2017

**The Honorable John Coghill  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801**

**Dear Senator Coghill:**

**I am reaching out regarding Senate Bill 86, "An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land."**

**The Anchorage Chamber of Commerce supports Senate Bill 86 as an effort to encourage more real estate development on Alaska Railroad land within Anchorage and throughout the entire railbelt.**

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**We also see this as an advantage to the Municipality of Anchorage to be able to complete land swaps or purchases from the Alaska Railroad in an expedited manner for projects beneficial to the people of Anchorage and the state as a whole.**

**Thank you for your support of this legislation.**

**Sincerely,**



**Bruce Bustamante**

# Alaska Bankers Association

P.O. Box 241489 • Anchorage, Alaska 99524-1489 • Ph. 907-261-3525 • Fax 907-562-1758

February 1, 2018

Senator Cathy Giessel, Chair  
Senate Resources Committee  
State Capitol  
120 4th Street, RM 3  
Juneau, AK 99801

Re: Support for SB86 – Alaska Railroad Corporation Land

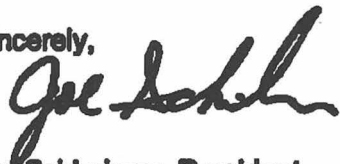
Dear Senator Giessel,

The Alaska Bankers Association wishes to inform you of its support for Senate Bill 86 allowing the Alaska Railroad Corporation to more efficiently manage its overall real estate portfolio.

Alaska's banks are committed to Alaska's communities, working every day to provide the credit businesses and families need to grow. Providing the ARRC the decision making and management capacities to streamline processes relating to land sales and exchanges would generate liquidity and promote opportunities for private investment leading to economic growth and development. Monetizing non-performing ARRC land assets could, in turn, lead to new jobs and increased local tax bases.

We urge your support for SB86.

Sincerely,



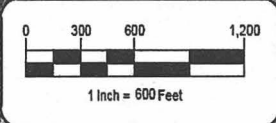
Joe Schierhorn, President  
Alaska Bankers Association

# ALASKA RAILROAD



**EKLUTNA - ARRC = 5,799,936 SF  
133.1 ACRES**

MEA 33 KV TRANSMISSION LINE  
100' TRANSMISSION LINE EASEMENT



**ALASKA RAILROAD CORPORATION**  
REAL ESTATE DEPARTMENT, LAND SERVICES  
P.O. BOX 127500, ANCHORAGE, ALASKA 99510-7500

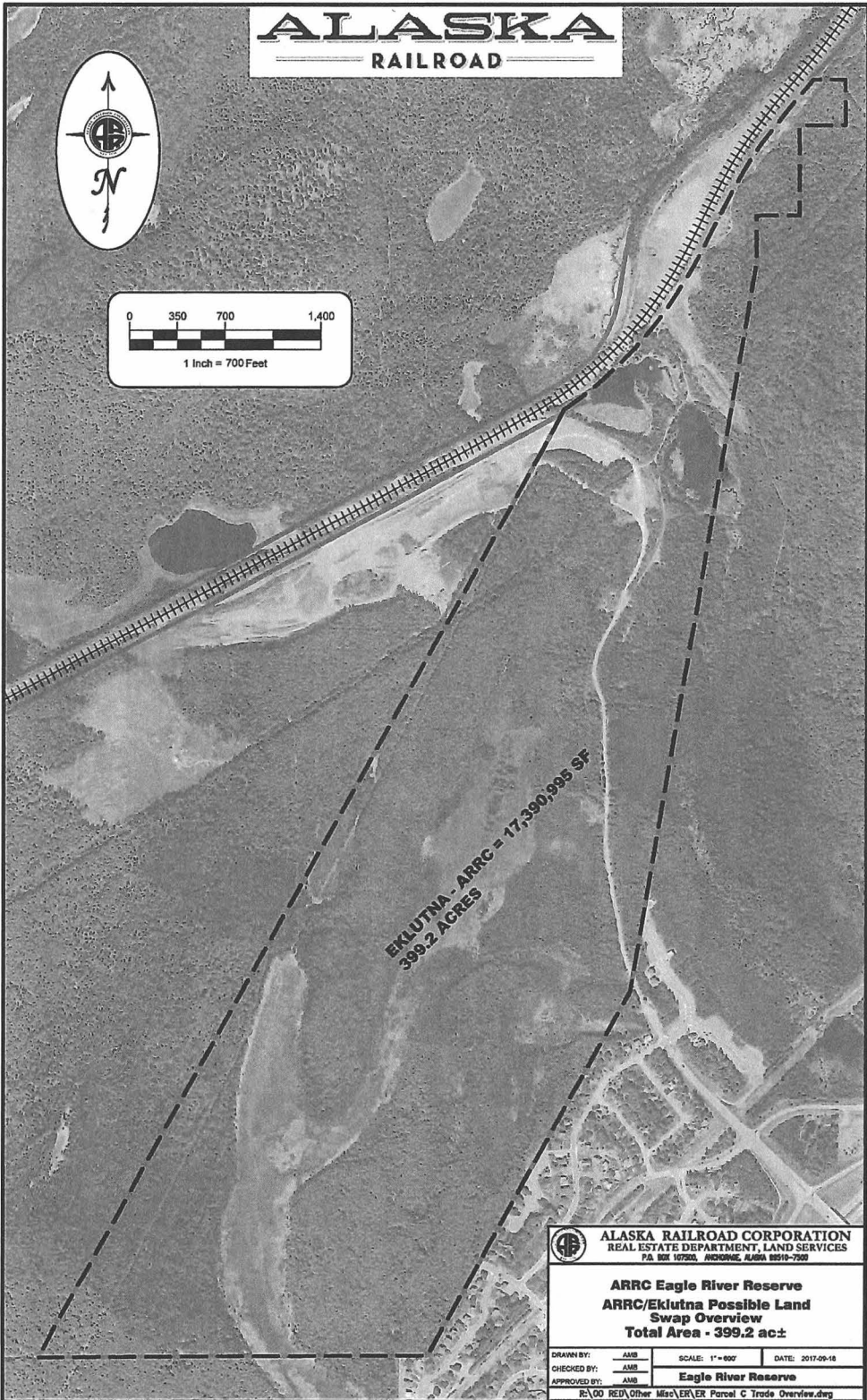
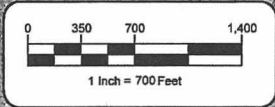
**ARRC Birchwood Reserve**  
**ARRC/Eklutna Possible Land Swap Overview**  
**Total Area - 172.9 ac±**

DRAWN BY: <u>AMS</u>	SCALE: 1" = 600'	DATE: 2017-12-29
CHECKED BY: <u>DAS</u>	ARRC Birchwood Reserve	
APPROVED BY: <u>ONE</u>		

AlaskaRailroad.com

R:\00 RED\Res\BIR\DOT PLAN\CAD\ARRC - Eklutna - Birchwood.k

# ALASKA RAILROAD



 <b>ALASKA RAILROAD CORPORATION</b> REAL ESTATE DEPARTMENT, LAND SERVICES <small>PO BOX 10726, ANCHORAGE, ALASKA 99510-7226</small>		
<b>ARRC Eagle River Reserve</b> <b>ARRC/Eklutna Possible Land Swap Overview</b> <b>Total Area - 399.2 ac±</b>		
DRAWN BY: <u>AMB</u>	SCALE: 1" = 800'	DATE: 2017-06-18
CHECKED BY: <u>AMB</u>	<b>Eagle River Reserve</b>	
APPROVED BY: <u>AMB</u>		
<small>R:\00 RED\Other Misc\ER\ER Parcel C Trade Overview.dwg</small>		

**ARRC / Eklutna Native Corp., Powder Reserve - Birchwood Swap:**

399.2 acres of land located in the Alaska Railroad Eagle River Reserve, within Sections 25, 26, and 35, Township 16 North, Range 2 West, Seward Meridian. This transaction would be an exchange of this land for valuable land adjacent to ARRC-owned land in Birchwood, with consideration paid to balance out the fair market values of the properties.

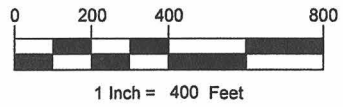
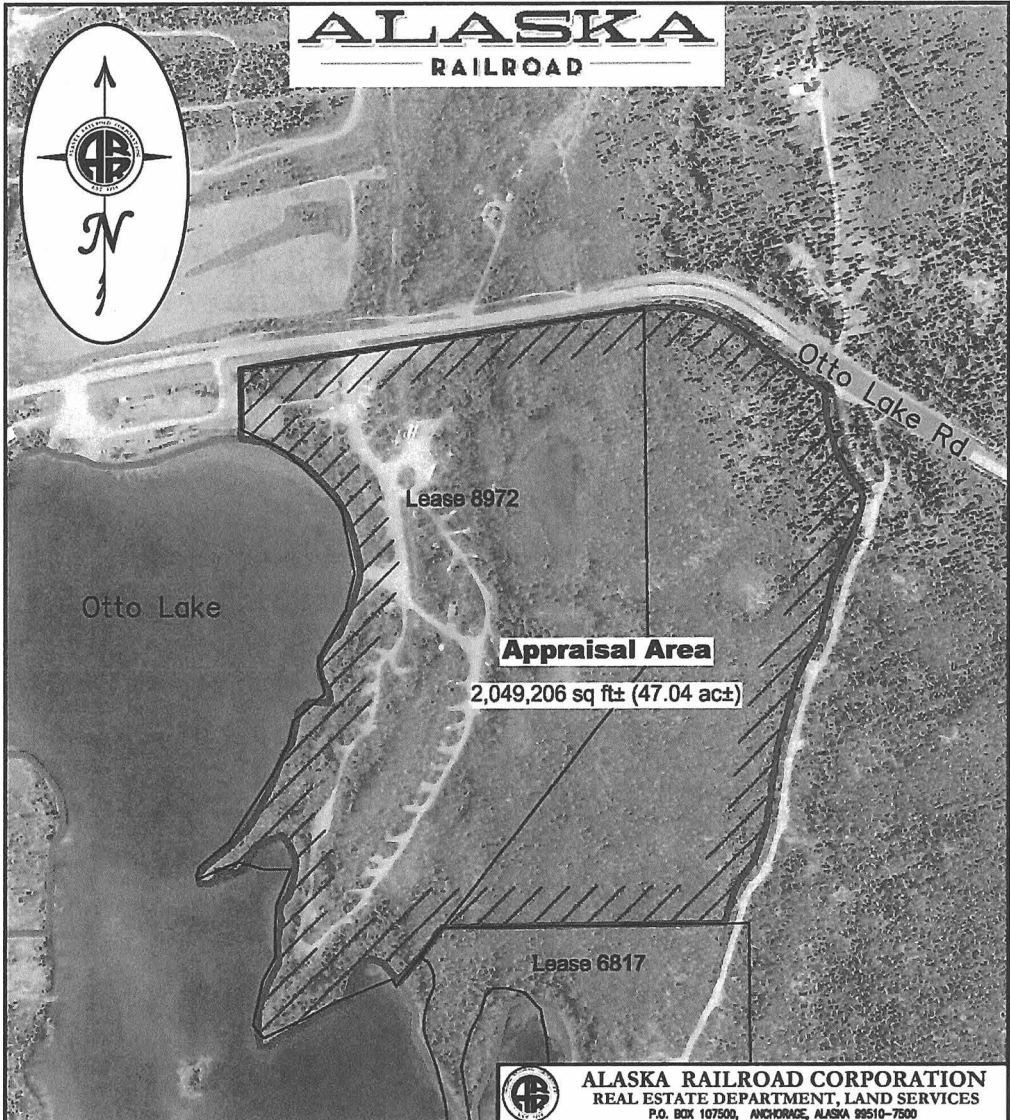
**PUBLIC BENEFIT:**

