

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10490 HOUSE TRANSPORTATION

DENALI BOROUGH, ALASKA

RESOLUTION NO. 93-02A RESOLUTION ENDORSING THE CREATION OF A RAILROAD/UTILITY
CORRIDOR FOR DENALI NATIONAL PARK ACCESS.

WHEREAS, Denali National Park is the top visitor destination in Alaska, and

WHEREAS, Denali National Park is a critical element in the Alaska Visitor Industry throughout the State, and

WHEREAS, the current limits on access into Denali National Park restrict many visitors and residents from entering the Park that would like to, and

WHEREAS, lack of access to Denali creates a bottleneck in the visitor/tourism delivery system of Alaska, and

WHEREAS, no additional access to the interior of the Park is included in the South Denali Concept Plan now under consideration, and

WHEREAS, the National Park Service "Denali Task Force Report" released in 1992 did not provide for any immediate increase in the capacity on the current north entrance road, and

WHEREAS, the National Park Service "Denali Task Force Report" described the rail access concept as captivating, and

WHEREAS, Kantishna Group Inc. has proposed an environmentally sound, sensible, innovative, and unique tourism railroad between Healy and Kantishna to provide access to the growing numbers of Alaskan visitors, and

AND WHEREAS, the Denali Borough and the communities within it, will benefit from permanent jobs and other economic activity created by the building and operation of the Kantishna Group Inc.'s railroad;


NOW THEREFORE BE IT RESOLVED: that the Denali Borough Assembly and Mayor strongly supports the Kantishna Group Inc.'s plans to construct and operate a general purpose tourism railroad into Denali National Park.

FURTHER BE IT RESOLVED: that the Denali Borough Assembly and Mayor encourages the National Park Service at Denali National Park, the Regional and National levels, the State of Alaska, its Governor, Legislature and National Delegation, to give full support to the creation of a Railroad Utility Corridor as proposed by the Kantishna Group Inc. as an appropriate, environmentally sound and sensible means of access to the Park to better serve the people of the United States and the World.

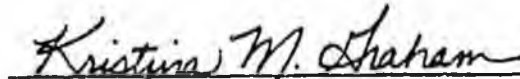
PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 14th day of February, 1993.

ATTEST:





Mayor



Borough Clerk

By: S. Sterling
Amended: 6/4/96
Adopted: 6/4/96

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 96-027(AM)

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY IN SUPPORT OF THE CREATION OF A NORTHERN RAILROAD RIGHT-OF-WAY TO WONDER LAKE AND FOR THE BUILDING OF THE DENALI RAILWAY SYSTEM TO SERVICE DENALI NATIONAL PARK.

WHEREAS, Denali National Park (Denali) is the top visitor destination in Alaska and a critical element in the Alaska visitor/tourism industry and access into Denali is extremely restricted due to the limited existing transportation infrastructure; and,

WHEREAS, the existing park road is at its carrying capacity and is creating adverse impacts on the wildlife and the environment, management problems for the National Park Service, a bottleneck in the visitor/tourism delivery system of Alaska, and access problems for park inholders; and,

WHEREAS, no new road access into the interior of Denali is being proposed by the state or federal government; and,

WHEREAS, the National Park System Advisory Board's December 14, 1995, resolution accepting the "Denali Task Force

Report" specifically endorsed the creation of a new northern railroad route to Wonder Lake; and,

WHEREAS, Kantishna Holdings, Inc., has petitioned the Secretary of the Interior to create a new northern railroad right-of-way to the area of Wonder Lake and proposed to build the Denali Railway System to ensure long-term resource protection at Denali, as well as, to provide efficient year-round access to the interior of the park for inholders and the NPS; and,

WHEREAS, the visitor/tourism industry of the entire state of Alaska will be enhanced by the year-round operation of the Denali Railway System and all of Alaska's "Railbelt," including the community served by the Matanuska-Susitna Borough will benefit from the permanent jobs and other economic activities created by the construction and operation of the Denali Railway System; and,

WHEREAS, the proposed Denali Railway System is an environmentally sound and sensible undertaking that will commit substantial private capital investment in permanent infrastructure in Alaska's railbelt region and the creation of over 500 new jobs in Alaska's economy; and,

WHEREAS, the Denali Railway System will not compete with the proposed Denali southside development plan; and,

WHEREAS, the Denali Railway System will not compete with the proposed Denali southside development plan; and,

Page 2 of 4
calk/pjt/codedocs/96-0.res

MSB Resolution Serial No. 96-027 (AM)
AM No. 96-118

WHEREAS, the Alaska Legislature, the Denali Borough, the Fairbanks North Star Borough, the City of Nenana, the City of Seward, the Alaska State Commission on Federal Areas, the Alaska Visitors Association, the Fairbanks Building & Construction Trades Council AFL-CIO, the Associated General Contractors of Alaska, and many other organizations and individuals have endorsed a new northern railroad right-of-way or the Denali Railway system.

NOW, THEREFORE, BE IT RESOLVED, the Matanuska-Susitna Borough strongly endorses the creation of a new northern railroad right-of-way to Wonder Lake and Kantishna Holdings, Inc's. proposal to construct and operate the Denali Railway System within Denali National Park and Preserve, with appropriate development of rail-based visitor facilities within the Matanuska-Susitna Borough.

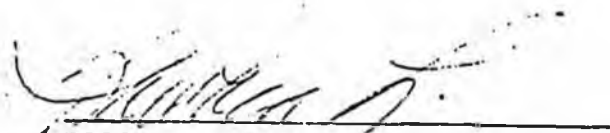
BE IT FURTHER RESOLVED, the Matanuska-Susitna Borough encourages the Secretary of the Interior to direct the National Park Service to create a railroad right-of-way to Wonder Lake immediately for the development of the Denali Railway System. The Matanuska-Susitna Borough strongly encourages the Governor of the State of Alaska, his commissioners, and the Alaska Legislature to

State of Alaska, its commissioners, and the Alaska Legislature to
give their fullest support to the creation of the Denali Railway
System.


Page 3 of 4
calk/pjt/codedocs/96-0.res

MSB Resolution Serial No. 96-027(AM)
AM No. 96-118

ADOPTED by the Matanuska-Susitna Borough Assembly this 4th,
day of June, 1996.


BARBARA LACHER, Borough Mayor

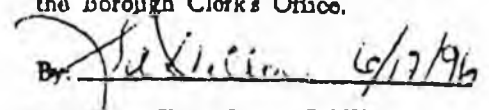
ATTEST:


SANDRA A. DILLON, Borough Clerk

(SEAL)

MATANUSKA-SUSITNA BOROUGH

THIS IS TO CERTIFY that this is an
exact duplicate of the record on file in
the Borough Clerk's Office.

By:  6/17/96

By: Mayor Jim Sampson
Paul Chizmar
Hank Hove
Bob Logan
Layne St. John
Cheryl Kilgore
Hank Bartos
Ladd McBride
Larry Hackenmiller
Dan LaSota
Introduced: 04/11/96
Adopted: 04/11/96

RESOLUTION NO. 96-035

A RESOLUTION SUPPORTING KANTISHNA HOLDINGS INC.'S
PROPOSAL FOR THE CREATION OF A NORTHERN RAILROAD RIGHT-OF-WAY
TO WONDER LAKE AND FOR THE BUILDING OF THE DENALI RAILWAY
SYSTEM TO SERVICE DENALI NATIONAL PARK

WHEREAS, Denali National Park (Denali) is the top visitor destination in Alaska and a critical element in the Alaska visitor/tourism industry and access into Denali is extremely restricted due to the limited existing transportation infrastructure; and

WHEREAS, the existing park road in Denali is at its carrying capacity and is creating adverse impacts on the environment, management problems for the National Park Service, a bottleneck in the visitor/tourism delivery system of Alaska, and access problems for park inholders; and

WHEREAS, no new road access to the interior of Denali is being proposed by the state or federal governments; and

WHEREAS, the National Park System Advisory Board's December 14, 1994, resolution accepting the "Denali Task Force Report" specifically endorsed the creation of a new northern railroad route to Wonder Lake; and

WHEREAS, Kantishna Holdings Inc. has proposed the Denali Railway System to ensure long term resource protection at Denali and to provide year-round access to the interior of Denali; and

WHEREAS, Kantishna Holdings Inc. has petitioned the Secretary of the Interior to create a new northern railroad right-of-way to the area of Wonder Lake on which to build the Denali Railway System; and

WHEREAS, the proposed Denali Railway System is an environmentally sound and sensible undertaking which will commit substantial private financial investment in permanent infrastructure in Alaska and the creation of hundreds of new jobs in Alaska's economy; and

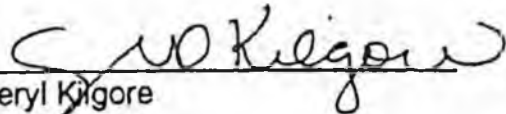
WHEREAS, the visitor/tourism industry of the entire state of Alaska will be enhanced by the year-round operation of new infrastructure created by the Denali Railway System; and

WHEREAS, all of Alaska's "Railbelt," including the community served by the Fairbanks North Star Borough, will benefit from the permanent jobs and other economic activity created by the construction and operation of the Denali Railway System; and

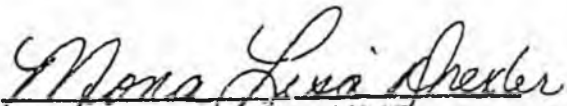
NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly and the Borough Mayor endorse the creation of a new northern railroad right-of-way to Wonder Lake and to construct and operate the Denali Railway System within Denali National Park and Preserve.

BE IT FURTHER RESOLVED that the Fairbanks North Star Borough encourages the Secretary of the Interior to request the National Park Service to act upon the proposal of Kantishna Holding Inc. and create the railroad right-of-way; and that the Fairbanks North Star Borough also encourages the Governor of the State of Alaska and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System.

PASSED AND APPROVED THIS 11TH DAY OF APRIL, 1996.


Cheryl Kilgore
Presiding Officer

AT TEST:


Mona Lisa Drexler, CMC/AAE
Municipal Borough Clerk

Ayes: Bartos, Logan, LaSota, St. John, Hove, McBride, Hackenmiller, Chizmar
and Kilgore
Noes: None

Introduced by: John Immel

Date: April 22nd, 1996

RESOLUTION NO. 3652

A RESOLUTION SUPPORTING KANTISHNA HOLDINGS INC.'S PROPOSAL FOR THE CREATION OF A NORTHERN RAILROAD RIGHT-OF-WAY TO WONDER LAKE AND FOR THE BUILDING OF THE DENALI RAILWAY SYSTEM TO SERVICE DENALI NATIONAL PARK.

WHEREAS, Denali National Park (Denali) is the top visitor destination in Alaska and critical element in the Alaska visitor/tourism industry and access into Denali is extremely restricted due to the limited existing transportation infrastructure; and

WHEREAS, the existing park road in Denali is at it carrying capacity and is creating adverse impacts on the environment, management problems for the National Park Service, a bottleneck in the visitor/tourism delivery system of Alaska, and access problems for park inholders; and

WHEREAS, no new road access to the interior of Denali is being proposed by the State or Federal governments; and

WHEREAS, the National Park System Advisory Board's December 4th, 1994 resolution accepting the "Denali Task Force Report" specifically endorsed the creation of a new northern railroad route to Wonder Lake; and

NOW, THEREFORE, BE IT RESOLVED BY THE FAIRBANKS CITY COUNCIL encourages the Secretary of the Interior to request the National Park Service to act upon the proposal of Kantishna Holding Inc. and create the railroad right-

of-way; and that the Fairbanks City Council also encourages the Governor of the State of Alaska and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System.

PASSED and APPROVED THIS 22ND DAY OF APRIL, 1996.

James C. Hayes
JAMES C. HAYES, Mayor

AYES:
NAYES:
ABSTAIN:
ABSENT:
ADOPTED:

APPROVED AS TO FORM:

Herb Kuss
HERBERT P. KUSS, City Attorney

ATTEST:

Nancy L. DeLeon
NANCY L. DeLEON, CITY CLERK



Sponsored by: Bencardino

**CITY OF SEWARD, ALASKA
RESOLUTION NO. 96-053**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF SEWARD, ALASKA, IN SUPPORT OF KANTISHNA HOLDINGS,
INC.'S PROPOSAL FOR THE CREATION OF A NORTHERN
RAILROAD RIGHT-OF-WAY TO WONDER LAKE AND FOR THE
BUILDING OF THE DENALI RAILWAY SYSTEM TO SERVICE
DENALI NATIONAL PARK**

WHEREAS, Denali National Park (Denali) is one of Alaska's most important visitor destinations and is a critical element in the Alaska Visitor/Tourism Industry, and access to Denali is extremely restricted due to the limited existing transportation infrastructure; and

WHEREAS, the existing park road servicing Denali is near its carrying capacity and is creating adverse impacts on the environment, management problems for the National Park Service, a bottleneck in the visitor/tourism delivery system of Alaska and access problems for park holders; and

WHEREAS, neither the state nor federal government has proposed a new road access to the interior of Denali; and

WHEREAS, on December 14, 1994, the National Park System Advisory Board approved a resolution accepting the Denali Task Force Report and specifically endorsed the creation of a new northern railroad route to Wonder Lake; and

WHEREAS, Kantishna Holdings, Inc., has proposed the Denali Railway System to insure long term resource protection at Denali and to provide year-round access to the interior of Denali; and

WHEREAS, the proposed new railway system is an environmentally sound and sensible undertaking which will commit substantial private financial investment in permanent infrastructure in Alaska, creating hundreds of new jobs in Alaska's economy; and

WHEREAS, new infrastructures created by the Denali Railway System will enhance the City of Seward's visitor/tourism industry, and the creation of permanent jobs and other activity associated with the construction and operation of the Denali Railway System will benefit all of Alaska's railbelt communities;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:

CITY OF SEWARD, ALASKA
RESOLUTION NO. 96-053

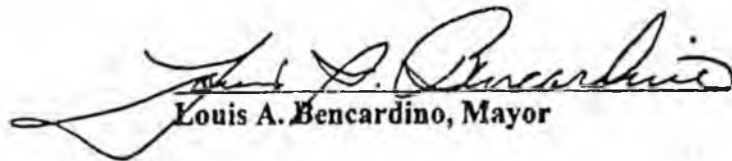
Section 1. The City of Seward endorses the creation of a new northern railroad right-of-way to Wonder Lake and the Denali Railway System as proposed by Kantishna Holdings, Inc.