This transaction would allow Eklutna to develop gravel resources to supply the strong recent demand for gravel in South Central Alaska, thereby supporting development projects to boost economic recovery.


**ARRC BENEFIT:**

This transaction would allow ARRC to exchange non-producing land that it cannot develop and that is not located adjacent to other ARRC land for valuable, buildable land adjacent to ARRC-owned land with a commercial spur track in Birchwood. ARRC needs such land to augment its current yard operations in Birchwood, which are critical to taking pressure off the Anchorage Yard, which lacks room for expansion.

# ALASKA RAILROAD



For indexing purposes this property is located in Section 25, T12S, R8W, F.M.

 **ALASKA RAILROAD CORPORATION**  
REAL ESTATE DEPARTMENT, LAND SERVICES  
P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

**Area near Otto Lake for Appraisal**  
**Area = 2,049,206 sq ft± (47.04 ac±)**

**ARRC title - Patent Book 33 Page 968**

DRAWN BY: <u>AMB</u>	SCALE: 1" = 400'	DATE: 2017-09-11
CHECKED BY: <u>DAS</u>	<b>Healy Reserve</b>	
APPROVED BY: <u>DAS</u>		
R:\00 RED\Other Misc\HEA\Proposed Otto Lake Disposal.dwg		

**Otto Lake Land Sale:**

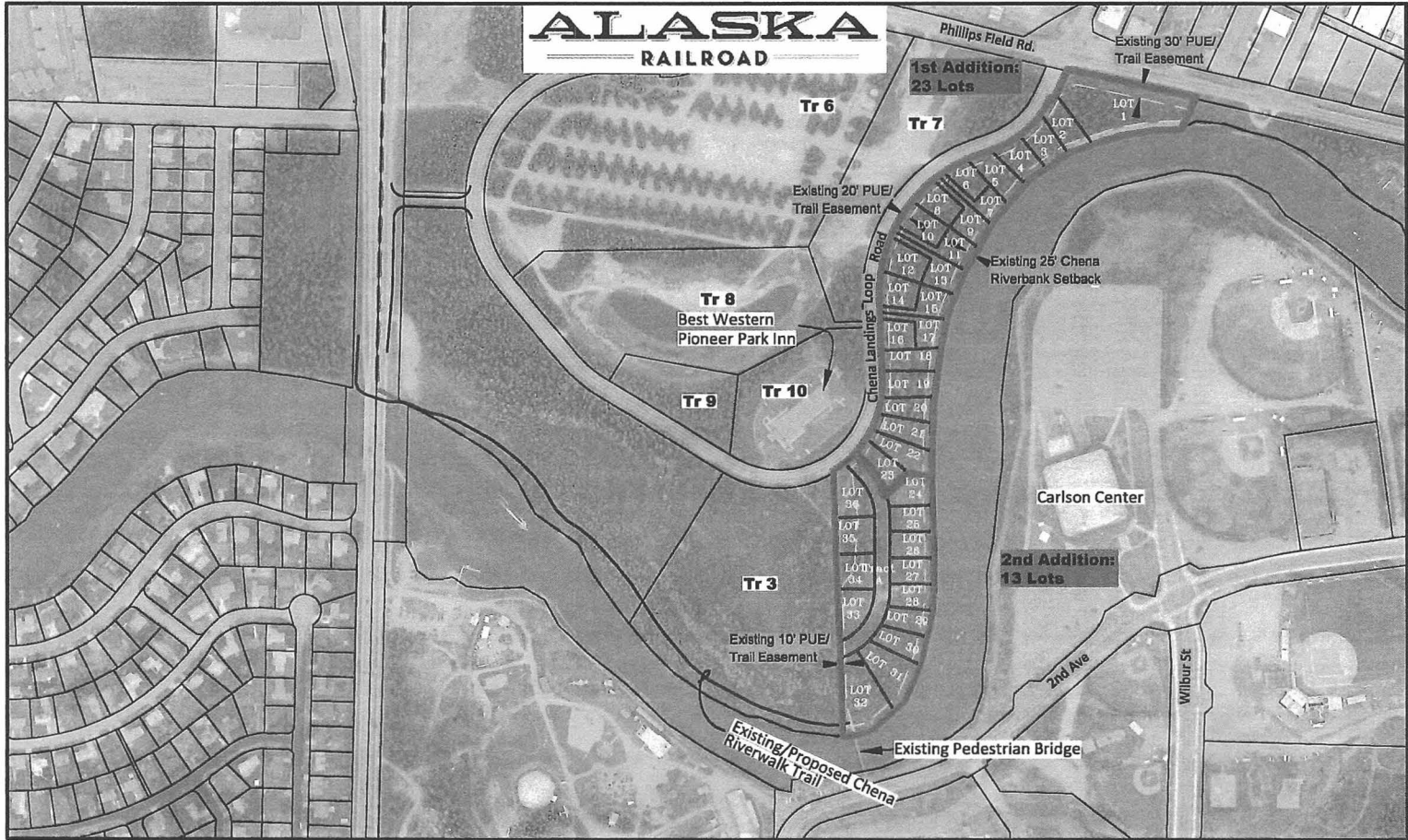
47.0 acres of land located in the Alaska Railroad Healy Reserve, within Section 25, Township 12 South, Range 8 West, Fairbanks Meridian.

**PUBLIC BENEFIT:**

This land will be used for a proposed \$30+ million hotel project. Development of new hotel properties near Denali National Park is needed to keep up with the increasing number of summer visitors. This will increase the number of jobs during construction and for summer visitor seasons in Healy, as well as adding this property onto the tax rolls.

**ARRC BENEFIT:**

Increased locations for visitors to stay near Denali Park will increase the number of visitors carried by ARRC. This sale also will increase the value of adjacent ARRC land and will provide funds to reinvest in improving other property.



**Chena Landings First Addition, Phase 1 Lot Sale:**

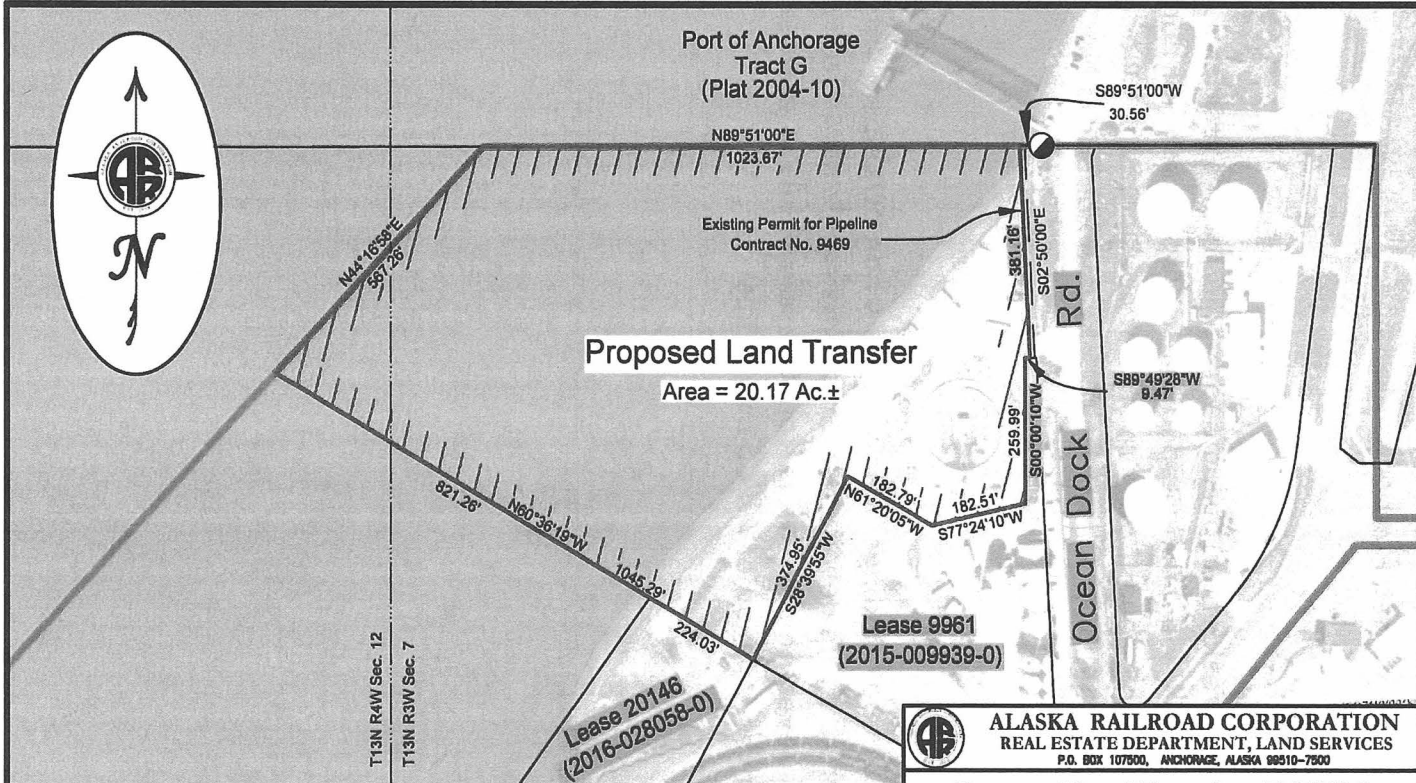
Tracts 4 and 5 of Chena Landings Subdivision, containing 12.6 acres of land located in the Alaska Railroad Fairbanks Terminal Reserve, within Section 9, Township 1 South, Range 1 West, Fairbanks Meridian.

**PUBLIC BENEFIT:**

This land will be sold as residential building lots. Sales of this residential property in Fairbanks will add much-needed housing options in Fairbanks, including scarce and highly sought after riverfront housing, and will add the properties to the tax rolls for the City of Fairbanks and Fairbanks North Star Borough

**ARRC BENEFIT:**

This portion of the Chena Landings Subdivision is a non-producing asset that has been vacant for 25 years despite previous investments made to try to attract commercial development. Funds from the sale of lots to private individuals will be invested in other ARRC properties.



For indexing purposes this property is located in the NW1/4 Sec. 7 T13N R3W S.M. & the NE1/4 Sec. 12 T13N R4W S.M.

**ALASKA RAILROAD CORPORATION**  
 REAL ESTATE DEPARTMENT, LAND SERVICES  
 P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

**Proposed Land Transfer - Exhibit A**  
**Municipality/Port of Anchorage**  
**Area = 878,821 sq.ft.± (20.17 Ac.±)**  
 A portion of Parcel A of U.S. Survey 1170  
 ARRC title - Patent 50-2011-0122

DRAWN BY:	AMB	SCALE: 1" = 300'	DATE: 2018-02-21
CHECKED BY:	DAS	<b>Anchorage Terminal Reserve</b>	
APPROVED BY:	DAS		

R:\00 RED\Other Misc\ANC\Proposed MOA Port Land Transfer Wo Pipeline.dwg

### **Port of Alaska Land Sale to Municipality of Anchorage:**

20.2 acres of land located in the Alaska Railroad Anchorage Terminal Reserve, within Section 7, Township 13 North, Range 3 West and Section 12, Township 13N Range 4 West, all in the Seward Meridian.

#### **PUBLIC BENEFIT:**

As Alaska's largest port, goods for an estimated 85% of the state pass through the Port of Alaska and in order for the Alaskan economy to grow so too must this, the state's largest port. Currently, approximately 100 acres of port land is located on a lease from the Alaska Railroad to the Municipality of Anchorage. Due to federal requirements, the Municipality of Anchorage cannot solicit or secure federal funding to develop lands without owning them. This sale will transfer 20.2 acres of the Municipality of Anchorage lease to the Municipality, allowing them to solicit funding to help Alaska grow.

#### **ARRC BENEFIT:**

The 100-acre Municipality of Anchorage lease mentioned above is a long-term obligation that does not produce revenue for the Alaska Railroad. By selling the 20.2 acres to the Municipality, the remaining 80 acres will return to ARRC control, allowing ARRC to lease the land under more economically viable terms and will resolve a conflict between ARRC and the Municipality over annual federal transportation funding.

### **ARRC process for selling land:**

ARRC is required to provide public notice for all meetings of the Board. The minimum requirements for public notice of Board meetings is 5 days for regular Board meetings and 24 hours for special meetings, although in practice ARRC provides much more notice than these minimums including publishing the agendas for Board meetings. When a land sale is being considered at a meeting, the meeting agenda specifically identifies the transaction resolutions being considered, each of which in turn identifies the property proposed for sale. By statute, the Board can only approve a proposed land sale where it specifically finds both that the land in question is not necessary for railroad purposes and that the proposed sale is in the best interest of the State. That statute also requires ARRC to give public notice of a proposed land sale approved by the Board. Although no public notice period is specified in the statute, ARRC plans to provide at least 30 days' public notice of the approved land sale. The statute also requires that ARRC provide notice and a right of first refusal to current tenants, if any, on the property proposed to be sold. ARRC plans to provide at least 60 days' notice to such tenants to allow them a reasonable opportunity to decide whether to exercise their first refusal rights.

By statute, ARRC must receive fair market value for its land as determined either by appraisal or a competitive bidding process. ARRC requires that all appraisals of its land be conducted by MAI-designated appraisers. Where an exchange of land is contemplated, both parcels of land are appraised by MAI-designated appraisers. Of the proposed land sale transactions listed, appraisals have been conducted by MAI-designated appraisers. In addition, with respect to the residential building lots at Chena Landings, a competitive bidding process is being conducted with minimum bids to be determined by reference to appraisal.

Proceeds from land sales will be used specifically for upgrading infrastructure, including roads and utilities, and other development of ARRC land as well as adding to the ARRC land base.

Adopted: January 9, 2018

Resolution No. 2018-04

Relating to the Transfer of Alaska Railroad Corporation Land to Eklutna, Inc., in Exchange for Land and Other Consideration of Equal Total Value

WHEREAS, the Alaska Railroad Corporation ("ARRC") owns an approximately 400-acre parcel of land in Eagle River, Alaska, which is more particularly shown on Exhibit 1 attached to this resolution (the "ARRC Property"), and which is not currently used or planned to be used for ARRC operations; and

WHEREAS, Eklutna, Inc. ("Eklutna") owns an approximately 133.1-acre parcel of land in Birchwood, Alaska, which is more particularly shown on Exhibit 2 attached to this resolution (the "Eklutna Property"); and

WHEREAS, Eklutna also owns another parcel of land in Birchwood, Alaska, comprising approximately 39.8 acres, which also is more particularly shown on Exhibit 2 (the "Eklutna Option Area"); and

WHEREAS, ARRC desires to acquire title to the Eklutna Property for the benefit of ARRC by providing it with additional land adjacent to existing ARRC-owned land, including but not limited to ARRC's rail corridor, in Birchwood, which will provide ARRC with considerable long-term operational and business benefits; and

WHEREAS, Eklutna desires to acquire title to the ARRC Property for the benefit of Eklutna for the purpose of developing gravel excavation operations and other development of the ARRC Property in conjunction with adjacent land already owned by Eklutna; and

WHEREAS, ARRC and Eklutna have obtained independent appraisals establishing the value of the ARRC Property, the Eklutna Property and the Eklutna Option Area, which appraisals will be used in conjunction with the conveyances of the ARRC Property and the Eklutna Property to be made under the proposed property exchange that is the subject of this resolution; and

WHEREAS, AS 42.40.120(c)(14) and AS 42.40.285(1), respectively, require approval by the ARRC Board and the Alaska Legislature before ARRC can convey its entire interest in land; and

WHEREAS, the Board of Directors finds that proposed sale of the Property for the purpose of construction of a tourist lodge and associated resort facilities in exchange for payment of fair market value is in the best financial interest of ARRC; and

WHEREAS, the Board of Directors specifically and expressly finds that (i) the Property is not necessary for railroad purposes, and (ii) the sale of the land is in the best interest of the State of Alaska.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors hereby approves the proposed sale of the Property to Alaska Tourism Development, LLC in exchange for a cash payment of Four Hundred Thousand and no/100 Dollars (\$400,000.00) less reasonable Seller's closing costs, with such sale being conditional upon (i) Alaska Tourism Development, LLC obtaining, before closing, DOC's entire leasehold interest in the Lease; (ii) the parties terminating the Lease no later than the time of closing; and (iii) conveyance of the Property being accomplished on an "as-is, where-is" bases by means of a quit claim deed; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and CEO, or his designee, to take such actions as are reasonably necessary to meet all obligations of ARRC relating to the sale of the Property as described above, including but not limited to (i) issuing required public notice; (ii) drafting and submitting appropriate legislation either to secure the approval of the Alaska Legislature for the proposed sale of the Property or to eliminate the requirement of such Legislative approval; and (iii) if legislative approval is obtained or is no longer required, negotiating, finalizing and executing all documents necessary to complete said transaction.

---

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2018-03 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its special meeting on January 9, 2018.

Date

1/9/2018

Andy Behrend  
Andy Behrend  
Board Secretary

Corporate Seal



Adopted: January 9, 2018

Resolution No. 2018-03

Relating to the Sale of Railroad Land Near Otto Lake in the Alaska Railroad Healy Reserve

WHEREAS, the Alaska Railroad Corporation ("ARRC") owns an approximately 47.04-acre parcel of land in the Alaska Railroad Healy Reserve near Otto Lake in Healy, Alaska, which is more particularly shown on Exhibit 1 attached to this resolution (the "Property"); and

WHEREAS, an approximately 29.52-acre portion of the Property, which is more particularly shown on Exhibit 2 attached to this resolution (the "Leased Parcel") is currently subject to a ground lease, ARRC Contract No. 8972, currently between ARRC, as lessor, and Denali Outdoor Center, Inc. ("DOC"), as lessee (the "Lease"); and

WHEREAS, the Property consists of lakefront land and associated uplands upon which Alaska Tourism Development, LLC wishes to build a tourist lodge and associated resort facilities; and

WHEREAS, ARRC is authorized to sell its land pursuant to AS 42.40.285, 42.40.350 and 42.40.352 upon (i) the making by the Board of Directors of certain findings relating to sale of the Property, (ii) the provision of public notice of ARRC's intent to sell the Property, (iii) the provision to the existing lessee of a right of first refusal to purchase the Leased Parcel; and (iv) approval of the proposed sale by the Alaska Legislature; and

WHEREAS, Alaska Tourism Development, LLC has offered to pay ARRC a purchase price of Four Hundred Thousand and no/100 Dollars (\$400,000.00) for the conveyance of ARRC's full title to the Property, less Seller's reasonable closing costs; and

WHEREAS, the Board of Directors finds, based on a recent appraisal, that the proposed purchase price set forth in the preceding recital constitutes a fair market value offer for the Property; and

WHEREAS, Alaska Tourism Development, LLC has agreed that its purchase of the Property would be conditional on (i) it obtaining DOC's full leasehold interest under the Lease by means of a lease assignment, and (ii) on the subsequent termination of the Lease before or at the time of closing of said purchase; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and CEO, or his designee, to take such actions as are reasonably necessary to meet all obligations of ARRC relating to the sale of the Property as residential lots, including but not limited to (i) issuing required public notice; (ii) drafting and submitting appropriate legislation either to secure the approval of the Alaska Legislature for the proposed sale of the Property or to eliminate the requirement of such Legislative approval; and (iii) if legislative approval is obtained or is no longer required, negotiating, finalizing and executing all documents necessary to complete said transaction.