Section 2. The City of Seward encourages the Secretary of the Interior to direct the National Park Service to act upon the proposal made by Kantishna Holdings, Inc., immediately and requests that Governor Knowles and the Alaska State Legislature give their full support to the creation of the Denali Railway System.

Section 3. This resolution shall take effect immediately upon its adoption.

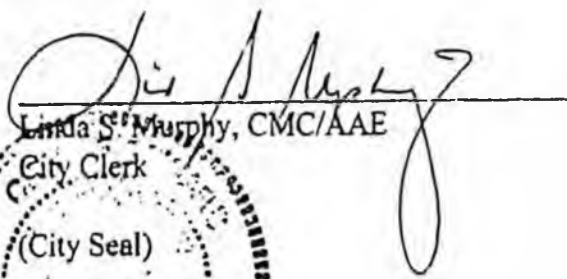
PASSED AND APPROVED by the City Council of the city of Seward, Alaska, this 22nd day of April, 1996.

THE CITY OF SEWARD, ALASKA


Louis A. Bencardino, Mayor

AYES: Anderson, Bencardino, Crane, Deeter, Keil, King, Sieminski
NOES: None
ABSENT: None
ABSTAIN: None

ATTEST:


Linda S. Murphy, CMC/AAE
City Clerk
(City Seal)
JUNE 1, 1916
CITY OF SEWARD, ALASKA

CLERK'S OFFICE

APPROVED

Date:.....10-08-96

Submitted by: Assemblymembers WUERCH, BELL,
Carlson, Kendall, Meyer, Von Gemmingen
Prepared by: Assembly Policy and Budget
For reading: October 8, 1996

ANCHORAGE, ALASKA
AR NO. 96-274

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY ENDORSING THE
CREATION OF A NORTHERN RAILROAD RIGHT-OF-WAY TO WONDER LAKE
AND THE BUILDING OF THE DENALI RAILWAY SYSTEM

WHEREAS, Denali National Park is the premier visitor destination in Alaska and access into Denali is extremely restricted due to the limited existing transportation infrastructure of the Park; and

WHEREAS, the Denali Railway System will create new year-round access from the North side of the Park to the Kantishna/Wonder Lake area; and

WHEREAS, no new road access into the interior of Denali is now being proposed by the State or Federal governments; and

WHEREAS, the Denali Railway System will be privately funded and will not compete with the publicly funded Denali Southside Development Plan; and

WHEREAS, all of Alaska will be enhanced by the year-round operation of the Denali Railway System, especially Alaska's "Railbelt" including the Municipality of Anchorage - The Gateway to Alaska; and

WHEREAS, the National Park System Advisory Board's December 14, 1994 Resolution accepting the "Denali Task Force Report" specifically endorsed the creation of a new modern railroad route to Wonder Lake.

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

Section 1: The Assembly endorses the development of the Denali Railway System and requests the Secretary of the Interior to create a railroad right-of-way suitable for such development within the Denali National Park and Preserve.

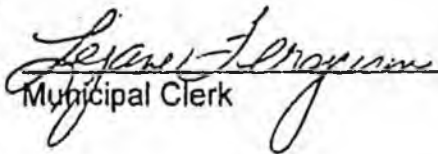
Section 2: That the Assembly encourages the Governor of Alaska, his Commissioners and staff, and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System.

1 PASSED AND APPROVED by the Anchorage Municipal Assembly this
2 8th day of October, 1996

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Chair

ATTEST:


Municipal Clerk

STATE OF ALASKA
THE LEGISLATURE

1994

Source
HJR 28

Legislative
Resolve No.
19



Supporting increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the Alaska tourism industry recognizes Denali National Park as Alaska's premier visitor attraction because of the majestic view of Mt. McKinley, the opportunity to enjoy a wilderness experience, the chance to encounter wildlife in its natural habitat, and the relative solitude of the area; and

WHEREAS enhancing the Mt. McKinley experience for visitors would enhance the tourist industry statewide through tourist satisfaction and expanded seasons; and

WHEREAS insufficient access to premier viewing areas and lack of facilities at these areas are major obstacles to enhancing the wilderness experience; and

WHEREAS the state is uniquely able to gain rights-of-way into Kantishna through leases, land exchanges, assertion of rights under RS 2477, application for transportation utility corridors under Title XI of the Alaska National Interest Lands Conservation Act (ANILCA), and other legal claims to rights-of-way, and can monitor negotiations that would allow private sector development to occur; and

WHEREAS the Kantishna area, with its dry interior climate and long daylight hours, offers splendid viewing opportunities and a high potential to promote both summer and winter activities; and

WHEREAS access to Kantishna would provide the Alaska private sector with the opportunity to meet the increased demand for tourism facilities while taking advantage of a historical transportation route and restricting potentially deleterious environmental effects to areas historically used by the mining industry; and

WHEREAS it is necessary to design and construct these facilities and transportation systems so that they have the least possible negative effect on the environment, the area's wildlife, and the state's fiscal resources;

BE IT RESOLVED that the Alaska State Legislature respectfully urges the Governor and the executive branch to be aggressive in their resolve to enhance the Mt. McKinley experience for our visitors by developing new environmentally sound access routes into Kantishna and a Kantishna visitor activity area; and be it

FURTHER RESOLVED that appropriate state agencies should work with the National Park Service and interested members of the public and private sectors to thoroughly investigate the potential of establishing a rail utility corridor into Kantishna in which the private sector could construct and operate a transportation system and other facilities that would serve the public needs; and be it

FURTHER RESOLVED that the Alaska State Legislature strongly supports the efforts of the Governor of Alaska, the Alaska delegation to the U.S. Congress, and the President of the United States in pursuit of the necessary studies, land acquisition processes, and other necessary permits that would allow new environmentally sound routes into Kantishna and a Kantishna visitor activity area.


COPIES of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Robert C. Byrd, president Pro Tempore of the U.S. Senate; the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; Roger Kennedy, Director of the National Park Service; Jack Morhead, Regional Director for Alaska, National Park Service; and to the Honorable Ted Stevens and the Honorable Frank

Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

AUTHENTICATION

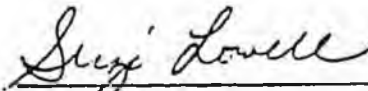
The following officers of the Legislature certify that the attached enrolled resolution, HJR 28, consisting of 3 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

Passed by the House March 12, 1993



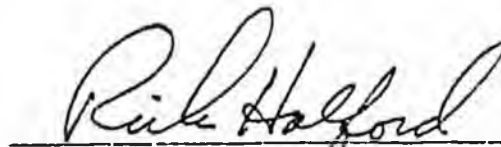
Ramona L. Barnes, Speaker of the House

ATTEST:



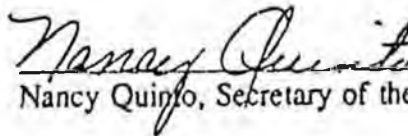
Suzi Lowell, Chief Clerk of the House

Passed by the Senate January 20, 1994



Rick Halford, President of the Senate

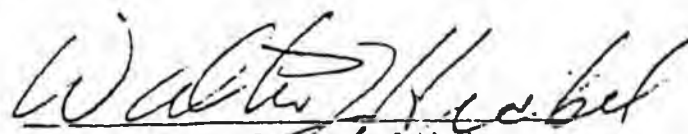
ATTEST:



Nancy Quinfa, Secretary of the Senate

ACTION BY GOVERNOR

Approved by the Governor 2-8 1994



Walter J. Hickel, Governor of Alaska

ACVB RESOLUTION

A Resolution of the Anchorage Convention & Visitors Bureau
in Endorsement of the Concept for
Creation of a Northern Railroad Right-of-Way
to Wonder Lake and the
Building of the Denali Railway System



ANCHORAGE
Convention &
Visitors Bureau

WHEREAS, Denali National Park is the premier visitor destination in Alaska and access into Denali is extremely restricted due to the limited existing transportation infrastructure of the Park; and

WHEREAS, the Denali Railway System will create new year-round access from the north side of the Park to the Kantishna/Wonder Lake area; and

WHEREAS, no new road access into the interior of Denali is now being proposed by the State or Federal governments; and

WHEREAS, the Denali Railway System will be privately funded and will not compete with the publicly-funded Denali Southside Development Plan; and

WHEREAS, all of Alaska will be enhanced by the year-round operation of the Denali Railway System, especially Alaska's "Railbelt," including the Municipality of Anchorage - The Gateway to Alaska; and

WHEREAS, the National Park System Advisory Board's December 14, 1994 Resolution accepting the "Denali Task Force Report" specifically endorsed the creation of a new modern railroad route to Wonder Lake.

NOW, THEREFORE, the Anchorage Convention & Visitors Bureau Board of Directors on this 5th day of October, 1996, resolves:

1. ACVB endorses the concept of the development of the Denali Railway System, and requests the Secretary of the Interior to create a railroad right-of-way suitable for such development within the Denali National Park and Preserve.
2. ACVB encourages the Governor of Alaska, his Commissioners and staff, and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System.
3. ACVB will continue to endorse this project based upon the current proposal, presented as the "Denali Railway System."

Max Lowe
Chairman

Bill Elander
President & CEO

624 W. Fourth Avenue
Anchorage, Alaska
99501-2212

907-276-1118
Fax 907-278-5559
email:acvb@alaska.net

RESOLUTION

A RESOLUTION BY THE FAIRBANKS CONVENTION AND VISITORS BUREAU IN SUPPORT OF THE CREATION OF A NORTHERN ACCESS ROUTE TO DENALI NATIONAL PARK AND RESERVE.

WHEREAS, Denali National Park is one of the top visitor destinations in Alaska; and

WHEREAS, Denali National Park is a critical element in the Alaska Visitor Industry throughout the State and Fairbanks; and

WHEREAS, the current limits on access into Denali National Park restrict many visitors and residents from entering the Park; and

WHEREAS, the existing park road in Denali National Park is at capacity and has become a bottleneck in the visitor/tourism delivery system for park in-holders; and

WHEREAS, no new road access to the interior of Denali National Park is being proposed by the state or federal government; and

WHEREAS, a northern access will provide feasible access for park visitors; and

WHEREAS, a northern access route will create new wildlife viewing and recreational opportunities for visitors to Denali National Park; and

WHEREAS, a northern access route within the Denali National Park will be on National Park Service managed lands, not private lands; and

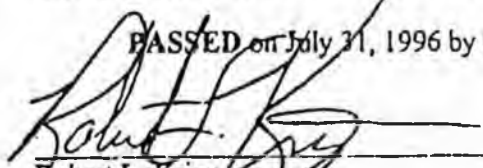
WHEREAS, a northern access route to the interior of Denali National Park will allow for more visitors into the park with little impact on the natural surroundings of the park's interior; and

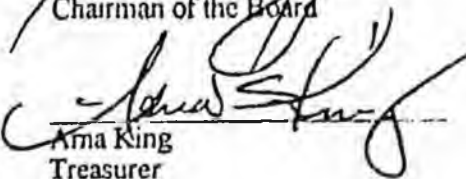
WHEREAS, a northern access route will provide for the long term needs of the visitor/tourism industry for increased access to the interior of Denali National Park and provide for the needs of the handicapped and elderly.

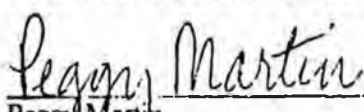
NOW THEREFORE BE IT RESOLVED: that the Fairbanks Convention and Visitors Bureau supports the creation of a northern access route into the interior of Denali National Park.

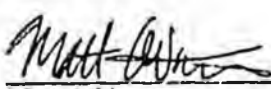
BE IT FURTHER RESOLVED: that the Fairbanks Convention and Visitors Bureau encourages the National Park Service at Denali National Park and all its levels, the State of Alaska, its Governor, Legislature, and National Delegation to give full support to the creation of a northern access route as an appropriate and sensible means of access to the Park to better serve the visitor/tourism industry and residents of the State.

PASSED on July 31, 1996 by the Fairbanks Convention and Visitors Bureau Board of Directors.