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This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2018-02 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its special meeting on January 9, 2018.

Date

1/9/2018

Andy Behrend  
Andy Behrend  
Board Secretary

Corporate Seal



Adopted: January 9, 2018

Resolution No. 2018-02

Relating to the Sale of Railroad Land in the  
Chena Landings Subdivision in Fairbanks,  
Alaska

WHEREAS, the Alaska Railroad Corporation ("ARRC") owns two parcels of land comprising approximately 12.597 acres in the Chena Landings Subdivision in Fairbanks, Alaska which is more particularly described as "Tract 4 and Tract 5 of Chena Landings Subdivision recorded as Plat 2000-31, Fairbanks Recording District" (the "Property"); and

WHEREAS, the Property consists of riverfront land and nearby areas that are attractive for the development of residential lots and riverfront residential land is scarce in the Fairbanks area; and

WHEREAS, on December 20, 2017, the Platting Board of the Fairbanks North Star Borough approved with conditions a Preliminary Subdivision Plat of "Chena Landings Subdivision, First Addition" which divides the Property into 23 lots and a remainder Tract A, a copy of the Preliminary Plat and a copy of the condition approval are attached as Exhibit 1 and Exhibit 2, respectively, to this resolution; and

WHEREAS, ARRC is authorized to sell its land pursuant to AS 42.40.285, 42.40.350 and 42.40.352 upon (i) the making by the Board of Directors of certain findings relating to sale of the Property, (ii) the provision of public notice of ARRC's intent to sell the Property, and (iii) approval of the proposed sale by the Alaska Legislature; and

WHEREAS, the Board of Directors finds that proposed sale of the Property as residential lots, substantially in the form shown on the approved Preliminary Subdivision Plat, in exchange for payment of fair market value prices for such lots is in the best financial interest of ARRC; and

WHEREAS, the Board of Directors specifically and expressly finds that (i) the Property is not necessary for railroad purposes, and (ii) the sale of the land is in the best interest of the State of Alaska.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors hereby approves the proposed sale of the Property in the form of individual lots in exchange for payment by purchasers of said lots of fair market value based on appraisal or competitive bid and subject to the terms and conditions of an Earnest Money Receipt and Purchase Agreement in substantially the same form as that set forth as Exhibit 3 to this resolution; and

Summary of Terms and Conditions for Sale of ARRC Property in the Vicinity of the Port of Anchorage to the Municipality of Anchorage:

**Property:** An approximately 20.29-acre parcel of land in the vicinity of the Port of Anchorage, as more particularly described on Exhibit 1 attached to this resolution, which is a portion of an approximately 103.25-acre parcel of land that is currently subject to a ground lease between ARRC and MOA, ARRC Contract No. 6434, referred to herein as the Tidelands Lease.

**Title to be Conveyed:** Fee simple, subject to any existing easements or other encumbrances. The Tidelands Lease, the leased premises of which includes both the Property and an adjacent parcel of land comprising approximately 82.96 acres, shall terminate in its entirety upon sale of the Property to MOA, and shall be of no further force and effect thereafter as to any of the leased premises thereunder.

**Sale Price and Additional Consideration:** \$1,500,000 cash to be paid by MOA to ARRC plus allocation of Section 5307 Funds for Fiscal Years 2016, 2017 and, with conditions, 2018, as more particularly described in this resolution and in the letters attached hereto as Exhibit 2.

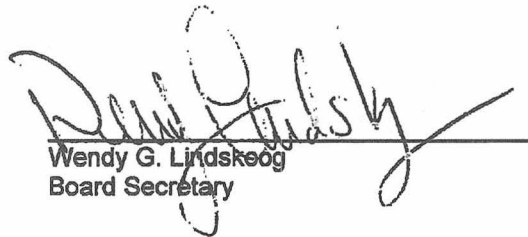
**Estimated Date of Sale:** 2018. The sale is conditional upon the approval of the sale by the Alaska Legislature by June 30, 2018. The actual date of the sale will depend on the timing of such approval.

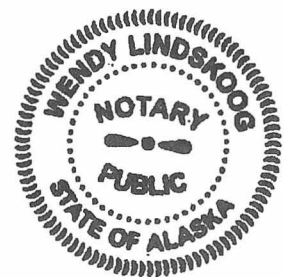
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This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2017-09 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its special meeting on September 6, 2017.

Date

9/21/17

  
Wendy G. Lindskeog  
Board Secretary



Adopted: September 6, 2017

Resolution No. 2017-09

Relating to Approval of the Sale of Railroad Land in the Vicinity of the Port of Anchorage to the Municipality of Anchorage

WHEREAS, the Alaska Railroad Corporation ("ARRC") owns an approximately 20.29-acre parcel of land in the vicinity of the Port of Anchorage ("POA") which is more particularly described on Exhibit 1 attached to this resolution (the "Property"); and

WHEREAS, the Municipality of Anchorage ("MOA") desires to obtain the Property for use in conjunction with POA development and operations; and

WHEREAS, the Property is currently part of an approximately 103.25-acre lease parcel of land subject to a ground lease between ARRC and MOA, ARRC Contract No. 6434 (the "Tidelands Lease"), and ARRC desires to obtain control over the remaining approximately 82.96 acres of said lease parcel (the "Remainder Parcel") by means of termination of the Tidelands Lease; and

WHEREAS, ARRC concurs with MOA's appraisal reflecting a fair market value of \$1.5 million, which reflects the net effect of tenant improvements; and

WHEREAS, ARRC and MOA have been involved in a dispute over the allocation of Federal Transit Administration ("FTA") Section 5307 Urbanized Area Formula Funds ("Section 5307 Funds") for the Anchorage Urbanized Area ("Anchorage UZA") beginning with such funds for Fiscal Year 2016; and

WHEREAS, the parties have agreed, as reflected in the attached summary of terms and conditions and the letters attached collectively hereto as Exhibit 2, that the Section 5307 Funds for Fiscal Years 2016, 2017 and, with conditions, 2018 shall be allocated such that ARRC will receive such funds that were or will be calculated by reference to the fixed guideway, or rail, tier of the formula for the Anchorage UZA, and MOA will receive such funds that were or will be calculated by reference to the bus tier of said formula, conditioned upon the sale of the Property by ARRC to MOA at the MOA's appraised fair market value of \$1.5 million; and

WHEREAS, said transaction will include the termination of the Tidelands Lease, which will return control of the Remainder Parcel to ARRC; and

WHEREAS, ARRC is authorized to sell its land pursuant to AS 42.40.285, 42.40.350 and 42.40.352 upon (i) the making by the Board of Directors of certain findings relating

to sale of the Property, (ii) the provision of public notice of ARRC's intent to sell the Property, and (iii) approval of the proposed sale by the Alaska Legislature; and

WHEREAS, the Board of Directors finds that proposed sale of the Property in exchange for payment of the specified fair market value price, for the allocation of the Section 5307 Funds as described above and for the termination of the Tidelands Lease will provide significant financial and other benefits to ARRC; and

WHEREAS, the Board of Directors specifically and expressly finds that (i) the Property is not necessary for railroad purposes, and (ii) the sale of the land is in the best interest of the State of Alaska; and

WHEREAS, the Board of Directors has reviewed the terms and conditions of the proposed sale of the Property and approves of said sale terms and conditions.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors hereby approves the proposed sale of the Property to the MOA in exchange for (i) a payment by MOA in the amount of \$1,500,000; (ii) allocation of Section 5307 Funds for the Fiscal Years 2016, 2017, and, subject to conditions, 2018; and (iii) termination of the Tidelands Lease, all as described in the attached summary and in Exhibit 2, on the terms and conditions set forth therein; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and CEO, or his designee, to take such actions as are reasonably necessary to meet all obligations of ARRC relating to the sale of the Property to MOA, including but not limited to issuing required public notice, drafting and submitting appropriate legislation to secure the approval of the Alaska Legislature for the proposed sale of the Property, and, if legislative approval is obtained, negotiating, finalizing and executing all documents necessary to complete said transaction.

# 30<sup>th</sup> Alaska State Legislature

Judiciary Committee  
Chairman  
Resources Committee  
Vice-Chair  
Education Committee  
Vice-Chair  
State Affairs Committee  
Select Committee on Legislative  
Ethics  
Joint Armed Services Committee



**Senator John Coghill**

Session Address:  
State Capitol, Room 119  
Juneau, AK 99801-1182  
(907) 465-3719  
Fax (907) 465-3258

Interim Address:  
1292 Sadler Way, Suite 340  
Fairbanks, AK 99701  
(907) 451-2997  
Fax (907) 451-3526  
(877) 465-3719

[www.alaskasenate.org](http://www.alaskasenate.org)

## AMENDMENTS ON THE SENATE FLOOR Version U to Version U.A

All amendments were introduced by Senator Wielechowski and were adopted without objection.

Amendment No. 1:

Page 11, following line 3:

A new section was added:

"\* **Sec. 23.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORTING REQUIREMENT. Annually, beginning in 2019 and ending in 2021, not later than March 1 of each regular legislative session, the Alaska Railroad Corporation shall present to the Resources Committees of the legislature and the Finance Committees of the legislature a report on its activities under this Act. The Alaska Railroad Corporation may satisfy the reporting requirement under this section by appearing in person before the Resources Committees of the legislature and the Finance Committees of the legislature."

Amendment No. 2:

Page 8, line 17, following "action":

Inserted ", including a summary of the board's findings under (a) of this section"

Amendment No. 3:

Page 8, line 16:  
Delete "and"

Page 8, line 20, following "mail":

Inserted "; and

(3) provide notice, including a summary of the board's findings under (a) of this section, and an opportunity to comment on the proposed action to the Department of Natural Resources, the Department of Transportation and Public Facilities, and the governing body of each municipality in which the land is located"

**From:** [Rep. Sam Kito](#)  
**To:** [House Labor and Commerce](#)  
**Subject:** FW: SB 86 HJR38  
**Date:** Thursday, May 3, 2018 4:57:49 PM

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**From:** Sean Ellis <Sean.Ellis@AlaskaAir.com>  
**Sent:** Thursday, May 3, 2018 4:57 PM  
**To:** Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>  
**Subject:** SB 86 HJR38

Dear Representative Kito

Please support the current version of Senate Bill 86. As an Alaskan, I support the railroad and want them to be successful. As a neighboring property owner, however, I do not understand why my land has been taken from me, without due process, simply because the railroad says they own it. If they needed to use my land for safety, or for some other reason, they could have at least asked me for it. As this issue has gone on, many people's conclusion is that we need to go to court. It hurts to think that, when people see that the federal government has taken someone's property - without notice or compensation - they believe the court system provides the only remedy. To say "go to court" is to say "please spend hundreds of thousands of dollars to get your rights back." When did that become an acceptable response from those who swore to defend the constitution? Especially knowing there are other significant remedies - like this bill- which do not have to be granted by a court.

Sean & Glenda Ellis  
13752 Vasili Dr  
Eagle River, AK  
99577  
[Get Outlook for iOS](#)



February 22, 2018

The Honorable John Coghill  
Alaska State Senate  
State Capitol Room 119  
Juneau, AK 99801

RE: Senate Bill 86, "An Act relating to the sale or other disposal, leasing, or encumbrance of Alaska Railroad Corporation land; and providing for an effective date."

Dear Senator Coghill:



I am writing in support of SB 86, thank you for introducing it. The flexibility provided to the Alaska Railroad as envisioned by this legislation will help us meet the mission of our organization.

Started on 1981, NeighborWorks Alaska is a provider of affordable housing, mortgage lending and community development for low and middle income residents in Anchorage and elsewhere in Alaska. Our largest property, the Panoramic View Apartments, consists of 268 units of affordable housing in 14 buildings in the Anchorage neighborhood of Government Hill. While we own the buildings, the land is owned and leased by the Alaska Railroad. The structures are 70 years old and in need of significant rehabilitation. It would be difficult or impossible for us to obtain financing and rehabilitate the buildings if we do not own the land. The Railroad has no operational need for this land and has expressed an interest in selling it to us. The passage of SB 86 would help to expedite this process.

As you may be aware, Anchorage has a significant lack of housing, especially affordable housing. This is due to the lack of available land, the lack of housing density, high construction costs and other factors. The unknown future of the Panoramic View Apartments puts into jeopardy the continued viability of 268 units of affordable housing for residents, many who work nearby downtown and at the Joint Base Elmendorf-Richardson. The passage of SB 86 will help us meet the housing demands of Anchorage.

In general, SB 86 will make more land available for development throughout the Railbelt, helping to foster economic growth for the benefit of all Alaskans. Thank you for your support of this legislation.

Sincerely,



Jim Nordlund  
Executive Director

[http://www.newswatch.com/opinion/more-land-for-alaskans-bill-would-speed-up-railroad-sales/article\\_981718ca-13ad-11e8-8038-caa40e761e8.html](http://www.newswatch.com/opinion/more-land-for-alaskans-bill-would-speed-up-railroad-sales/article_981718ca-13ad-11e8-8038-caa40e761e8.html)

## More land for Alaskans: Bill would speed up railroad sales for property-hungry buyers

Feb 18, 2018

**News-Miner opinion:** Business-oriented elected officials and like-minded people who would like to become elected officials sometimes proclaim the need to turn over some government functions to the private sector and, in a related principle, to make land owned by government agencies available for purchase by citizens and businesses.

There's a bill in the Alaska Legislature that aims to make it easier for one quasi-state agency, the Alaska Railroad Corp., to do just that. The railroad is owned by the state but receives no funding for its operations; it must raise revenue on its own, using the land granted to it by the federal government not only to provide for transportation but also to generate income.

But Alaska law prevents the railroad from selling its land or granting leases for longer than 95 years without approval from the Legislature. Senate Bill 86, sponsored by Republican Sen. John Coghill, of North Pole, would end that requirement.

**Why is the legislation needed?**

The Alaska Railroad's revenue from shipping is markedly down. Its most recent annual report showed freight revenue down 18 percent in 2018 over 2015. Its overall revenue, from all operations, was down 7.8 percent in 2018. "Never before has the Alaska Railroad Corporation had to roll with as many punches as came its way during 2018," according to the report.

Rail estate accounted for 11 percent of the railroad's revenue in 2015 and 2016. The Alaska Railroad owns about 38,000 acres of land, half of which is used for its operations.

It's obvious that railroad officials want to — need to — increase revenue from rail estate.

Being able to increase its land sales and leasing means railroad officials have to be able to respond quickly to potential buyers. The prospect of having to secure legislative approval for a sale or long-term lease surely keeps some potential buyers away. The Legislature — as Alaskans well know — is not a place where things happen quickly.

Getting the Legislature out of the way is important.

SB86 would also, as Sen. Coghill said in his sponsor's statement, treat the railroad similarly to how the law governs the state Department of Transportation and Public Facilities, the Department of Natural Resources, the Alaska Mental Health Land Trust and the University of Alaska — none of which has to seek legislative approval to sell land.

The bill was introduced last year but had a hearing in the Senate Resources Committee earlier this month, during which a three-year sunset provision was added. That means current law requiring legislative approval will come back in force unless the Legislature determines otherwise after reviewing how the railroad performed without involvement of legislators.

The Fairbanks North Star Borough Assembly earlier this month approved a resolution of support for SB 86, stating that the timely sale of railroad land in Fairbanks, "without those delays inherent to the legislative process, may encourage local business growth and expansion, thereby increasing the local tax base." The Fairbanks City Council approved a similar resolution of support, as have the Fairbanks Economic Development Corp. and the Greater Fairbanks Board of Realtors.

Now, getting the Legislature to act promptly to approve a bill that takes away some of its power is another matter entirely.

But let's hope the House and Senate can find a way to get it done for the benefit of the railroad and Alaskans who want to buy the land.

**Senate Bill 86 Alaska Railroad Corporation Land**

Upon passage of SB 86, UCM would be interested in exploring the purchase of the Tri-Valley Subdivision land from the ARRC and then making the lots available for purchase to those who are sub-leasing them.

Thank you for the opportunity to provide support for SB 86. Should you have any questions, please do not hesitate to contact me at (907) 982-6744, or [lorali@usibelli.com](mailto:lorali@usibelli.com).

Sincerely,

A handwritten signature in cursive script that reads "Lorali M. Simon".

**Lorali M. Simon**  
Vice President, External Affairs



## USIBELLI COAL MINE, INC.

PO Box 1000 Healy, Alaska 99743

Telephone (907) 683-2226 • Facsimile (907) 683-2253

February 8, 2018

The Honorable Senator John Coghill  
State Capitol  
Juneau, Alaska 99801

*Re: Support for SB 86 Alaska Railroad Corporation Land*

Dear Senator Coghill:

Usibelli Coal Mine, Inc. (UCM), located in Healy, is a fourth generation, family-owned, business and the only operational coal mine in Alaska. Emil Usibelli founded the company in 1943 and we are proud that this marks our 75<sup>th</sup> Anniversary. His son, Joe Usibelli is the Chairman of the Board of Directors. Joe Usibelli Jr., Emil's grandson, is President of UCM.

### **Employee Housing**

In 1950, UCM built the Usibelli Camp adjacent to its mining operations for employee housing. The following year, the company began building housing for married employees and their families. In 1953, a two-story bunkhouse was built at Usibelli Camp to house seasonal employees. Mine employees and their families lived at Usibelli Camp until 1977 when UCM leased land from the Alaska Railroad Corporation and developed the Tri-Valley subdivision.

The Federal Mine Enforcement and Safety Administration had advised UCM that families of its miners needed to be moved from the Usibelli Camp due to safety concerns of mining trucks sharing the road with residential vehicles. UCM wanted to provide an opportunity for mine personnel and their families to own homes and create a community, however, available land in the surrounding area was predominantly owned by the Alaska Railroad Corporation (ARRC). The ARRC also had employees living in Healy who desired to own their own homes, and they were also having great difficulty finding available building lots.

As a solution to meet the demand for residential housing and necessary facilities, the ARRC leased UCM approximately 510 acres to develop roads, utilities, and building lots. Today, the Tri-Valley Subdivision encompasses many of the amenities that make up Alaska's only coal mining town, such as the Tri-Valley Community Center, Denali Pre-School and Early Learning Center, a Baptist, Catholic, and Latter Day Saints church, the Denali Chamber of Commerce office, and is also where many residents of Healy reside. While UCM is the lessee of the land, individuals and entities sublease lots to build and own homes and buildings.

February 22, 2018

The Honorable John Coghill  
Alaska State Senate  
State Capitol Room 119  
Juneau, AK 99801

RE: Senate Bill 86, "An Act relating to the sale or other disposal, leasing, or encumbrance of Alaska Railroad Corporation land; and providing for an effective date."

Dear Senator Coghill:

I am writing in support of SB 86, thank you for introducing it. The flexibility provided to the Alaska Railroad as envisioned by this legislation will help us meet the mission of our organization.

Started on 1981, NeighborWorks Alaska is a provider of affordable housing, mortgage lending and community development for low and middle income residents in Anchorage and elsewhere in Alaska. Our largest property, the Panoramic View Apartments, consists of 268 units of affordable housing in 14 buildings in the Anchorage neighborhood of Government Hill. While we own the buildings, the land is owned and leased by the Alaska Railroad. The structures are 70 years old and in need of significant rehabilitation. It would be difficult or impossible for us to obtain financing and rehabilitate the buildings if we do not own the land. The Railroad has no operational need for this land and has expressed an interest in selling it to us. The passage of SB 86 would help to expedite this process.

As you may be aware, Anchorage has a significant lack of housing, especially affordable housing. This is due to the lack of available land, the lack of housing density, high construction costs and other factors. The unknown future of the Panoramic View Apartments puts into jeopardy the continued viability of 268 units of affordable housing for residents, many who work nearby downtown and at the Joint Base Elmendorf-Richardson. The passage of SB 86 will help us meet the housing demands of Anchorage.

In general, SB 86 will make more land available for development throughout the Railbelt, helping to foster economic growth for the benefit of all Alaskans. Thank you for your support of this legislation.