Robert L. Krize
Chairman of the Board


Arma King
Treasurer


Peggy Martin
Chair Elect


Matt Atkinson
Secretary



Greater Fairbanks **Chamber** of Commerce

240 North Apple Street, Suite 200
Fairbanks, Alaska 99701

(907) 452-1105

FAX: (907) 456-6908

Introduced by: Transportation Committee
Date introduced: March 25, 1996
Date passed: April 15, 1996
Date transmitted: April 16, 1996

RESOLUTION 96-0325.3

**A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF COMMERCE
IN SUPPORT OF THE CREATION OF A NORTHERN RAILROAD RIGHT-OF-
WAY TO WONDER LAKE AND THE BUILDING OF THE DENALI RAILWAY
SYSTEM TO SERVICE DENALI NATIONAL PARK AND RESERVE.**

WHEREAS, Denali National Park is the top visitor destination in Alaska and a critical element in the Alaska visitor/tourism industry and access into Denali National Park is extremely restricted due to the limited existing transportation infrastructure; and

WHEREAS, the existing park road in Denali National Park is at capacity, is creating environment management problems for the National Park Service, and has become a bottleneck in the visitor/tourism delivery system for park inholders; and

WHEREAS, no new road access to the interior of Denali National Park is being proposed by the state or federal government; and

WHEREAS, the National Park System Advisory Board's December 14, 1994 Resolution accepting the "Denali Task Force Report" specifically endorsed the creation of a new northern railroad route to Wonder Lake; and

WHEREAS, Kantishna Holdings Inc. has proposed the Denali Railway System to ensure long term resource protection at Denali National Park and to provide year-round access to the interior of Denali National Park; and

WHEREAS, the proposed Denali Railway System is an environmentally sound and sensible undertaking which will commit substantial private financial investment in permanent infrastructure within Alaska and result in the creation of hundreds of new jobs for Alaska's economy; and

WHEREAS, the visitor/tourism industry of the entire state of Alaska will be enhanced by the year-round operation of new infrastructure created by the Denali Railway System; and

WHEREAS, all of Alaska's "Railbelt," including the citizens served by the Greater Fairbanks Chamber of Commerce, will benefit from the permanent jobs and other economic activity created by the construction and operation of the Denali Railway System; and

WHEREAS, the Alaska Legislature, the Denali Borough, the Alaska State Commission on Federal Arcas, the Alaska Visitor's Association, the Fairbanks Building & Construction Trades Council AFL-CIO, the Associated General Contractors of Alaska and many other organizations and individuals have endorsed a new northern railroad right-of-way or Kantishna Holdings Inc.'s proposal,

NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce strongly endorses the creation of a new northern railroad right-of-way to Wonder Lake and Kantishna Holdings Inc.'s proposal to construct and operate the Denali Railway System within Denali National Park and Reserve.

BE IT FURTHER RESOLVED that the Greater Fairbanks Chamber of Commerce encourages the Secretary of the Interior to direct the National Park Service to act upon the proposal of Kantishna Holdings Inc. and authorize said railroad right-of-way immediately. The chamber strongly encourages the Governor of the State of Alaska, his commissioners, and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System as proposed by Kantishna Holdings Inc.

AND BE IT FURTHER RESOLVED that this resolution be distributed to the following:

Bruce Babbitt, Secretary of the Interior
The Honorable Tony Knowles, Governor of the State of Alaska
The Alaska State Legislature
The Fairbanks Convention & Visitor's Bureau
City of Fairbanks
City of North Pole
Fairbanks North Star Borough
Alaska State Chamber of Commerce

PASSED on April 15, 1996 by the Greater Fairbanks Chamber of Commerce Board of Directors.



Barton S. LeBon
Chairman of the Board



William J. Robertson
President/CEO



*Citizens' Advisory Commission
on Federal Areas*

December 7, 1995

3700 Airport Way
Fairbanks, Alaska 99709-4699
(907) 451-2775
Fax: 451-2761

Mr. Joseph N. Fields III
Chairman & President
Kantishna Holdings Inc.
P.O. Box 71047
Fairbanks, AK 99707

Dear Mr. Fields:

This letter serves as formal notification of the Citizens' Advisory Commission on Federal Areas endorsement of the Kantishna Holdings, Inc. proposed Denali Railway System Project. At its November 15, 1995 meeting in Anchorage, the Commission voted unanimously to endorse the proposed railway project. In addition to specifically supporting the proposed Denali Railway System, the motion adopted by the Commission also expressed support for the general concept of a northern access route into Denali National Park & Preserve.

In recent years it has become clear that the growing visitor demand for access to Denali National Park & Preserve cannot be met by the existing park road and associated facilities. The latest effort to meet this increasing demand by providing visitor facilities and interpretive sites outside park boundaries as proposed in the Denali Southside Development Concept Plan will no doubt relieve some of the pressure. However, the Commission believes that demand for visitor access to the park itself will continue to exceed the capacity of the road by an ever increasing margin. The Denali Railway System proposal, by providing an alternative means to travel into Wonder Lake, as well as a range of visitor facilities, would serve to meet much of the increasing visitor demand.

It is our understanding that the proposed railway system also would provide year round access for private property owners within the park. The Commission is familiar with numerous past problems experienced by park inholders in attempting to secure access to their properties by way of the existing park road. We have always fully supported the rights of private property owners to adequate and feasible access to their property "for economic and other purposes," as guaranteed by the Alaska National Interest Lands Conservation Act (ANILCA).

The Commission is also aware of the opposition to development of tourism facilities on private properties within the Kantishna area of the park. Much of this opposition is based upon concerns about the ability of the existing park road to meet the increased traffic levels which

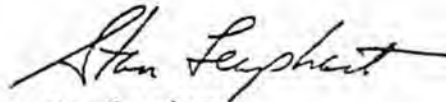
Mr. Joseph N. Fields III
December 7, 1995

2

would occur as a result of private property development and still provide the same wildlife viewing opportunities that currently exist. With proper design and management, an alternative transportation method such as the proposed Denali Railway System would provide increased opportunities for park visitors and inholders, with minimal threats to the outstanding wildlife resources within Denali National Park & Preserve.

For your information, I will be making a brief presentation at the Denali Stakeholders meeting on December 12 to advise that group of the Commission's endorsement of this proposal. On behalf of the Citizens' Advisory Commission on Federal Areas, I want to wish you luck in pursuing this project. Please keep us of advised of its progress.

Sincerely,



Stan Leaphart
Executive Director

cc: Gov. Tony Knowles
Sen. Ted Stevens
Sen. Frank Murkowski
Cong. Don Young
Sec. Bruce Babbitt- DOI
Supt. Steve Martin- Denali NP&P



Alaska Democratic Party

P.O. BOX 104199 • ANCHORAGE, AK 99510 • 907-258-3050 • FAX 907-258-1626
adp@alaska.net

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(Anchorage)

10/1/97

Joe Fields
KHI
PO Box 71047
Fairbanks, AK 99707

Dear Mr. Fields:

Here is a copy of the recently passed resolution of the Alaska Democratic Party State Central Committee. Please contact us if you need any further assistance.

Sincerely,

Joelle Hall
Executive Director,
Alaska Democratic Party

ALASKA DEMOCRATIC PARTY

RESOLUTION 97-012

SUPPORT FOR KANTISHNA HOLDINGS INC.'S PROPOSED NORTHERN RAILROAD RIGHT-OF-WAY TO WONDER LAKE

Whereas, Denali National Park (Denali) is the top visitor destination in Alaska and a critical element in the Alaska Visitor/Tourism industry and access into Denali is extremely restricted due to the limited existing transportation infrastructure; and

Whereas, the existing park road in Denali is at its carrying capacity and is creating adverse impacts on the environment; management problems for the National Park Service; a bottleneck in the visitor/tourism delivery system of Alaska; access problems for park inn holders; and

Whereas, no new road access into the interior of Denali is being proposed by the local, state, or federal government; and

Whereas, the National Park System Advisory Board's December 14, 1994, Resolution accepting the "Denali Task Force Report" specifically endorsed the creation of a new northern railroad route to Wonder Lake; and

Whereas, Kantishna Holdings Inc. has proposed the Denali Railway System to ensure long-term resource protection at Denali and to provide year-round access to the interior of Denali; and

Whereas, Kantishna Holdings Inc. has petitioned the Secretary of the Interior to create a new northern railroad right-of-way to the area of Wonder Lake on which to build the Denali Railway System; and

Whereas, the proposed Denali Railway System is an environmentally sound and sensible undertaking which will commit substantial private financial investment in permanent infrastructure in Alaska and the creation of hundreds of new jobs in Alaska's economy; and

Whereas, the visitor/tourism industry of the entire State of Alaska will be enhanced by the year-round operation of new infrastructure created by the Denali Railway System; and

Whereas, all of Alaska's "Railbelt," including the community served by the Interior Democrats will benefit from the 500 permanent jobs and other economic development activities created by the construction and operation of the Denali Railway System; and

Whereas, the Interior District Democrats in convention, the National Park System Advisory Board, the Alaska Legislature (HJR 28 [1994]) and (SJR 25 [1997]), the Denali Borough, the Fairbanks North Star Borough, the City of Nenana, the City of Fairbanks, the City of Seward, the Matanuska-Susitna Borough, the Alaska State Commission on Federal Areas, the Alaska Visitors Association, the Fairbanks Building and Construction Trades Council (AFL-CIO), and the

Page 2 **Resolution 97-012, Kantishna Holdings Inc.'s Proposed Railroad Right-of-Way to Wonder Lake**

Associated General Contractors of Alaska have all endorsed creating a new northern railroad right-of-way in Denali National Park and Kantishna Holdings Inc.'s proposal; and

Whereas, the Interior Democratic Committee recognizes that the above elements of petition with additional post-date endorsements shown in bold print, did comprise a Resolution of Endorsement previously passed by the Interior Democrats in convention;

Now therefore be it resolved that the State Central Committee of the Alaska Democratic Party supports Interior Democrats and the proposal as indicated above; and

Let it be further resolved that the State Central Committee of the Alaska Democratic Party encourages the Secretary of the Interior to direct the National Park Service to act upon the proposal by Kantishna Holdings Inc. to create said railroad right-of-way immediately; and

Let it be finally resolved that the State Central Committee of the Alaska Democratic Party strongly encourages the Governor of Alaska, his commissioners and staff, and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System as proposed by Kantishna Holdings Inc

*Done in
Open Meeting
of the
State Central Committee
ALASKA DEMOCRATIC PARTY
September 13, 1997
Fairbanks, Alaska*

s/Carolyn Covington

Carolyn Covington, Secretary



ALASKA VISITORS ASSOCIATION

3201 C Street, Suite 403 • Anchorage, Alaska 99503

Tel: (907) 561-5733 • Fax: (907) 561-5727

1993-94

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Denali Park Resorts

Tom Tougas

Kenai Fjords Tours

Brad Walker

Alaska Airlines

Karen Cowart

Executive Director

May 11, 1994

Joe Fields

Kantishna Group, Inc.

P.O. Box 71047

Fairbanks, AK 99707

Dear Mr. Fields:

The Alaska Visitors Association (AVA) Board of Directors supports the Kantishna Group's pursuit of a right-of-way to construct a railroad into Kantishna. We believe this venture would not only provide a quality visitor experience, but also help accommodate the need for increased access into Denali National Park. In light of projected visitor growth, it is becoming more and more important to find environmentally acceptable and economically feasible ways to allow greater visitation into Denali.

In recent years, the AVA board has adopted a resolution encouraging the State of Alaska to acquire a right-of-way into Kantishna. A transportation corridor of this type would be ideal for either rail or road development. A rail, however, would most likely represent the most environmentally sensible alternative to transporting large numbers of visitors into Denali and Kantishna.

We wish you good luck with your endeavors. If you need further clarification, please don't hesitate to call myself at 279-0001, or the AVA office at 561-5733.

Sincerely,

Tim Worthen

Tim Worthen

AVA Park Access Committee Chair



ALASKA VISITORS ASSOCIATION

501 West Northern Lights, Suite 201 • Anchorage, Alaska 99503

Tel: (907) 276-6663 • Fax: (907) 250-4016

1991-92

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Alaska Lightening/
Construction

Tim Worthen
Rogency Cruises

Karen Cowart
Executive Director

1992-04

A RESOLUTION IN SUPPORT OF DENALI NATIONAL PARK ACCESS

WHEREAS, Denali National Park is one of the top two visitor destinations in Alaska, and

WHEREAS, the current limits on access into Denali National Park restrict many visitors from entering the park that would like to, and

WHEREAS, these restrictions on park access limit the ability of the visitor industry to grow in an environmentally sound manner and decrease the State's dependence on the oil industry, and

WHEREAS, the National Park Service is not planning any road or right-of-way development with the South Denali Concept Plan now under development, and

WHEREAS, the National Park Service Denali Task Force report recently released did not provide for any immediate increase in capacity on the current north entrance road, and

WHEREAS, Denali National Park is a critical element to the Alaska Visitor Industry throughout the State, and

WHEREAS, the State of Alaska has the ability to acquire right-of-ways through Denali National Park, and

WHEREAS, the Senate Joint Resolution No. 44 (SJR44) instructs the Alaska Governor and the Alaska U.S. Legislators to proceed with the State land right-of-way access through Denali National Park;

NOW THEREFORE BE IT RESOLVED that the Alaska Visitors Association (AVA) Board of Directors strongly supports the State of Alaska's purchase to acquire right-of-way lands through Denali National Park. The AVA Board also supports SJR44.

NOW THEREFORE ALSO BE IT RESOLVED that AVA supports the State of Alaska study of various ground transportation methods through this new right-of-way, be it a road, a concession railroad, or a concession road.

FURTHER BE IT RESOLVED that AVA supports the new National Park Service Alternative Transportation Mode Study that includes analysis of increasing the capacity of the current Denali National Park Road through alternative modes of transportation.