Sincerely,



Jim Nordlund  
Executive Director





Phone: 907.452.7743

[gfbrae@eci.net](mailto:gfbrae@eci.net)

[www.gfbr.org](http://www.gfbr.org)

**Board of Directors**

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Director

Brittnie Welsh  
Chief Executive Officer

February 8, 2018

Senator Cathy Giessel, Senate Resources Committee Chair  
Senator John Coghill, Senate Resources Committee Vice-Chair  
Members of Senate Resources Committee

Re: Support for Senate Bill 86

*"An Act relating to the sale other disposal, leasing, or encumbrance of Alaska Railroad Corporation land; and providing for an effective date."*

Under all this land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. The Greater Fairbanks Board of REALTORS® recognizes that the interests of this community and its residents require the highest and best use of the land and the widest distribution of land ownership. They require the creation of housing, positive economic development and the preservation of a healthful environment.

Collectively, we believe that allowing the Alaska Railroad to determine which land resources would be best in private hands would have a positive economic impact on residential development in our community. Housing development will not only create new jobs and provide desired housing options for our existing residents, but it also maintains the ability to attract new people to our community. New people moving into the community could, in turn, attract new businesses. The financial impact of residential construction would be felt by a variety of businesses including local lenders, title companies, insurance agents, cable and internet providers, building retailers and local and state government.

With over 220 REALTOR® members and the support of strong local real estate related businesses in our community, we speak with one voice. On behalf of the Greater Fairbanks Board of REALTORS® and its members, we are unified in urging you to support Senate Bill 86.

Sincerely,

Brittnie Welsh  
CEO

Greater Fairbanks Board of REALTORS®



February 2, 2018

Senator Cathy Giessel, Senate Resources Committee Chair  
Senator John Coghill, Senate Resources Committee Vice-Chair  
Members of Senate Resources Committee

Re: Support for Senate Bill 86

To the Senate Resources Committee:

The railroad plays a pivotal role in Fairbanks, from the supply line it provides to the Interior, to the carloads of tourists that visit Fairbanks each summer and frequent local businesses.

Railroad land extends into the heart of downtown Fairbanks. While the benefits of railroad land in the central Fairbanks district have provided benefits to businesses who lease the property, there is prime riverbank real estate with full utility hookups that has remained vacant for 20 years. Despite the fact that this presents an exciting opportunity for new housing, it's difficult for a singular residential developer to acquire the financing to build a riverbank home on leased land.

According to the Department of Natural Resources, in 2015 less than 1% of state land was under private ownership. Allowing the Alaska Railroad the discretion to determine which land resources would be best in private hands, and therein contributing revenues to local governments, would be a gain for the Fairbanks economy and economies all over Alaska.

FEDC supports the addition of a sunset date to SB 86. Providing a sunset date allows Alaskans to benefit from the jobs, commercial ventures, and residential lots from unused Alaska Railroad land reserves while allowing future Alaskans to choose whether or not the Alaska Railroad should be allowed to continue selling parcels that are not part of the right-of-way/operational reserves.

Fairbanks Economic Development Corporation exists to assist in creating new jobs and new economic opportunities while reinforcing current industries for the residents of the Fairbanks North Star Borough. It is with these ends in mind that we urge you to support Senate Bill 86 and amend the legislation to include a sunset date.

Sincerely,

Jim Dodson  
President and CEO  
Fairbanks Economic Development Corporation

Introduced by: Mayor Matherly  
Introduced: February 5, 2018

**RESOLUTION NO. 4824**

**A RESOLUTION IN SUPPORT OF SENATE BILL 86, AN ACT  
RELATING TO THE SALE OR OTHER DISPOSAL, LEASING, OR  
ENCUMBRANCE OF ALASKA RAILROAD CORPORATION LAND**

**WHEREAS**, the Alaska Legislature is considering amendment of AS 42.40.120(c) to incorporate the authorization for the Alaska Railroad (ARRC) to dispose or encumber its entire interest in land; and

**WHEREAS**, the ARRC will be able to react much more quickly with respect to real estate opportunities that could potentially be funded by sale or encumbrance of ARRC land; and

**WHEREAS**, the sale of ARRC land could increase private development and expand the local tax base; and

**WHEREAS**, sale of ARRC land will provide the opportunity for individuals to acquire investment and recreational property, promoting economic growth and development.

**NOW, THEREFORE, BE IT RESOLVED** that the Fairbanks City Council supports the passage of Senate Bill 86.


**PASSED and APPROVED** this 5th day of February 2018.

  
\_\_\_\_\_  
Jim Matherly, Mayor

**AYES:** PASSED and APPROVED on the CONSENT AGENDA  
**NAYS:** None  
**ABSENT:** None  
**APPROVED:** February 5, 2018

**ATTEST:**

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
D. Danyelle Snider, CMC, City Clerk  
\_\_\_\_\_  
Paul Ewers, City Attorney



16515 Centerfield Dr, Suite 201  
Eagle River, AK 99577  
Phone: (907) 696-2828  
Fax: (907) 696-2845  
www.eklutnainc.com

April 4, 2017

The Honorable John Coghill  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801

RE: Senate Bill 86, "An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land".

Dear Senator Coghill:

I encourage legislators to support SB 86 as a tool for economic development during what looks to be tough economic times for our state.

Our corporation has been involved in real estate development in Alaska for quite some time. We see great potential in this legislation for us to work with the Alaska Railroad, as development opportunities arise, to move quickly to take advantage of those opportunities.

The benefits of SB 86 go beyond just our company and the railroad. Private companies and individuals purchasing Alaska Railroad land will encourage economic growth and development, while at the same time putting the properties on the tax rolls to increase payments to local governments.

Additionally, SB 86 will bring the Alaska Railroad Corporation into alignment with other state entities that we have worked with in the past such as the Department of Transportation and Public Facilities to be able to sell land without legislative approval.

Sincerely,

Best Regards,

Curtis J. McQueen  
Chief Executive Officer

## **DENALI BOROUGH**

P.O. Box 480 • Healy, Alaska 99743  
Phone: (907) 683-1330 • Fax: (907) 683-1340  
Email: [dbgovt@mtaonline.net](mailto:dbgovt@mtaonline.net)  
Website: [www.denaliborough.govoffice.com](http://www.denaliborough.govoffice.com)



*Clay Walker, Mayor*

April 5, 2017

Senator Cathy Giessel, Senate Resources Committee Chair  
Senator John Coghill, Senate Resources Committee Vice-Chair  
Members of Senate Resources Committee

Re: Senate Bill Number 86

As I am unable to provide live testimony this Friday on SB 86, please accept this written letter of support. First, I would like to thank Senator Coghill for sponsoring this bill.

In 2009, the Denali Borough Assembly via resolution, supported the 2010 legislation enabling the Alaska Railroad Corporation (ARRC) to sell land. The borough followed the drafting of a land sales policy and encouraged the ARRC to consider lands within the Healy Reserve as suitable for sale, being in the best interest of the state. To this date, as far as I know, no ARRC lands have been sold statewide.

The Healy Reserve is the largest railroad reserve in the entire state, totaling 6,226 acres. Within the reserve, the railroad leases land vital to community functions. The Healy River Airport, leased to the Alaska Department of Transportation and Public Facilities, is important for personal, recreational and commercial aviation, but is essential to public safety, as it is the primary location for life flights. Granting the ARRC Board the ability to sell land, or exchange with other state entities, will help resolve a number of layered land situations across the state, including here in Healy.

The ARRC land leased to Usibelli Coal Mine for the development of a residential subdivision forms the center of the Healy community. I am writing from railroad leased land now, as the Tri-Valley Community Center (which houses the medical clinic, fire hall, borough office, bank, and state trooper station) sits on leased land. These lands are clearly not needed, and never will be, for railroad operations.

It is time for the legislature to allow the ARRC, through its board, the ability to dispose of lands without legislative approval. State agencies will have more options and Alaskan residents will have a brighter future, with increased opportunities for private land ownership. Private land ownership is fundamental to community growth, state growth, and economic expansion.

Thank you for this opportunity to provide comment on Senate Bill 86.

Sincerely,

Clay Walker, Denali Borough Mayor



**BUILDING OWNERS & MANAGERS ASSOCIATION  
FEDERATED WITH BOMA INTERNATIONAL**

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January 18, 2018

**The Honorable John Coghill  
Majority Leader  
Alaska State Senate  
Capitol Building, Suite 119  
Juneau, Alaska 99801**

**RE: Senate Bill 86, "An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land".**

**Dear Senator Coghill:**

**As President of the Building Owners and Managers Association Anchorage (BOMA Anchorage), I encourage legislators to support SB 86 as a tool for economic development in Alaska.**

**With over 185 members comprised of commercial property owners, managers, brokers, contractors, architects, engineers and other professionals in the commercial real estate community, BOMA Anchorage represents over 46 million square feet of commercial space and leads the way in representing the commercial real estate industry in Alaska. We support SB 86 and see great potential in this legislation and the development opportunities that could arise.**

**The benefits of SB 86 go beyond just our membership and the Alaska Railroad. With a shortage of usable land in the Anchorage area, this legislation will allow the Department of Transportation and Public Facilities to sell land without costly legislative delays. A more efficient process would encourage new economic growth and development, and ultimately add to the Municipality of Anchorage tax roll. A five-year sunset provision would allow time to establish a track record, giving the Legislature the ability to confirm that the Alaska Railroad represents the best interests of the Corporation and the State of Alaska.**

**SB 86 offers economic opportunity for the future. BOMA Anchorage supports this legislation and encourages the Legislature to pass this Senate Bill.**

**Sincerely,**

**Aaron P. Lautaret  
President, BOMA Anchorage**

# DENALI BOROUGH

PO Box 480 – Healy, AK 99743  
Phone (907) 683-1330 – Fax (907) 683-1340  
dbgovt@mtaonline.net – www.denaliborough.org



## DENALI BOROUGH, ALASKA RESOLUTION NO. 18-05

### A RESOLUTION BY THE DENALI BOROUGH ASSEMBLY SUPPORTING SENATE BILL (SB) 86 REGARDING ALASKA RAILROAD CORPORATION LAND

**WHEREAS**, the Alaska Railroad Corporation (ARRC) plays a significant role in the economic well-being of the State of Alaska, through its support to other key industries in the state; and

**WHEREAS**, the Federal Government transferred land reserves to the ARRC not only to provide it with a land base on which to build infrastructure for transportation services, but also from which to generate income toward its self-sustenance; and

**WHEREAS**, the ability of any corporation to efficiently monetize non-performing, or under-performing, land assets is beneficial to that corporation and to the communities in which those assets are located; and

**WHEREAS**, both the Clear Reserve, at 2,490 acres, and the Healy Reserve, at 6,226 acres (the largest ARRC land reserve in the state), are located within the Denali Borough; and

**WHEREAS**, the current process for ARRC land sales mandates full legislative approval, which can be a lengthy and burdensome process; and

**WHEREAS**, under the existing system, no ARRC land has ever been sold in the Denali Borough; and

**WHEREAS**, SB 86 provides a mechanism for disposal of ARRC land similar to that of other corporations, which is approval by the Board of Directors; and

**WHEREAS**, the Board approval process should provide ample public notice and welcome public comment, resulting in an open public process.

**THEREFORE, BE IT RESOLVED**, that the Denali Borough Assembly fully supports SB 86 as a means to strengthen ARRC's economic sustainability, and as an effort to further encourage real estate development in the Denali Borough and throughout the Railbelt.

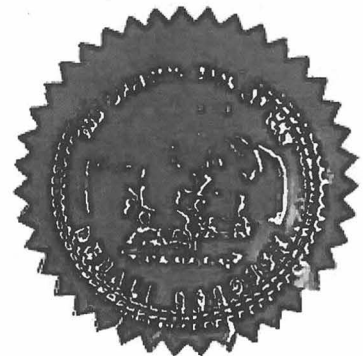
**BE IT FURTHER RESOLVED**, the Denali Borough Assembly recommends strengthening the Public Notice section (42.40.352) by articulating duration of notice and opportunity for public comment.

**PASSED AND APPROVED** by the Denali Borough Assembly this 14<sup>TH</sup> day of March, 2018

  
MAYOR CLAY WALKER

ATTEST:   
AMBER RENSHAW, BOROUGH CLERK

**AYES: UNANIMOUS**  
**ABSENT: CHATFIELD, HOLMES, KELLY**



**From:** Clay Walker  
**To:** Rep. Adam Wool; Rep. Sam Kito  
**Cc:** Caitlyn Ellis; Laura Stidolph  
**Subject:** Denali Borough Resolution 18-05 SB 86  
**Date:** Thursday, April 5, 2018 5:48:52 PM  
**Attachments:** Resolution 18-05 SB 86.pdf

---

To:  
The Honorable Representatives Wool and Kito  
House Labor and Commerce Committee Co-Chairs,

In February, I submitted a letter of support regarding SB 86/HB 207, the Alaska Railroad Land Bill. Here in the Denali Borough, where we have the largest Railroad Land Reserve in the state and a dearth of available private property, we are encouraged by the passage of the bill through the Senate.

For your consideration, and for the consideration of the Committee should the bill receive a hearing, please see the attached resolution unanimously approved by the Denali Borough Assembly. If the House Labor and Commerce Committee has reservations regarding due public process, please see the recommendation in the resolution toward strengthening the public notice section of the bill.

Thank you for your attention to this issue, which is very important to Railbelt communities. And thank you for your service to our State.

Respectfully,

Clay Walker  
Denali Borough Mayor  
Office: 683-1330  
Cell: 888-4631  
Email: [cwalker@denaliborough.com](mailto:cwalker@denaliborough.com)



# Municipality of Anchorage

Ethan Berkowitz, Mayor

February 20, 2018

The Honorable John Coghill  
State Capitol, Room 119  
Juneau, AK 99801-1182

Re: Senate Bill 86: An Act relating to the sale, other disposal, leasing, and encumbrance of Alaska Railroad Corporation land.

Dear Senator Coghill,

The Municipality of Anchorage fully supports SB86 as an effort to encourage and introduce efficiency to Alaska Railroad real estate development initiatives, particularly within Anchorage's borders.

Freeing up the Railroad's ability to negotiate more expediently with the Municipality, on both purchase and land swap arrangements, will create an atmosphere we feel will make Anchorage more attractive to outside investors, and local developers looking to grow their businesses. Further, providing more flexibility to the Railroad on this matter will serve to expedite those Anchorage-based infrastructure projects that will in the end benefit all of Alaska; the Port of Alaska Modernization Program being just one of them.

Thank you for your time and attention on this matter. I hope for the Legislature's favorable consideration of this important bill.

Respectfully,

Ethan Berkowitz

**From:** [Rep. Sam Kito](#)  
**To:** [House Labor and Commerce](#)  
**Subject:** FW: Please Support SB86  
**Date:** Thursday, April 19, 2018 10:45:12 AM

---

**From:** Dan Polta <danpolta@dbsd.org>  
**Sent:** Thursday, April 19, 2018 9:54 AM  
**To:** Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>  
**Subject:** Please Support SB86

Dear Representative Kito,

I'm writing to ask you to support SB86, an act relating to Alaska Railroad Corporation Land and to help move this bill out of the House Labor and Commerce Committee for consideration by the full House before the end of this legislative session.

I live in Healy, Alaska, in a house I purchased on land leased from the Alaska Railroad. I am the superintendent of the Denali Borough School District. I know many families who want to purchase homes in the area but are resistant to buying on lease land. SB 86 provides an avenue to help move these residential plots of land into the hands of private homeowners. This will strengthen and build our small community.

Thank you for your consideration and support.

Dan Polta  
Superintendent  
Denali Borough School District  
P.O. Box 280  
Healy, AK, 99743  
1 (907) 683-2278  
[danpolta@dbsd.org](mailto:danpolta@dbsd.org)

Nurturing, empowering and inspiring today's student to positively shape tomorrow's world

**From:** [Rep. Sam Kito](#)  
**To:** [House Labor and Commerce](#)  
**Subject:** FW: SB86 amendment  
**Date:** Thursday, May 3, 2018 6:58:56 PM  
**Attachments:** [Don Young letter 41618 re HJR38.pdf](#)

---

**From:** Goosehangar <goose703@gmail.com>

**Sent:** Thursday, May 3, 2018 6:10 PM

**To:** Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>; Rep. Adam Wool <Rep.Adam.Wool@akleg.gov>; Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Louise Stutes <Rep.Louise.Stutes@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. Gary Knopp <Rep.Gary.Knopp@akleg.gov>; Rep. Colleen Sullivan-Leonard <Rep.Colleen.Sullivan-Leonard@akleg.gov>; Rep. Mike Chenault <Rep.Mike.Chenault@akleg.gov>; Rep. Bryce Edgmon <Rep.Bryce.Edgmon@akleg.gov>

**Cc:** Rep. Chuck Kopp <Rep.Chuck.Kopp@akleg.gov>; Erick Cordero Giorgana <Erick.CorderoGiorgana@akleg.gov>; Bob Gastrock <farnorthflyer@gmail.com>; Jack Brown <akparajack@yahoo.com>; joan Stolle <joanstolle@alaskan.com>; Jodi Taylor <jodiltaylor@gmail.com>; Beardsley Steve Nancy <beardsleysn@gmail.com>

**Subject:** SB86 amendment

#### Committee Members

Thanks to those supporting the amendment advanced by Rep. Kopp and others to protect private property rights, much in the same manner as HJR38 which passed the whole body 32-2.

I stood by today to speak at the hearing and may not be able to do so again tomorrow. But I did want to support the amendment.

Please consider how you might feel to wake up one day to find that the State of Alaska has spent close to 4 decades to erode your property rights. You might be somewhat upset. So are we.

This is a simple matter of protecting property rights against what seems to be an endless attack by the State railroad. Supporting the amendment is simply doing the right thing, The amendment supports other Alaskans trying to convince this state agency to do the same thing.

Even though the legislative process seems to afford little opportunity to be heard to protect our property rights I must say that it is head and shoulders above that of the 1982 Alaska Railroad Transfer Act procedure impressed on Alaskan citizens by the railroad and the Interior Department. Property owners received no notice of the transfer proceedings and no opportunity to be heard..even for 2 minutes by phone.

As Congressman Young's recent letter points out there has been an errant application of the transfer impairing the property rights of many Alaskans. Let me share his thoughts with you in the event that you may not have seen them. See his letter below.

If the federal government did not own a certain property right they and the railroad should have stayed far away from a transfer of imagined rights.

And that being obvious, the railroad should not be dealing those mistakenly derived rights away to others.

Please support this modest amendment to prevent a bad situation created by the Alaska Railroad from becoming worse while a solution recognizing the legitimate interests of as many as 1200 Alaskan property owners can be found.

I hear some folks say "sue". My response is that the State of Alaska, through it's largest representative body, needs to stand up for state and federal constitutional principles. This is as much your job as it is that of a judge in a robe. This is a test to see if the state's representative body will do the right thing when the right thing to do is so obvious and so obviously in step with the most basic constitutional principles.

John Pletcher

Remarks originally scheduled to be orally delivered at L&C committee meeting of May 2, 2018:

Good afternoon.

I am Sharen Walsh, deputy director of the Port of Alaska.

I am speaking on behalf of the Port in support of SB86.

Port of Alaska is a publically-owned facility that handles half of all of Alaska's inbound, marine freight. Almost 3.5 million tons of fuel and cargo crossed Port of Alaska's docks in 2017. Half of the cargo that moves through the Port is delivered to final destinations outside of Anchorage and directly benefits some 85 percent of all Alaskans.

The Port originally opened in 1961 and its docks have long exceeded their original design life, they are suffering from severe corrosion, they are not well-suited for modern cargo-handling operations, and they are unlikely to survive another significant earthquake.

For these reasons, Port of Alaska is moving forward with a program replace its aging docks before they fail. This port modernization program is optimized to replace the docks in timely and cost effective manner while maintaining ongoing operations that benefit our entire state.

The first phase of this project involves land that is currently leased by the Port from the Alaska Railroad. Shore stabilization work is scheduled to start on this property this summer in preparation for construction of a new petroleum and cement terminal that is scheduled for completion in 2020.

It is not appropriate for the Port of Alaska, a publically-owned enterprise, to build a new dock on land that it does not control in perpetuity. Passage of SB86 will allow the land sale that will provide this control.

I appreciate your careful consideration and support of passing this bill, so that the Port can move forward with construction of new docks that will benefit all of Alaska.

Thank you.

**From:** Bob Gastrock  
**To:** House Labor and Commerce  
**Cc:** Rep. Chuck Kopp; Erick Cordero Giorgana  
**Subject:** Testimony for SB 86  
**Date:** Thursday, May 3, 2018 11:29:24 AM  
**Importance:** High

---

Members of the House Labor & Commerce Committee,

I regret that I am overseas without telephone access, and so cannot call in to offer testimony during your hearing on SB 86. In lieu of that, I hope staff is able to convey my comments to you.