Adopted by the Alaska Visitors Association
Board of Directors
April 30, 1992
Kodiak, Alaska

SENTECRIMVOTPAYMENTer 7017CG-10-92 : 3:58PM CH. J. S. C. C. JUNEAU .

OTHER _____

217 Second Street, Suite 201
 Juneau, Alaska 99801
 (907) 586-2323
 FAX (907) 463-5515



RESOLUTION

WHEREAS the Alaskan tourism industry recognizes Mt. McKinley as Alaska's premiere visitor attraction; and

WHEREAS enhancing the Mt. McKinley experience for our visitors enhances our tourism industry statewide through tourist satisfaction and expanded seasons; and

WHEREAS access to premier viewing areas and lack of facilities at these areas are major obstacles to enhancing the Mt. McKinley experience; and

WHEREAS the State is unique in that it is the only entity with the capacity to obtain rights-of-way and development areas through land trades, trade-offs, and negotiations that can allow private sector development to occur; and

WHEREAS the Kantishna area with its dry Interior climate, and long daylight hours combine to offer splendid viewing opportunities, together with opportunities to showcase our proud mining heritage, and promote both winter and summer activities; and

WHEREAS access to Kantishna would provide the Alaskan private sector with the opportunity to meet the industry's demand for facilities while taking advantage of a historical transportation route and restricting environmental impacts to areas historically utilized by the mining industry.

NOW THEREFORE BE IT RESOLVED that the State of Alaska be aggressive in its resolve to enhance the Mt. McKinley experience for our visitors by developing new access to Kantishna and a Kantishna Historical Visitor Activity Area; and

BE IT FURTHER RESOLVED that the State of Alaska thoroughly investigate the potential for the private sector to construct and operate a transportation system, such as an electric railroad, and other facilities that would serve the public needs; and

BE IT FURTHER RESOLVED that the Alaska Legislature unanimously support the Governor of Alaska, the Alaskan Delegation to the U.S. Congress, and the President of the United States in pursuit of the necessary studies, land acquisition processes and permits in making access to Kantishna and a Kantishna Historical Visitors Activity Area a reality.

Passed unanimously by the Board of Directors Feb. 26, 1992.

Tom E. Roy
 President

April 15, 2001

Dear Transportation Committee member,

I am opposed to House Bill 244. In particular I object to the inclusion of a provision granting up to 3500 acres of state land to the Denali Borough in the "Wolf Townships." The ultimate use of any land conveyed to the Borough is completely unpredictable. The Denali Borough Assembly is unwilling to institute land use regulation as charged by the legislature. Virtually all land in the Borough has been zoned unrestricted. There are no prohibitions on land zoned unrestricted.

I believe that allowing the Denali Borough to develop the Wolf Townships is irresponsible. There are tens of thousands of acres east of Panguingue Subdivision near the Parks Highway that could be developed. The Wolf Townships are an attraction in themselves. They are surrounded on three sides by Denali National Park and Preserve and offer much that the park has and more. Bird migrations along the north side of the Alaska Range are a world class spectacle; on a clear fall day with Denali visible from Eight Mile Lake thousands of cranes can be seen and heard from horizon to horizon. Bear, wolves, moose and caribou roam all summer. My family and I have had at least five close bear encounters there. Residents and tourists have enjoyed free access to this land for hunting, trapping, berry picking, hiking, snow machining, dog sledding, etc without dealing with any bureaucracy. Hunting is especially threatened by uncontrolled development. Hunting pressure is already intense, and is only sustained because animals that enter from Denali Park and Preserve are fair game.

The Tanana Basin Plan designates this area as wildlife habitat, and I agree. It is shortsighted to view this land as just a corridor to Wonder Lake. My family and many others in Denali Borough want this area to remain as it is. It is valuable because it has no connection to the national park. Developing it simply because it adjoins a national park will severely limit the options available to both residents and tourists. We can learn from the mistakes made outside national parks in the lower 48.

Surveying a railroad corridor to the eastern edge of the Denali Park and Preserve seems premature at this point. I am not necessarily opposed to the project, but there has been no decision to build a railroad through to meet the park road.

This bill apparently grants state land to the Denali Borough whether the railroad project succeeds or fails. According to Rep. James this grant would be over and above the borough's land allotment. It seems to me that if the railroad is not built, land grants to Denali Borough should be decided on their own merits and not as part of a transportation bill.

I ask that you oppose this bill. I also ask that the State of Alaska end the constant fighting over these townships by writing it's present status into law. Alaskans definitely do not want this land deeded to the National Park Service; I believe they will also be poorly served if it is developed by our local government or private enterprise.

Sincerely,



David Braun Box 222 Healy Ak. 99743 Ph. 683-2654
www.sueb@usibelli.com



HUGHES THORSNESS POWELL
HUDDLESTON & BAUMAN LLC
ATTORNEYS AT LAW

February 15, 2001

Direct Dial:
(907) 263-8255
E-mail: JMG@htlaw.com

Mayor John Gonzales
Denali Borough
P.O. Box 480
Healy, AK 99743

VIA TELECOPY

Re: Potential Disposition of State Lands Within the Denali Borough
Our File No. 5791-1

Dear Mayor Gonzales:

You have asked for a short opinion from us having to do with what rights the Borough may have, if any, in affecting real property within the Borough boundaries which is presently held by the State of Alaska and which might be disposed of either to another state agency or entity or private individuals.

Of course, until such time as the state actually undertakes the action, and accompanies the action with whatever terms and conditions it deems appropriate, suggesting a course, before the transaction occurs, is a bit like staring into a murky crystal ball. In other words, it is hard to know what you are trying to legislate against when you don't know what the end result is actually going to be. As we all know, rumor, innuendo and other forms of hearsay make for great "news," but often times, they are sorely lacking in factual substantiation.

With that disclaimer out of the way, four different items come to mind which may be worthy of consideration by the Assembly.

1. Updated and Revised Comprehensive Plan. The Denali Borough has adopted a comprehensive plan which covers a variety of different developmental issues for the Borough. That comprehensive plan is also to be reevaluated every two years by the Assembly. Although the plan has tried to maximize personal selection of individuals residing within the Borough, it does nevertheless represent a document which has some enforcement teeth insofar as it reflects the will of the Borough. As such, it seems that the comprehensive plan could identify the areas in question as designated for a specific purpose, such as residential, etc. Amending

Mayor John Gonzales
February 15, 2001
Page 2

HUGHES THORSNESS POWELL
HUDDLESTON & BAUMAN LLC
ATTORNEYS AT LAW

the plan to cover a specific area is a little bit out of the ordinary from what has happened in the past, but it nevertheless does represent an existing vehicle or document which is a reflection of the policy of the Borough with respect to land use and development.

2. Resolution. The Assembly could always pass a resolution having to do with disposition or intended disposition of lands within its boundaries. Of course, there is already a comprehensive land use plan in existence, but to the extent that a non-binding resolution evidences a specific position statement, it would serve as an indication of opinion, but not be very enforceable in any kind of a realistic fashion.

3. Attempt to Cloud the Title. As part of the formation of the Borough, the Borough was given a variety of different land selection opportunities. It is our understanding that the Borough has fully selected all of the lands that it was authorized, but, at this point in time, the actual conveyance of all of the selected land has yet to occur. It is conceivable that the Borough could submit a supplemental selection for lands in which it has an interest in exercising some control with the understanding and the express caveat that the Borough is not relinquishing any of its prior selections. In other words, make a cautionary fall back selection that would be relevant if, and only if, for circumstances not yet foreseen, the Borough is not granted its selected lands. While making this fall back selection may not necessarily accomplish anything, it does represent an identification of a "cloud" over lands that are currently owned by the state. We are not suggesting that this supplemental selection could support a recorded document such as a lis pendens, wherein the Borough would indicate that it has a contingent interest in the land; a supplemental selection with conditions would fall short of any realistic support for such a legal right. Nevertheless, if this type of selection document was put into the state records, it should exist as a public record which would at least put any prospective recipient of the land on notice of the Borough's supplemental interest.

4. Zone the Land. As we all know, under Borough Ordinance 96 1 all land in the Borough is zoned unrestricted unless otherwise provided by ordinance. There are no prohibitions on land owned unrestricted.

The Borough could adopt a zoning ordinance to restrict usages of certain identified land which may, at some point in the future, come out of the state ownership and into other private or public hands. This zoning ordinance would need to be consistent with the Borough's comprehensive plan. While, based upon the past attitudes of the residents of the Borough and the Assembly, a zoning ordinance is probably the least desirable of alternatives, it also coincidentally would likely be

Mayor John Gonzales
February 15, 2001
Page 3

HUGHES THORSNESS POWELL
HUDDLESTON & BAUMAN LLC
ATTORNEYS AT LAW

the one thing that the Borough could do, at this juncture, in advance of other actions, which would carry the most enforcement weight.

We trust that the foregoing is somewhat responsive to the rather loose inquiry that was made of us. Consequently, we are more than happy to provide follow up comments, discussion or research as requested.

Very truly yours,

HUGHES THORSNESS POWELL
HUDDLESTON & BAUMAN LLC


James M. Gorski

JMG:pab:141027

Richard:

This Draft \F does not work the way it is. It puts the borough into the role of developer delete words in [] and substitute the words immediately following in "bold"

Page 1
Section 1
Line 10,

after - "enabling"

Should read:

[The] "Kantishna Holdings, Inc. and its successors and assigns in interest, or Kantishna Holdings, Inc. or its successors and assigns in interest, to select a railroad and utility..." And

Page 2
Section 1 (c)
line 20

after " (c) "

Should read:

[The Borough] "Kantishna Holdings, Inc., shall identify..." And

Page 2
Section 1 (c)
line 23

Should read:

[The Borough] "Kantishna Holdings, Inc., shall also select..."

-- I've already called Mayor Gonzales. And I can take the text of the the amended draft as an unofficial document.

APR-07-01 SAT 08:46 PM 00000000

FAX NO. 0000000000

P. 01

APR-07-2001 SAT 01:45 PM LEGAL SERVICES

FAX NO. 907 465 6231

P. 02

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS0850V
Cook
4/7/01

HOUSE BILL NO. 244

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JAMES

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a grant of state land to the Denali Borough for a railroad and utility
2 corridor and a railroad development project; repealing provisions relating to a grant of
3 a right-of-way of land for a railroad and utility corridor to the Alaska Industrial
4 Development and Export Authority; and providing for an effective date."

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

6 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 GRANT FOR RAILROAD AND UTILITY CORRIDOR. (a) The Department of
9 Natural Resources shall grant to the Denali Borough the land described under (b) of this
10 section for the purpose of supporting economic development in the borough by enabling
11 Kantishna Holdings, Inc., and its successors and assigns in interest, to provide for a utility
12 corridor and for the design, construction, development, operation, and maintenance of a
13 railroad and facilities to support that development project. The grant to the borough may not
14 impair current valid property rights in the land granted under this section.

APR-07-01 SAT 08:47 PM UUUUUUUU

FAX NO. UUUUUUUUUU

P. 02

APR-07-2001 SAT 01:45 PM LEGAL SERVICES

FAX NO. 907 465 8231

P. 03

WORK DRAFT

WORK DRAFT

22-LS0850U

1 (b) By September 1, 2001, the Department of Natural Resources shall transfer to the
2 Denali Borough the following state land:

3 (1) Township 12 South, Range 7 West, Fairbanks Meridian

4 Section 6: S1/2

5 Section 7;

6 (2) Township 12 South, Range 8 West, Fairbanks Meridian

7 Section 1: S1/2

8 Section 2: E1/2 of S1/2

9 Section 7: S1/2

10 Section 13: W1/2

11 Sections 11, 12, and 14 - 23, inclusive;

12 (3) Township 12 South, Range 9 West, Fairbanks Meridian

13 Sections 7 - 24, inclusive;

14 (4) Township 12 South, Range 10 West, Fairbanks Meridian

15 Sections 9 - 24 and 28 - 30, inclusive;

16 (5) Township 12 South, Range 11 West, Fairbanks Meridian

17 Sections 13 - 14, inclusive;

18 Section 15: S1/2

19 ~~Section~~ Sections 19 - 35, inclusive.

20 (c) ~~The Denali Borough~~ shall identify and survey a railroad and utility corridor not
21 more than 300 feet in width that runs from near the community of Healy to the eastern
22 boundary of Denali National Park and Preserve through the land granted under this section.

23 ~~The borough~~ shall also select and survey ancillary land necessary to support the development
24 and operation of a railroad and facilities to support economic development in conjunction
25 with the railroad development project. By September 1, 2006, the borough shall transfer land
26 granted under this section that is not needed for the corridor or the railroad development
27 project back to the state. The borough may retain not more than 3,500 acres of the land
28 granted to the borough under this section.

29 * Sec. 2. Sections 24(c) and 25, ch. 109, SLA 1998, are repealed.

30 * Sec. 3. This Act takes effect July 1, 2001.

DENALI BOROUGH, ALASKA
ORDINANCE NO. 96-04

INTRODUCED BY: Jim Caswell

AN ORDINANCE PROVIDING FOR LAND USE REGULATION THE INITIAL ZONING OF
THE BOROUGH.

BE IT ENACTED by the Assembly of the Denali Borough, Alaska that:

Section 1. Classification.

This ordinance is of a general and permanent nature.

Section 2. Borough Assembly Finding. The Assembly of the Denali Borough being charged by the Legislature for the provision of planning, platting and land use regulation; AND WHEREAS; the maintenance of a rural lifestyle is of utmost importance to Borough resident; AND WHEREAS; the Borough consist of distinct communities with differing interests;

NOW THEREFORE, the Borough Assembly finds that it is in the best interests of the resident of the Denali Borough to make land use decision as much as possible on a local or community basis.

Section 1. All land in the Borough is zoned unrestricted unless otherwise provide by ordinance. There are no prohibitions on land zoned unrestricted.

Section 2. Should any of the residents of an area desire further zoning or land use regulation, they shall initiate it by petition of 25% or more of the registered voters of the area in question. Voters from within that area may petition the Borough Assembly to make such additional restrictions as seem necessary. The Borough Assembly shall consider such changes by ordinances.

Alternatively, upon request of 25% of real property owners within an area the Assembly shall propose and consider any changes requested by ordinance.

A. The Borough Administration will make available the resources of the Borough and such other specialists as needed to any petitioners designated representative to enable petitioners to comply with law.

B. The Borough Assembly shall attempt as far as practical to maintain the intent of the petitioners in drafting and passing such ordinances.

Upon receipt of such a petition the Borough Assembly shall:

1. Review to make certain that the proposed area is geographically contiguous and that the people affected have like interests.

2. Instruct the Borough Administration to prepare an ordinance providing for such changes. The ordinance will then be introduced and voted upon by the Borough Assembly.

3. The question of a zoning change initiated by petition shall be submitted to the voters within the area affected at a special meeting called for that purpose, unless a regular election is scheduled within seventy five (75) days, but not sooner than forty five (45) days after enactment of an ordinance submitting the question to the voters.

Section 3. Ballot Proposition. Ballot propositions submitted to the voters shall contain the following:

- 1.) The question of whether the zoning of the proposed area shall be changed;
- 2.) A clear description of the geographic area shall be included on the ballot or made available to voters at the precinct polling place;
- 3.) A map depicting the location and boundaries of the proposed zoning change area shall appear on the ballot or be made available to voters at the polling place;
- 4.) A statement of the type of zoning change including all restrictions proposed; and
- 5.) Such other information as the Assembly may by ordinance deem appropriate.

Section 4. Election.

- 1.) Ballot propositions proposing zoning changes shall be submitted to the qualified voters residing within the area of the proposed change;
- 2.) The election shall be held at a location within or as near the proposed zoning change area as practicable in accordance borough election codes;
- 3.) The Borough Clerk shall supervise the election in accordance with Chapter 66, Section 1, of the Denali Borough Code of Ordinances, furnish all materials necessary, and employ sufficient judges;
- 4.) The election may be by "mail in" ballot if this election procedure is appropriate.

Section 5. Commencement of Zoning Change.

Unless otherwise provided by ordinance and ballot proposition, the zoning change will take effect following certification of the election at which the zoning change was approved by sixty (60) percent of the votes cast in that election. The requirement does not apply if the area is uninhabited.

Section 3. Effective Date. This ordinance becomes effective upon adoption by Denali Borough Assembly and signature of the Mayor.

DATE INTRODUCED: January 21, 1996

FIRST READING: January 21, 1996

PUBLIC HEARING: June 9, 1996

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 9th day of June, 1996.

ATTEST:



John C. Longabe
Mayor

Julia L. Miller
Borough Clerk

Representative Jeannette James
House Transportation Committee
Juneau, AK

April 16, 2001

Dear Representative James,

As I stressed to you in our recent meeting in Juneau, many Stampede and Denali Borough residents, including myself, are opposed to development of a North Access Route into Denali. The proposal as put forth in HB 244 is viewed as an incremental approach to that end. I have a number of questions and concerns regarding this bill. Please consider the following:

First, the Denali Borough Government has not demonstrated competence to oversee a project of this magnitude. Neither a land use nor a transportation plan has been created for the Borough. Their premeditated "do nothing policy" has resulted in uncontrolled and unplanned growth on the Park's eastern boundary, which is infamously and embarrassingly referred to statewide as "Glitter Gulch". I question your willingness to entrust a "transfer of lands" to a municipal government that we both agree refuses to broach the subjects of imminent growth and responsible development? While I do support a land planning process involving public input to address prosperous growth in our region, I do not support your bill.

Second, this access, located a mere 17 miles north of the existing Park Road is ludicrous. Proposed development, of this nature, located further north into Alaska's Interior fundamentally fails to address the needs of the state's larger population centers, the Matanuska-Susitna Valley and Anchorage. Your proposal sets us up for yet another Borough boondoggle, a railroad to nowhere. As stated in the NPS 1997 Feasibility Study for North Access, "A road or railroad that stops short of Wonder Lake/Kantishna was also considered during the study. Any new access would have to go at least to Myrtle Pass, about 65 miles or three-fourths of the distance to Wonder Lake, to provide the opportunity for outstanding views of Mt. McKinley."

Third, no party has demonstrated a clear need for this project.

Fourth, both the State Department of Natural Resources and the National Park Service have identified the Wolf/Stampede Townships as an important wildlife corridor. In the Tanana Basin Area Plan, DNR designated the townships to be retained in the public domain with management emphasis on wildlife and recreation. The transfer of the Wolf Townships to the Denali Borough by the Alaska State Legislature for the purpose of promoting private enterprise would be unconscionable. The suggestion to introduce a large influx of people into the heart of this remote region would alter the natural values for which these parcels were deemed valuable, for the wildlife therein, the wilderness experience, and the opportunity for sport and subsistence hunting. The very foundation for which the Denali Borough benefits from the tourist industry is placed in jeopardy by this intrusive development proposal.

Fifth, before amending TBAP, by transferring land held in the public domain to the Borough and Kantishna Holdings, Inc., it would be wise to solicit input from the DNR, the NPS, and the

general public. Promote the public process and involve the people whose lives will be dramatically altered by decisions being made in far off Juneau. "Transfer to a municipality will not be approved until the recommended changes have been publicly reviewed through amendment and reclassification processes," TBAP [1991].

Sixth, I must question Representative James your proposal to direct the Borough government to enable a private company, Kantishna Holdings, Inc., to provide for the design, construction, development, operation and maintenance of a railroad and facilities. Since when has it been legal for state legislators to bypass the competitive spirit of an open bid and designate a particular company as beneficiary? Where are the safeguards to protect the public from legislators that may be serving their own self-interests by providing a legislative guarantee to a contractor?

Seventh, who is going to pay for all this? What financial obligation is the Denali Borough setting itself up for? What about the state? Where is the guarantee that if these properties are transferred to the Borough that "unused" land will actually revert back to the state?

Eighth, what do the legislators actually know about this company i.e., their level of competence to achieve such an ambitious project, their financial security, etc.? What happens if this company folds or files bankruptcy in the meantime, and subsequently leaves behind a mess?

Ninth, does the public process come into play at any stage in this procedure: from whether or not the land should be transferred, to where the right-of-way should be located, to what facilities should be developed, to who the best qualified contractor might be? ANYWHERE? There are no stipulations in the bill to define what the term "facilities" denotes? Are we looking at hotel, gift shop, bar, etc.? The bill's language certainly leaves a lot open to interpretation by the contractor.

Lastly, the 2001 summer season will mark my twentieth year driving the Denali Park road as a concessionaire employee. Over the course of this tenure, I have witnessed an explosive increase in the number of visitors and busses on the park road and unbridled development near the park entrance. There can be no argument that the Park Road is nearing the capacity number of vehicles as defined by regulation. The State of Alaska has the opportunity to contribute to the fulfillment of a vision of creating enhanced park experiences for the people of Alaska, the nation, and the world by supporting in partnership with the NPS the implementation of plans already identified and studied to address these concerns. It is time to stop trying to fulfill the personal dreams of a select few and heed the broad political spectrum of people who are opposed to north side development.

I would like to thank you for the opportunity to provide input on this much-debated and highly contentious issue. Please let me know if I can be of further assistance to you in this matter.

Linda A. Paganelli
Denali Watch Coordinator, Northern Center
Healy, Alaska 99743

cc: House Transportation Committee; Governor Knowles; DNR Commissioner Pourchot

HB

298

ALASKA STATE LEGISLATURE

Chair:
LABOR AND COMMERCE

Member:
MILITARY AND VETERANS AFFAIRS
COMMUNITY AND REGIONAL AFFAIRS
LEGISLATIVE COUNCIL
JOINT ARMED SERVICES



REPRESENTATIVE LISA MURKOWSKI
Government Hill • Elmendorf • East Anchorage

Session:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
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Representative_Lisa_Murkowski@legis.state.ak.us

Interim:
716 WEST 4TH AVENUE
ANCHORAGE, AK 99501-2133
PHONE: (907) 269-0174
FAX: (907) 269-0177

Sponsor Statement

HB 298

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

At the request of the Alaska Railroad Corporation, I have introduced House Bill 298, extending the length of time the Alaska Railroad Corporation (ARRC) can lease lands within its Anchorage, Fairbanks, Seward and Healy terminal reserves from the current 35 years to 55 years.

This change in statute will help cultivate economic development in communities along the Railbelt by making commercial and residential development on Alaska Railroad lands more viable. On any existing ARRC lease with a term longer than 35 years, an option to extend leases beyond that time includes a termination clause. This clause allows the ARRC to terminate any lease after 35 years in the event the land is needed for railroad purposes.

While the 35-year lease limit is adequate for most of ARRC's tenants, it is an obstacle in leasing lands to large commercial and residential developers who need to secure long-term financing for their investments. Financial lenders are reluctant to invest in large-scale projects requiring substantial equity participation when there is no guarantee the land will be available beyond 35 years. It will also make ARRC's leasing practices more consistent with other state agencies. Both the University of Alaska and the Department of Natural Resources can lease land for up to 55 years.

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

ALASKA STATE LEGISLATURE

Chair:
LABOR AND COMMERCE

Member:
MILITARY AND VETERANS AFFAIRS
COMMUNITY AND REGIONAL AFFAIRS
LEGISLATIVE COUNCIL
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PHONE: (907) 269-0174
FAX: (907) 269-0177

To: Representative Vic Kohring, House Transportation Chairman

From: Representative Murkowski

Date: January 22, 2002

Re: House Bill 298

Please schedule House Bill 298 "an Act relating to legislative approval of certain land leases by the Alaska Railroad Corporation," for House Transportation as soon as possible.

This bill extends the length of time the Alaska Railroad Corporation can lease lands within certain terminal reserves from the current 35 years to 55 years.

Included with the request is:

- 1) HB 298
- 2) Work Draft CS HB 298
- 3) Sponsor Statement
- 4) Supporting information

Thank you for your consideration.

House Bill 298, Railroad Leasing Policy Frequently Asked Questions

How much land does the Alaska Railroad own?

The Alaska Railroad Corporation (ARRC) owns approximately 36,000 acres of real estate.

Total right-of-way acres =	12,415
Total "reserve" acres =	23,813

Of the 23,813 acres of reserve land, 17,970 are available for lease, which represents about 49.6% of the land owned by the Railroad. The remaining 5,843 acres within the reserves is used for operating purposes including yards, tracks etc. The Railroad has approximately 260 tenants scattered from Fairbanks to Seward and even in Valdez.

Why are the Anchorage, Fairbanks, Seward, and Healy terminal Reserves the only lands subject to the lease extension?

While the Alaska Railroad would prefer the flexibility to lease all of its reserve lands for longer terms, the reserve lands identified in this legislation are those most apt to draw large commercial and residential projects, and therefore more deserving of legislative attention.

These four reserves represent about 36 percent of the Railroad's land available for lease.

What is considered reserve land?

"Reserve" is a federal term of art – in this case it refers to land originally set aside or "reserved" by the federal government for use of the Alaska Railroad. These lands are larger parcels (i.e. not a skinny right-of-way strip) sited in strategic locations for both operational and non-operational purposes. These uses have historically included rail, yards, railroad facilities and lease by third parties. Most of the railroad's lands available for lease lie in these contiguous land areas called reserves.

What are considered rail right-of-way and operating lands?

More than half of ARRC's land is dedicated to supporting and maintaining the corporation's primary activity – freight and passenger transportation services. These lands encompass the railroad's 200-foot right-of-way (100 feet on either side of the track) as well as lands containing spurs, industrial track, yard, dock, and depot facilities.

What is the total acreage of land affected by this legislation?

Approximate available acres available for lease in August 2001

Anchorage:	587 lease acres,	187 vacant
Fairbanks:	260 lease acres,	160 vacant
Healy:	5,541 lease acres,	4,097 vacant
Seward:	64 lease acres,	26 vacant

Does this legislation affect ROW leases?

This legislation does not affect right-of-way and other operating lands that lie within the reserve areas. Most operating lands are located in our reserves. Right-of-way lands are rarely leased, and even then are restricted to terms of less than 18 years to avoid triggering certain onerous provisions in the federal transfer act. (*what provision?*)

Why were the leases originally set at 35 years before being subject to a termination clause?

The answer is not clear. Discussions regarding the lease terms and rates took place in legislative work sessions that were not officially recorded meetings. These sessions took place during the time the Railroad was being transferred from the federal government to the State of Alaska and the Alaska Railroad Corporation enabling legislation was being drafted.

At the time of transfer there was much debate regarding the development of a consistent and reasonable policy for leasing railroad land. People involved in discussions during the transfer time don't remember a specific reason for reducing the maximum lease length for railroad land but said the decision could have been influenced by the following issues.