As an Alaskan since 1968, I have owned a home in South Anchorage since 1976. My property is part of the original Sperstad homestead, which the Alaska Railroad transected. As such, my property is burdened by the railroad right-of-way (ROW), ensuring that the railroad has unhindered use of the ROW to safely conduct rail operations.

When the federal government transferred ownership of the railroad to the State, conveyance actions erroneously superimposed patents over some of the same property (including mine). This action created clouds on title and attempted to grant an exclusive use easement that the federal government did not then possess (and therefore could not grant to another party).

The amendment to SB 86 now being considered is intended to protect vested property rights belonging to homestead patent holders and their heirs and assigns. It does not impact any property rights the federal government actually possessed in 1982 and therefore was entitled to transfer to the State.

I urge you to support this amendment to protect Alaskans' property rights.

Respectfully,

Robert Gastrock  
13151 Nora Drive  
Anchorage

**From:** Rep. Sam Kito  
**To:** House Labor and Commerce  
**Subject:** FW: SB 86  
**Date:** Thursday, May 3, 2018 4:52:25 PM

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-----Original Message-----

From: Chris Flowers <pa18ski@gmail.com>  
Sent: Thursday, May 3, 2018 4:30 PM  
To: Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>; Rep. Adam Wool <Rep.Adam.Wool@akleg.gov>; Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Louise Stutes <Rep.Louise.Stutes@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. Chuck Kopp <Rep.Chuck.Kopp@akleg.gov>; Rep. Colleen Sullivan-Leonard <Rep.Colleen.Sullivan-Leonard@akleg.gov>  
Subject: SB 86

Hello,

I'm a homeowner who has been affected by the Alaska Railroad Corporation's "exclusive use" overreach on my land. I truly appreciate your help in returning our property rights. I'm writing in support of SB 86 as amended by Representative Kopp. This would return my property rights and return the AKRRC ownership to its original "surface easement" across my land, which is a subdivided homestead.

Thank you,  
Christopher L. Flowers

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version:	CSSB 86(RES)
Fiscal Note Number:	1
(S) Publish Date:	2/14/2018

Identifier: SB086-DCCED-ARRC-02-02-18  
 Title: ALASKA RAILROAD CORP:  
 LAND;BONDS,FINANCE  
 Sponsor: COGHILL  
 Requester: (S) Resources

Department: Department of Commerce, Community and  
 Economic Development  
 Appropriation: Alaska Railroad Corporation  
 Allocation: Alaska Railroad  
 OMB Component Number: 0

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation	Governor's	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Requested	FY 2019	FY 2019					
<b>OPERATING EXPENDITURES</b>	<b>FY 2019</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Updated to current fiscal year form.

Prepared By: Tim Sullivan  
 Division: Alaska Railroad Corporation  
 Approved By: Catherine Reardon, Director  
 Agency: Division of Administrative Services, DCCED

Phone: (907)365-2357  
 Date: 02/02/2018  
 Date: 02/02/18

REPORTED OUT OF  
SFC 03/28/2018

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION**Analysis**

SB86 adjusts land asset management within the Alaska Railroad Corporation (ARRC). The legislation changes approval, delegation, disposal of and accounting for ARRC land to streamline processes and allow ARRC the similar decision making and management capacities as are granted to other state agencies. These changes will allow ARRC to work more efficiently with the Department of Transportation and Public Facilities and other state agencies on land sales or exchanges needed for state road or facility projects, and will allow ARRC to monetize non-performing land assets. The legislation will allow ARRC to better respond to opportunities in the real estate market and more efficiently manage the overall real estate portfolio.

The Alaska Railroad Corporation is exempt from the Executive Budget Act. The Alaska Railroad Corporation does not require additional financial authorization as a result of this legislation.

30-LS0487\N  
Laffen  
5/2/18

**HOUSE CS FOR CS FOR SENATE BILL NO. 86(L&C)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**THIRTIETH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE LABOR AND COMMERCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATORS COGHILL, Hoffman, Stevens, von Imhof, Giessel, Bishop, Costello, Micciche**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to Alaska Railroad Corporation land; authorizing the exchange of land**  
2 **between the Alaska Railroad Corporation and Eklutna, Inc.; and authorizing the**  
3 **transfer of land from the Alaska Railroad Corporation to the Municipality of**  
4 **Anchorage."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 **\* Section 1.** AS 42.40.285 is amended to read:

7 **Sec. 42.40.285. Legislative approval required.** Unless the legislature  
8 approves the action by law, the corporation may not

9 (1) exchange, donate, sell, or otherwise convey its entire interest in  
10 land;

11 (2) issue bonds;

12 (3) extend railroad lines; this paragraph does not apply to a spur,  
13 industrial, team, switching, or side track;

14 (4) lease land for a period in excess of 95 years unless the corporation

1 reserves the right to terminate the lease if the land is needed for railroad purposes;

2 (5) apply for or accept a grant of federal land within a municipality;  
3 before approving an action under this paragraph, the legislature must determine that  
4 the federal land is required for essential railroad purposes; **except as otherwise**  
5 **provided in AS 42.40.410**, this paragraph does not apply to the application for or  
6 acceptance of a grant of federal land associated with

7 (A) the Anchorage-Wasilla line change project on Elmendorf  
8 Air Force Base and Fort Richardson;

9 (B) the Fairbanks intermodal rail yard expansion project;

10 (C) a conveyance of rail properties of the Alaska Railroad  
11 under the original Alaska Railroad Transfer Act of 1982 as set out in Title VI,  
12 P.L. 97-468; in this subparagraph, "rail properties of the Alaska Railroad" has  
13 the meaning given in 45 U.S.C. 1202(10).

14 \* **Sec. 2.** AS 42.40.350(a) is amended to read:

15 (a) The corporation shall receive from the United States and, in its own name,  
16 take title to all rail property transferred under 45 U.S.C. 1201 - 1214 (Alaska Railroad  
17 Transfer Act of 1982), **except that the corporation does not have authority over**  
18 **any right, title, or interest in property transferred under this subsection that was**  
19 **not vested in the United States at the time of transfer**. All land that is transferred or  
20 acquired by the corporation is designated as follows:

21 (1) railroad rights-of-way are railroad utility corridors;

22 (2) land outside railroad utility corridors is rail land.

23 \* **Sec. 3.** AS 42.40.410 is amended to read:

24 **Sec. 42.40.410. Federal land.** Except as provided in AS 42.40.285(5), the  
25 corporation may submit applications on its own behalf as an instrumentality of the  
26 state for acquisition of federal land available under federal law that will enhance the  
27 operations of the corporation if it is available under a federal law other than the Alaska  
28 Statehood Act of 1958 (P.L. 85 - 508, 72 Stat. 339), as amended. The corporation may  
29 receive in its own name conveyances of all interests in federal land. **In this section,**  
30 **land or interest in land that is not conclusively owned by the United States at the**  
31 **time of transfer is not available and does not satisfy the exception from legislative**

1           **approval under AS 42.40.285(5)(C).**

2           \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4           APPROVAL OF THE TRANSFER OF REAL PROPERTY TO EKLUTNA, INC. (a)  
5 The Alaska Railroad Corporation is authorized to convey the corporation's entire interest in  
6 approximately 399.2 acres of rail land located in the Alaska Railroad Eagle River Reserve,  
7 within Sections 25, 26, and 35, Township 16 North, Range 2 West, Seward Meridian, to  
8 Eklutna, Inc., in exchange for the conveyance to the corporation by Eklutna, Inc., of land  
9 adjacent to land owned by the corporation in Birchwood.

10           (b) If the appraised fair market value of the land to be exchanged is unequal, the  
11 Alaska Railroad Corporation may accept or pay cash sufficient to equalize the value of assets  
12 being exchanged.

13           (c) The land conveyed by Eklutna, Inc., to the Alaska Railroad Corporation shall be  
14 held and managed by the corporation in accordance with AS 42.40.

15           (d) This section constitutes legislative approval under AS 42.40.285(1) for the Alaska  
16 Railroad Corporation to convey its entire interest in the land described in (a) of this section.

17           \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
18 read:

19           APPROVAL OF THE TRANSFER OF REAL PROPERTY TO THE  
20 MUNICIPALITY OF ANCHORAGE. (a) The Alaska Railroad Corporation is authorized to  
21 convey the corporation's entire interest in approximately 20.2 acres of rail land located in the  
22 Alaska Railroad Anchorage Reserve, within Section 7, Township 13 North, Range 3 West,  
23 Seward Meridian, and Section 12, Township 13 North, Range 4 West, Seward Meridian, to  
24 the Municipality of Anchorage.

25           (b) In consideration for the conveyance authorized in (a) of this section, the Alaska  
26 Railroad Corporation may accept cash equivalent to the fair market value of the land being  
27 conveyed.

28           (c) This section constitutes legislative approval under AS 42.40.285(1) for the Alaska  
29 Railroad Corporation to convey its entire interest in the land described in (a) of this section.



# 30<sup>th</sup> Alaska State Legislature

## House Labor and Commerce Committee

**Chairman:**

Rep. Sam Kito  
State Capitol 403  
907-465-4766

**Vice Chairman:**

Rep. Adam Wool

**Members:**

Rep. Chris Birch  
Rep. Andy Josephson  
Rep. Gary Knopp  
Rep. Louise Stutes  
Rep. Colleen Sullivan-  
Leonard

**Committee Aide:**

Caitlyn Ellis  
State Capitol 403  
907-465-4767

**Committee Contact:**

hlac@akleg.gov  
907-465-4954

### Explanation of Changes

#### Senate Bill 86

#### Alaska Railroad Corp: Land; Bond; Finance Version U.A to Version N

Version N makes the following changes to SB 86 version U.A:

- Adds a new subsection to 42.40.350 that prohibits the Alaska Railroad Corporation to exercise management authority over lands which were unlawfully transferred in violation of state law.
- Adds a new subsection 42.40.410 that states that any land or interest in land the Alaska Railroad Corporation received from the U.S. Department of the Interior that was not conclusively owned by the United States at the time of transfer does not satisfy the exception from legislative approval required under AS 42.40.285.
- Provides for Legislative Approval of the transfer of Real Property to Eklutna, Inc. and the Municipality of Anchorage.
- All other provision in version U.A have been removed.