At the time of transfer, there was a pending lawsuit from the "Alaska Railroad Leaseholders Association" many who asserted that certain leases were sweetheart deals and others were not. There were concerns within the legislature and administration that the railroad's practice was to issue long-term leases at rental rates that were below Fair Market Value (FMV). Lastly, there was considerable sentiment in the legislature to privatize the railroad within a fairly short time, which might well have fueled the desire for shorter lease terms. Out of these concerns, came a statutory requirement for Fair Market Value leases and legislative approval for any lease longer than 35 years.

Who supports this bill?

The proposed extension of allowable lease terms to 55 years is supported by the following businesses, individuals and organizations:

Anchorage Historic Properties	A&A Construction and Development
Anchorage Neighborhood Housing	Alaska State Chamber of Commerce
Mel Tipton (<i>Anchorage business man and Railroad lessee</i>)	Anchorage Chamber of Commerce
Seward Ship's Drydock	City of Seward
Dowl Engineers	Anchorage Assembly
Northrim Bank	Fairbanks Chamber of Commerce
AIDEA	Denali Borough
Yukon Fuel	
Kantishna Holdings	

Who opposes this bill?

As of December 2001, there has been no expressed opposition to this proposal.

What commercial and residential developments are driving this legislation?

- Ship Creek Development in Anchorage
- Chena Landings Development in Fairbanks
- Anchorage Neighborhood Housing project using HUD financing that requires a 50-year lease.
- Major hotel, restaurant, office space, retail space or commercial development such a convention center.

Wasn't legislation recently passed allowing for longer leases in Healy?

House Bill 344 was passed during the 2000 legislative session giving the Railroad flexibility to issue a lease in the Tri-Valley subdivision in excess of 35 years without reserving the right to terminate the lease if the land is needed for railroad purposes. The long-term lease affecting the Tri-Valley subdivision enabled families in Healy to qualify for more affordable loans. This bill applied only to the Tri-Valley subdivision area and not to the entire Railroad Healy Reserve.

How does a lease differ from a permit?

Leases give tenants the exclusive use of the property, precluding even railroad use. If for five or more years in length, they must be approved by the Alaska Railroad Corporation Board of Directors. Public notice must be given

before a lease is issued, and the Board's action approving or disapproving is taken at a public meeting.

Permits are a non-exclusive right to be on railroad land. They run the gamut from short-term entries by people like surveyors or customers needing temporary storage space, to longer, more intensive uses like utilities, roadways, pipelines or fiber optics facilities. Typically, more than half of our permits can be cancelled on short notice, are issued for less than five years, and are for uses not involving a significant investment of capital. These kinds of permits do not require Board approval or public notice. However, permits that represent a considerable investment by the permittee or are of a nature that makes them functionally irrevocable (such as a public utility line) do require public notice. The most significant of these are "corridor permits", where the user installs a longitudinal facility taking advantage of the right-of-way as a utility corridor. These not only require public notice and Board approval, but also are also longer term and charge a FMV rate of compensation.

How is the public assured proper input in the Railroad's long-term leasing decisions?

- All Alaska Railroad Board of Directors meetings are open to the public and offer an opportunity for public comment. These meetings are advertised at least five days in advance in at least three newspapers of general circulation along the Railbelt. The Railroad typically advertises in the Anchorage Daily News, Fairbanks News Miner and Seward Phoenix Log.
- All leases are subject to a public notice process: Previously issued leases that don't alter use are subject to a minimum 15-day public notice period. Property that has not been leased before or is being leased again but with changed zoning is subject to a minimum 30-day public notice period. The notice is published in a local newspaper (or posted in a public location if there is no newspaper). It invites comment up to the expected date of Board action.

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

RESOLUTION 01-1210

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

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

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

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

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

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

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

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

Benefactors

Alaska Airlines

Alaska
Communications
Systems

Alaska Railroad

Alaska Pipeline
Service Company

AT&T Alascom

BP Exploration
(Alaska) Inc.

CellularOne

Denali State Bank

Design Alaska

Fairbanks Building &
Construction Trades
Council "The Unions"

Fairbanks Natural
Gas, LLC

Fairbanks Urgent
Care Center

First National Bank
Alaska

Flowline Alaska

Fort Knox Mine

Golden Heart Utilities

Golden Valley
Electric Association

K. Janitorial

Key Bank of Alaska

McKinley Bank

North Star Computing

Northrim Bank

Phillips Alaska, Inc.

Santina's Flowers & Gifts

Tanana Valley Clinic

Third Sector
Technologies, Inc.

Totem Ocean
Trailer Express

Usibelli Coal Mine

WebWeavers

Wells Fargo Bank Alaska

Wendy's

Westmark
Fairbanks Hotel &
Conference Center

Williams Alaska
Petroleum

GREATER * FAIRBANKS
CHAMBER
OF COMMERCE

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

e-mail: staff@fairbankschamber.org
website: www.fairbankschamber.org

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

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

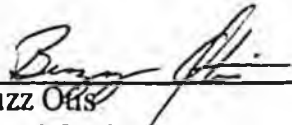
NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce views legislation authorizing ARRC to lease land for 55 years as an important step toward promoting economic development in railbelt communities where certain high value Railroad lands are currently underdeveloped.

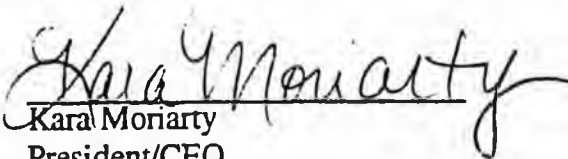
BE IT FURTHER RESOLVED that the Greater Fairbanks Chamber of Commerce supports and seeks to assist ARRC in obtaining legislative approval to lease land for up to 55 years in its Seward, Anchorage, Healy and Fairbanks Reserve Lands.

BE IT FURTHER RESOLVED that this resolution be distributed to:

Governor Tony Knowles
Interior Delegation
Senator Loren Leman
Alaska Railroad Corporation

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


Buzz Otis
Board Chair


Kara Moriarty
President/CEO

Benefactors

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

Alaska State Chamber of Commerce

Priority 2002 - 32

Authorization for the Alaska Railroad to lease land

The Alaska State Chamber of Commerce urges the Administration and Legislature to support a change allowing authorization of the Alaska Railroad to lease land for 55 years within its Anchorage, Fairbanks, Seward and Healy Terminal Reserves. The Alaska Railroad needs the flexibility to offer 55-year lease terms on a variety of Railroad properties to promote economic development in railbelt communities where certain high value Railroad lands are currently underdeveloped.

Rationale:

The Alaska Railroad Corporation's (ARRC) current statutory limit is a 35-year lease. The ARRC can extend leases beyond 35 years subject to a termination clause defined by AS 42.40.285 (4). The clause states the ARRC can terminate any lease with a term in excess of 35 years in the event the land is needed for railroad purposes after the initial 35 years.

Financial lenders are reluctant to lend on large-scale projects requiring substantial equity when there is no guarantee the land will be available beyond 35 years. Increasing the lease term to 55 years would allow companies to amortize debt over a longer span of time and increase financing options.

The ARRC's statutory constraints limit the ability for developers of large-scale commercial and residential projects to secure financing because certain banking regulations require ground lease maturity to exceed loan maturity by 10 years. The change to 55 year leases from 35 also creates long-term benefits to surrounding communities by providing an economic and tax base.

ADOPTED

November 1, 2001

BY

Pamela La Bolle

Pamela La Bolle
President

BY

Helvi K. Sandvik

Helvi Sandvik
Chair



Anchorage • *Star of the North*
Chamber of Commerce

**A Resolution Supporting Legislation
Authorizing the Alaska Railroad to Lease Land for 55 years
Resolution 01/02 - 04**

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

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

WHEREAS, the Alaska Railroad owns 36,000 acres of land. Of that, the proposed legislation would apply to approximately 8,000 acres of reserve land: some 300 acres in Seward, 1000 acres in Anchorage, 6,000 acres in Healy and 450 acres in Fairbanks; and

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

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

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

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

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

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

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

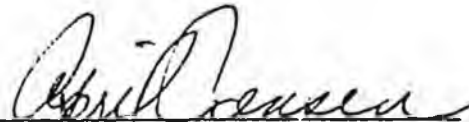
NOW THEREFORE BE IT RESOLVED, that the Anchorage Chamber of Commerce views legislation authorizing ARRC to lease land for 55 years as an important step toward promoting economic development in railbelt communities where certain high value Railroad lands are currently underdeveloped.

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

Approved this 2nd day of November 2001.



Eric Britten, 2001-2002 Chair



April Jensen, President

**CITY OF SEWARD, ALASKA
RESOLUTION 2001-136**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD,
ALASKA, SUPPORTING LEGISLATION AUTHORIZING THE ALASKA
RAILROAD TO LEASE LAND FOR 55 YEARS**

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

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

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

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

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

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

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

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

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

CITY OF SEWARD, ALASKA
RESOLUTION 2001-136

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:

Section 1. The City of Seward views legislation authorizing ARRC to lease land for 55 years as an important step toward promoting economic development in railbelt communities where certain high value railroad lands are currently underdeveloped.

Section 2. The City of Seward supports and seeks to assist ARRC in obtaining legislative approval to lease land for up to 55 years in its Seward, Anchorage, Healy and Fairbanks Reserve Lands.

Section . This resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED by the City Council of the City of Seward, Alaska, this 22nd day of October, 2001

THE CITY OF SEWARD, ALASKA

Ed. Blatchford

Edgar Blatchford, Mayor

AYES: Blatchford, Brossow, Branson, Calhoon, Clark, Orr, Shafer

NOES: None

ABSENT: None

ABSTAIN: None

ATTEST:

Patrick Reilly

Patrick Reilly
City Clerk

(City Seal)





Yukon Fuel Company

7541 Sandwood Pl
Anchorage, AK 99507
Tel: (907) 777-5505
Fax: (907) 777-5550
www.yukonfuel.com

Monday, April 23, 2001

Mr. James Kubitz, Vice President Real Estate
Alaska Railroad
327 W Ship Creek Ave
P.O. Box 107500
Anchorage, AK 99510-7500

Dear Mr. Kubitz:

We support the Alaska Railroad plan to seek the ability to offer longer-term real-estate leases. As you know we have been working with the Railroad to develop some new industrial areas.

Longer terms would be more attractive to our company because we will be able to amortize our investments over a longer span.

Please feel free to use this letter if this will help to allow the Railroad to extend its lease contracts beyond the current levels.

Yours truly,

Clayton Shaver
VP Assistant General Manager

A & A CONSTRUCTION & DEVELOPMENT, INC.

202 East Trent Avenue, Suite 400, Spokane, Washington 99202

(509) 624-1170 fax (509) 624-1255

April 25, 2001

Alaska Railroad Corporation
Attn: Karen Morrissey
Real Estate Department
Fax: 907-265-2450

Ladies and Gentlemen:

A & A Construction & Development, Inc. has developed and built four (4) hotels in the state of Alaska. Three of those are in Anchorage and one is in Fairbanks. The Anchorage Comfort Inn and the Fairbanks Comfort Inn are both on land leased from the Alaska Railroad Corporation pursuant to a ground lease.

When these leases were negotiated, the maximum initial term which we were told was available was only 35 years. Building a major improvement such as a hotel on a parcel of leased ground with only a 35 year duration presents significant problems. These include realizing the rate of return necessary to amortize the necessary debt over the term of the lease while at the same time providing an internal rate of return necessary to attract investors.


Although agreements can be reached for an extension of the original term, our experience has been that such extensions are difficult to obtain because of the mind set that the initial maximum term should be sufficient. Additional concerns arise with the potential failure to give notice for any extension that is typically required even when an extension is available.

There would seem to be little justification in limiting a ground lease for a major improvement to 35 years. The presumption would almost seem to be that the owner of the ground, as Lessor, would hope to receive a windfall by an early termination of the lease with the improvements then vesting in the Lessor.

My partner and I would very much like to construct further improvements on ground owned by the Alaska Railroad Corporation. We are reluctant to do so, however, unless the lease term can be increased.

Very Truly Yours,

A & A Construction & Dev., Inc.


Christopher R. Ashenbrener
CORPORATE COUNSEL

CRA:sf



April 26, 2001

Chris Anderson
Leasing Supervisor
Alaska Railroad Corporation
PO Box 107500
Anchorage, Alaska 00510-7500

VIA FACSIMILE 265-2450

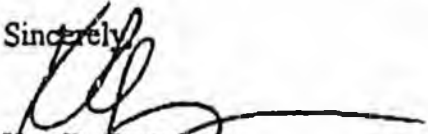
Dear Chris:

I am writing to support your efforts to amend AS 42.40.285(4) allowing Alaska Railroad Corporation (ARC) to lease land for 55 years.

This change would allow greater flexibility for lenders as regulations require ground lease maturity exceed loan maturity by 10 years. It will also make purchase and improvement more attractive to investor/users, which should result in increased business activity on railroad property.

Longer-term ground leases will increase financing options, investor interest and business development. Northrim Bank fully supports and commends your efforts.

Sincerely,



Ken R. Ferguson
Vice President

Bayview Commercial Building, LLC
619 E. Ship Creek Ave., Suite 250
Anchorage, Alaska 99501
Phone 907-279-7654
Fax 907-278-0685

April 23, 2001

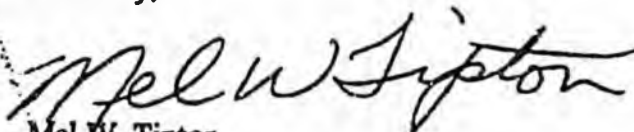
Jim Kubitz, Vice President Real Estate
Alaska Railroad Corporation
327 W. Ship Creek Avenue
Anchorage, Alaska 99510-7500

Dear Mr. Kubitz:

As the owner of the Bayview Commercial Building located at 619 E. Ship Creek Avenue, I want to support the efforts you have been making to eliminate obstacles to create a more developer friendly process in leasing Alaska Railroad land. One of the obstacles still remaining is the restriction you have to leasing land beyond 35 years. Businesses and developers need to have a longer-term lease available in order to reinvest and find the financing to make major investments on railroad land. We support your efforts to extend your lease term from 35 to 55 years.

If you have any questions or would like to discuss this further, please call me at 279-7654.
Thank you.

Sincerely,



Mel W. Tipton
Manager

cc Reading File
Karen Morrissey



SEWARD SHIP'S DRYDOCK, INC.

P.O. Box 944
Mile 7 Nash Road
Seward, Alaska 99664-0944

Tel: (907) 224-3198
Tel: (907) 224-5640
Fax: (907) 224-5376

April 24, 2001

Jim Kubitz, Vice president Real Estate
Alaska Railroad Corporation
327 W. Ship Creek Avenue
Anchorage, Alaska 99510-7500

Dear Mr. Kubitz,

As the owner of three companies in Seward, I would like to extend my support to the efforts to obtain legislation to extend the land lease terms of the Alaska Railroad Corporation from 35 years to 55 years.

To obtain financing and make major investments on Alaska Railroad property this extension is critical to businesses and developers.

We are extremely supportive of your efforts in this obtaining this legislation.

Sincerely,

A handwritten signature in cursive script that reads "James T. Pruitt". The signature is written in black ink and is positioned above the printed name and title.

James T. Pruitt
President

C.C. Reading File
Karen Morrissey

DOWL
ENGINEERS
A Division of DOWL LLC

April 24, 2001
W.O. D01100

Mr. Jim Kubitz
Vice President, Real Estate
Alaska Railroad Corporation
P.O. Box 107500
Anchorage, Alaska 99510-7500

Subject: Real Estate Leasing

Dear Mr. Kubitz:

As you are aware, DOWL Engineers (DOWL), deals with a large number of developers and development projects throughout Alaska.

DOWL has been involved with many projects on leased land. Historically, most developers have desired "fee simple" ownership as a first choice. However, when that option is not available and leasing is the only option, the key issue is the "duration" of the lease. Obviously, the longer the lease term, the more financially feasible the project usually becomes. Thirty-five year leases have been shown to be inadequate for many projects.

Longer-term leases can be a significant incentive to promote development. Lease rates will presumably have a market based escalator so that the Alaska Railroad Corporation (ARRC) would get a market-based return over the life of the lease. Fifty-five year leases are not uncommon, especially where developers are asked to provide significant infrastructure/operational improvements.

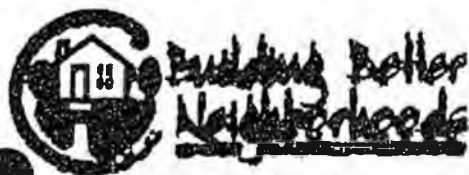
I would strongly recommend that the ARRC consider 55-year leases for its properties. I believe the flexibility associated with this added incentive will promote major investments throughout the railbelt, resulting in favorable economic growth and a more financially viable Alaska Railroad.

If you have any specific questions or need additional information, please contact me at your convenience.

Very truly yours
DOWL Engineers


Timothy C. Potzer
Director of Planning

D01100.Kubitz.TCP.042401.kms



Anchorage Neighborhood Housing Services, Inc.

1702 West Tudor Road, Anchorage, Alaska 99503 • (907) 243-1558 • Fax (907) 243-3214 • www.aknhs.org
480 West Tudor Road, Anchorage, Alaska 99503

April 20, 2001

Ms. Karen J. Morrissey
Director of Real Estate
327 W. Ship Creek Avenue
Anchorage, Alaska 99501

Dear Ms. Morrissey:

On behalf of Anchorage Neighborhood Housing Services, Inc., I would like to express our support of the Alaska Railroad Corporation's efforts to obtain legislation that would extend the land lease term from 35 years to 55 years.

Anchorage Neighborhood Housing Services, Inc. is working on the development of a 20 unit senior housing complex on Alaska Railroad property located in the Government Hill area. The housing would be developed utilizing Housing and Urban Development (HUD) 202 senior housing funds. HUD requirements for site control require a 50-year lease period in order to be eligible for financing. Therefore, changes in the land lease term are crucial to the development of future senior housing in Government Hill community.

We are highly supportive of your efforts in obtaining this legislation.

Sincerely,

Mary Jane Michael
CEO and Executive Director



Mr. James W. Kubitz
Vice President, Real Estate & Project Planning
327 Ship Creek Avenue,
Anchorage, Alaska 99501
April 23, 2001

Re: Lease term or length

Dear Jim:

I have recently learned that the Alaska Railroad Corporation (ARC) is considering the extension of lease term length from 35 years to 55 years.

This is an outstanding proposal that will be applauded by everyone seeking to develop any major project on ARC lands.

The financial markets will be exceedingly receptive to such an increase in term length as the additional term allows for the aggregation of capital that would not be ordinarily available for the shorter term and is seeking the added security a 55 year lease offers.

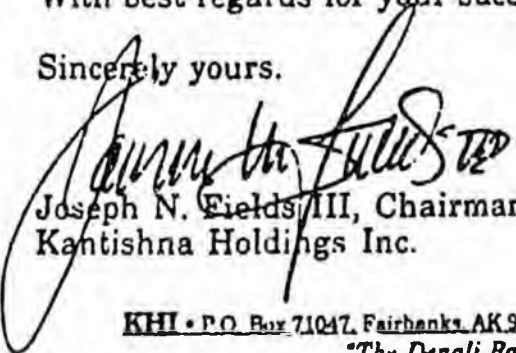
Major projects developers in Europe, like Eurotunnel PLC, creators of the rail link under the English Channel (chunnel) utilized the longer terms to aggregate the equivalent of USD 26 Billion in refinancing with over 200 participating banks, and that is exclusive of the high speed rail links from Calais to Paris and Brussels. The same can be said for financings in mining in Kalamantan (Borneo) and on the rail link from Blackpool, England to Edinburgh, Scotland.

The extended lease term is not limited to Europe or Asia but also is utilized in all parts of NAFTA to secure financing for major projects that have the capability of generating return over a longer period while creating long term benefits to the communities they are developed in. In some cases, the intent is to create a local cultural mainstay industry in the economy, a place where several generations will work and prosper. It is called economic stability.

I strongly urge you to adopt this very good, "Common Sense", policy at the earliest opportunity.

With best regards for your success I remain,

Sincerely yours,


Joseph N. Fields III, Chairman
Kantishna Holdings Inc.



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY



813 WEST NORTHERN LIGHTS BLVD. • ANCHORAGE, ALASKA 99503 • 907 / 269-3000 • FAX 907 / 269-3044
TOLL FREE (ALASKA ONLY) 888 / 300-8534

April 23, 2001

Chris Anderson
Leasing Supervisor
Alaska Railroad Corporation
PO Box 107500
Anchorage, AK 99510-7500

VIA FACSIMILE 265-2450

Dear Chris:

This letter is in support of Alaska Railroad Corporation's (ARC) efforts to amend AS 42.40.285(4), which would allow ARC to lease land for a period of up to 55 years without prior legislative approval.

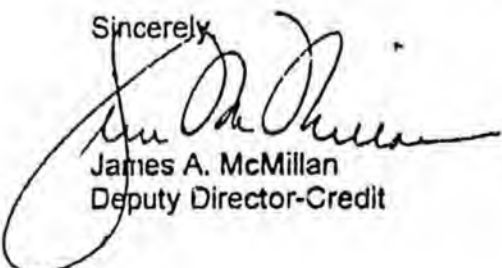
As you are aware, Alaska Industrial Development and Export Authority (AIDEA) provides financial assistance to Alaskan businesses through a loan participation program, whereby AIDEA purchases a portion of a loan originated by a financial institution. The benefit of this program is long-term financing, up to 40 years for certain projects, and fixed interest rates.

As the statute currently reads, if AIDEA was to participate in a project that qualified for a 40-year term, the maximum lease term would preclude AIDEA from establishing a 40-year term. Current AIDEA regulations require the term of a ground lease to extend 10 years beyond the term of the loan.

A change to the statute as ARC proposes would provide the flexibility needed for AIDEA to participate in all types of projects on ARC leased land.

Please let me know if I can be of any further assistance.

Sincerely,


James A. McMillan
Deputy Director-Credit

CLERK'S OFFICE

APPROVED

Date 11-13-01

Submitted by: Assemblymember TESCHE

Prepared by: Department of Assembly

For reading: November 13, 2001

ANCHORAGE, ALASKA
AR NO. 2001-328

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING
SENATE BILL 209, AUTHORIZING THE ALASKA RAILROAD TO LEASE LAND FOR
55 YEARS.

WHEREAS, a proposed bill - Senate Bill 209 - would authorize the Alaska Railroad Corporation (ARRC) to lease land for 55 years; and

WHEREAS, this proposed legislation will cultivate development in Alaska communities along the railbelt by making commercial and residential development on ARRC lands more feasible; and

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

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

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

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

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

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

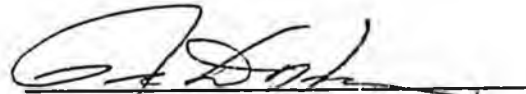
4 WHEREAS, this change would result in increased business activity on railroad
5 property by making improvements more attractive to investor/users. This also creates long
6 term benefits to the surrounding communities by providing an economic tax base.
7

8 NOW, THEREFORE, the Anchorage Municipal Assembly resolves:
9

10 Section 1: That the Assembly supports Senate Bill 209 authorizing ARRC to lease
11 land for 55 years.
12

13 Section 2: That the Assembly views this legislation as an important step toward
14 promoting economic development in railbelt communities where certain high value railroad
15 lands are currently underdeveloped.
16

17 PASSED AND APPROVED by the Anchorage Assembly this 13th day of
18 November, 2001.
19

20
21
22 
23 Chair
24

25 ATTEST:
26
27

28
29 
30 Municipal Clerk
31
32

22-LS1192\C
Utermohle
1/21/02

CS FOR HOUSE BILL NO. 298()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE MURKOWSKI

A BILL

FOR AN ACT ENTITLED

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

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

4 *** Section 1.** AS 42.40.285 is amended to read:

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

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

9 (2) issue bonds;

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

12 (4) lease land

13 (A) within a terminal reserve located at Anchorage,
14 Fairbanks, Seward, or Healy for a period in excess of 55 years unless the

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

3 (B) outside of a terminal reserve listed under (A) of this
4 paragraph for a period in excess of 35 years unless the corporation reserves
5 the right to terminate the lease if the land is needed for railroad purposes;

6 (5) apply for or accept a grant of federal land within a municipality;
7 before approving an action under this paragraph, the legislature must determine that
8 the federal land is required for essential railroad purposes; this paragraph does not
9 apply to the application for or acceptance of a grant of federal land associated with

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

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

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

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 298
 () Publish Date: _____

Revision Date/Time (Note if correction): 01/30/2002 Dept. Affected: ARRC
 Title An Act relating to Legislative Approval BRU _____
of Railroad land leases Component _____
 Sponsor Representative Murkowski
 Requester House Transportation Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 HB 298 will not have a fiscal impact on the State of Alaska. This change in statute will make large commercial and residential development on Alaska Railroad lands more viable by making it easier for the Railroad to lease lands that are currently underdeveloped in Seward, Anchorage, Healy and Fairbanks.

Prepared by: Wendy Lindskoog, Director of External Affairs Phone 907-265-2498
 Division Alaska Railroad Corporation Date/Time 1/30/02 10:59 AM
 Approved by: Deborah B. Sedwick, Commissioner Date 1/30/2002
 Agency Department of Community & Economic Development

350

HB

Alaska State Legislature

Session
State Capitol Building, Room 418
Juneau, Alaska 99801-1182
Phone (907) 465-2995
Fax (907) 465-6592

Interim
716 West Fourth Avenue, Suite 430
Anchorage, Alaska 99501
Phone (907) 269-0250
Fax 9907) 269-0249

Chair, House Special Committee
on Economic Development, Trade
and Tourism

Chair, Joint House and Senate
Administrative Regulation and
Review Committee

Member
Resources Committee
Rules Committee

Representative Lesil McGuire

House District 17

February 4, 2002

Representative Vic Kohring
Chair, Transportation Committee
State Capitol, Room 24
Juneau, Alaska 99801-1182

Dear Representative Kohring:

Please accept this letter and the attached documents as a request for the House Transportation Committee to hear HB 350, "An Act relating to terroristic threatening."

HB 350 will expand terroristic threatening to include areas involving our airports. Since September 11th Alaska has had three separate incidents where a passenger made comments that placed airport employees or others who heard the comments in fear for their lives. The most blatant incident occurred in Sitka two days after the destruction of the World Trade Center. An individual threatened an airport employee, stating that he would leave and come back "as an assassin." He was arrested and later released because he had not violated Alaska's terrorist threatening statute. The passages of HB 350 will ensure that this does not happen again.

I respectfully request scheduling of HB 350 in the House Transportation Committee at your earliest convenience. Thank you in advance for your time and consideration. If you have any questions please do not hesitate to call.

Sincerely:



Lesil McGuire
Representative, District 17

Alaska State Legislature

Session
State Capitol Building, Room 418
Juneau, Alaska 99801-1182
Phone (907) 465-2995
Fax (907) 465-6592

Interim
716 West Fourth Avenue, Suite 430
Anchorage, Alaska 99501
Phone (907) 269-0250
Fax 9907) 269-0249

Chair, House Special Committee
on Economic Development, Trade
and Tourism

Chair, Joint House and Senate
Administrative Regulation and
Review Committee

Member
Resources Committee
Rules Committee

Representative Lesil McGuire *House District 17*

Sponsor Statement House Bill 350

“An Act relating to terroristic threatening”

Since September 11, 2001, what was once considered only a concern for those living, working or visiting overseas locations has painfully come home. September 11th changed our world and the way we will be expected to conduct ourselves in public from now on. Today when we board a plane, we scrutinize others around us more closely and have been encouraged to take matters into our own hands should someone try to commit a terroristic action.

We have also seen changes in how we prepare to board public transportation, as security has tightened. The event of that day in September has altered how we live our day-to-day lives. For many it is frustrating to stand in long lines and undergo questioning, but it does not give us the right to threaten airport personnel simply trying to do their jobs, or to instill fear in the minds of fellow passengers.

In a recent incident in Sitka, an Alaska Airlines employee was doing her job in security. An individual threatened to leave the airport and return as an assassin if he was not permitted to pass through. The diligent employee contacted local authorities and the individual was detained and later released.

House Bill 350 will provide law enforcement the necessary tools to arrest, detain and ultimately prosecute an individual who threatens public areas or conveyances. It further makes it a crime to disrupt public transportation or to threaten a person while they are working in transportation services.

A threat in this day and age must be taken seriously. House Bill 350 will make sure that if an individual threatens an airport or one of its employees with harm, that they will be punished in accordance with the law.

State frees man held for making threats

■ **ARREST:** Alaska Airlines bans Washington man from flights after he became angry over late luggage.

The Associated Press

SITKA — The state decided Friday not to prosecute a 58-year-old Washington man who was arrested at the Sitka airport after allegedly threatening an airline worker.

But Alaska Airlines has banned Dr. Bruce Stevenson from its flights for life because of Thursday's incident.

Stevenson apparently became upset about possible delays in retrieving baggage, police said. Lt. John Baeza said Stevenson told the Alaska Airlines ticket agent, "If I don't get my bag I'm coming back here as an assassin."

"He said it seriously, with no hint of a smile or that he was joking, and all the witnesses took it very seriously," Baeza said.

Sitka Police Chief Bill McLendon criticized the state's refusal to take the Woodinville, Wash., medical doctor to court.

"The decision reeks of favoritism and documents a steady history of political maneuvering and ineptness in handling cases," McLendon said Friday. "To say we have no confidence in (prosecutors') abilities would be a gross understatement."

Earlier Friday, assistant district attorney Corinne Vorenkamp told the Daily Sentinel in Sitka that the state did not have enough evidence for a criminal prosecution against Stevenson, a doctor at the prestigious Virginia Mason Hospital in Seattle.

"While there's certainly no accounting for the exceedingly poor taste and bad judgment of essentially ignoring a national tragedy, the state has decided to not file a complaint," Vorenkamp said.

Responding to a call from the airport Thursday afternoon, Sitka police arrested Stevenson on a felony charge of terrorist threatening and a misdemeanor charge of fourth-degree assault.

Stevenson was held overnight in the Sitka jail without bail and was released Friday after the charges were dropped.

In Anchorage, assistant U.S. attorney Stephan Collins said the federal government does not have jurisdiction in the case.

"The threat wasn't made by telephone or by wire, and it wasn't made in the air," Collins said. "If the plane were in the air at the time, we'd have jurisdiction — maritime, or territorial — but on the ground, in the airport, to a ticket agent, from what details I understand about this case we don't have jurisdiction. That would be up to the state."



JAMES POULSON / The Associated Press

Sitka Police Lt. John Baeza, left, stands by as Dr. Bruce Stevenson, 58, background center, is placed in a patrol car following his arrest for allegedly threatening an airline worker at the airport in Sitka. Police say that Stevenson, a doctor at Virginia Mason Hospital in Seattle, apparently told the Alaska Airlines ticket agent, "If I don't get my bag I'm coming back here as an assassin."

Vorenkamp said that to be prosecuted for terrorist threatening under state law, a person would have to "knowingly make a false report that a circumstance dangerous to human life exists or is about to exist."

"What Mr. Stevenson said certainly was insensitive to the fears of the person to whom he said it, and it's appalling in light of the national tragedy that happened this week," she said, "but under state law it is not a crime."

However, Stevenson will never be allowed onboard an Alaska Airlines flight again, company spokesman Greg Witter said from the airline's Seattle headquarters.

"We have a zero-tolerance policy for anyone who tries to abuse or threaten our employees in any way, shape or manner," he said.

Doctor sorry for making threat to airline agent

■ APOLOGY: He admits he 'demonstrated a terrible lack of judgment.'

The Associated Press

SITKA — The Washington state doctor who was arrested in Sitka for making threatening comments to an Alaska Airlines ticket agent apologized Tuesday for his actions.

Dr. Bruce Stevenson was arrested at the Sitka airport Thursday, when commercial flights were allowed to resume after the terrorist attacks on the East Coast. The state, however, decided not to prosecute, though Alaska Airlines has banned the 50-year-old doctor from its planes for life.

In last week's incident, Stevenson became upset about possible delays in retrieving baggage and re-

portedly told the ticket agent he would "come back as an assassin" if that occurred.

Stevenson, a doctor at Virginia Mason Hospital in Seattle, issued a prepared statement Tuesday, saying he is sorry for the stress his comments caused.

Stevenson has been placed on indefinite administrative leave because of the incident, said hospital spokeswoman Linda Stepanich. The hospital faxed the doctor's comments to the Daily Sentinel in Sitka.

In the statement, Stevenson wrote: "I made an inappropriate remark that was interpreted as a threat.

"I demonstrated a terrible lack of judgment and I sincerely apologize for my actions. As a frequent traveler to Alaska, I have built many warm

See Page B-2, DOCTOR

DOCTOR: *He's sorry*

Continued from B-1

relationships over the years. I genuinely regret jeopardizing the goodwill of the many friends and colleagues I have in your fine state.

"I am very sorry that this incident added to the stress of airline, airport and public officials during this difficult time."

Police had charged the doctor with felony terroristic threatening and misdemeanor fourth-degree assault. Stevenson spent a night in the Sitka jail before charges were dropped Friday after the state decided not to prosecute.

Stevenson left Sitka Friday.

 Print this Article

 E-Mail to a Friend

KTVA.COM

Alaska Airlines passenger arrested for terrorist threatening

September 24, 2001

An Alaska Airlines passenger who had lost a bag joked with an employee at the Juneau Airport that it contained a bomb. But the airline took it seriously, and the man was arrested Monday morning at his hotel room.

Twenty-nine-year-old James Longroft was taken into custody at about 7 a.m. and charged with felony terroristic threatening. He was lodged at the Lemon Creek Correctional Center.

Longroft, an Irish national who gave his residence as England, lost a bag on his flight in last night.

Juneau Police say that while he was describing the bag to an employee, he noted it had a bomb in it. He told the airline employee he was kidding.

But the employee contacted police, who then contacted the FBI, the Juneau District Attorney's Office and Juneau Airport Security and Alaska Airlines Dispatch Operations in Seattle.

The missing luggage had been located at the Seattle airport. Seattle police searched the bag and found no bomb.

(Copyright 2001 by The Associated Press. All Rights Reserved.)

 Print this Article

 E-Mail to a Friend

KTVA.COM

Bomb threat shuts down Ketchikan airport

December 30, 2001

Authorities are investigating an anonymous bomb threat that shut down the Ketchikan International Airport for more than an hour Friday.

The airport was evacuated while airport police and troopers checked the premises. No explosives were found.

Airport manager David Allen says the threat was called in to Ketchikan police about 1:30 p-m. He says police then notified the airport, prompting the evacuation. Allen says he's not sure how many people were affected.

Allen says a jet was not due to land until a few hours later, so the building was relatively empty other than airport workers. He says people were allowed back in the building at about 2:45 p-m.

Alaska State Troopers say they are investigating the threat. Police are looking into the origin of the call, but Deputy Chief David Guzman says that's the department's only involvement.

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22-LS1300F
Luckhaupt
2/13/02

CS FOR HOUSE BILL NO. 350(TRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE MCGUIRE

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to criminal mischief and terroristic threatening."**

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

3 *** Section 1.** AS 11.46.480(a) is amended to read:

4 (a) A person commits the crime of criminal mischief in the first degree if,
5 having no right to do so or any reasonable ground to believe the person has such a
6 right,

7 (1) with intent to cause a substantial interruption or impairment of a
8 service rendered to the public by a utility or by an organization that [WHICH] deals
9 with emergencies involving danger to life or property, the person damages or tampers
10 with property of that utility or organization and causes substantial interruption or
11 impairment of service to the public;

12 (2) with intent to damage property of another by the use of widely
13 dangerous means, the person damages property of another in an amount exceeding
14 \$100,000 by the use of widely dangerous means;

15 (3) the person intentionally damages an oil or gas pipeline or

1 supporting facility; or

2 (4) with intent to cause physical injury to another person, the person:

3 (A) tampers with an item that is water or a food, drug, or
4 cosmetic or a container for those items [THE ITEM]; or

5 (B) delivers, dispenses, or distributes an item described in (A)
6 of this paragraph knowing that a person has tampered with the item.

7 * Sec. 2. AS 11.56.810(a) is amended to read:

8 (a) A person commits the crime of terroristic threatening if the person
9 knowingly makes a false report that a circumstance

10 (1) dangerous to human life exists or is about to exist and

11 (A) [(1)] places a person in fear of physical injury to any
12 person;

13 (B) [(2)] causes evacuation of a public area, mode of public
14 transportation, or building; [OR]

15 (C) [(3)] causes serious public inconvenience; or

16 (D) disrupts the schedule of an entity providing
17 transportation services for persons or property;

18 (2) exists or is about to exist that is dangerous to the proper or safe
19 functioning of an oil or gas pipeline or supporting facility, utility, or
20 transportation or cargo facility; in this paragraph, "oil or gas pipeline and
21 supporting facility" and "utility" have the meanings given in AS 11.46.490.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 350(TRA)
 (H) Publish Date: 2/20/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title "An Act relating to terroristiC BRU Legal and Advocacy Services
threatening..." Component Public Defender Agency
 Sponsor Rep. McGuire
 Requester (H) TRA Component No. 1631

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Menial Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Barbara Brink, Director Phone (907) 334-4416
 Division Public Defender Agency Date/Time 2/19/02 8:28 AM
 Approved by: Jim Duncan Date 2/19/2002
 Agency Department of Administration

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CSHB 350(TRA) - FN#2

ANALYSIS CONTINUATION

This legislation would amend the crime of terroristic threatening (a class C felony) to include when a person knowingly makes a false report that a circumstance dangerous to human life exists or is about to exist that disrupts the schedule of a public transportation service or causes evacuation of a public area or public conveyance. More troubling is the provision of the bill that proposes to include in the same crime when a person knowingly threatens a person engaged in providing transportation services or support services with physical injury regardless of whether the person making the threat had the ability or intent to carry out the threat and the person threatened actually was placed in fear of physical injury. If this bill, as broadly written as it is, became law, it would likely have a significant fiscal impact on the Public Defender Agency. It is not possible to determine the extent of that impact, however, because it is unknown how many potential cases would result from this broadly written proscriptive language. The Public Defender Agency has serious concerns about broadening the language in the terroristic threatening statute to include personal threats that might not have any real terroristic qualities. Since the Agency cannot predict how many more cases would result if this proposed legislation passed, an indeterminate fiscal note is submitted.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 350(TRA)
 (H) Publish Date: 2/20/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title: "An Act relating to terroristic threatening." BRU: Criminal Division
 Component: 1st-4th Judicial Districts; Criminal
 Sponsor: Representative McGuire Appeals/Special Litigation
 Requester: House Transportation Committee Component No. 2198-99;2201-03;61;79

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*****	*****	*****	*****	*****	*****

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	*****	*****	*****	*****	*****	*****

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 HB 350 would expand the actions that could lead to a charge of terroristic threatening, a class C felony. Specifically, if an individual causes the evacuation of a public area, public conveyance, or building; disrupts the schedule of a public transportation entity; or threatens, even jokingly, a transportation service provider or transportation support services provider with physical injury, even if the person threatened was not placed in fear of physical injury, that individual could be charged with this crime.

The language in subsection (2) regarding threats to persons actually providing transportation services or support services would cover a very large variety of situations not currently considered felonies. Felony prosecutions are costly, but the Department of Law has no way of estimating how many new cases might be referred for prosecution if this bill becomes law, and cannot assign a potential fiscal impact.

Prepared by: Joan M. Kasson Phone (907) 465-5370
 Division: Attorney General's Office Date/Time 2/19/02 8:27 AM
 Approved by: Kathryn Daughhete for Bruce M. Botelho, Attorney General Date 2/19/2002
 Agency: Department of Law