

# Port MacKenzie Rail Extension Farms

Segment 2 - Point MacKenzie



# OVERVIEW

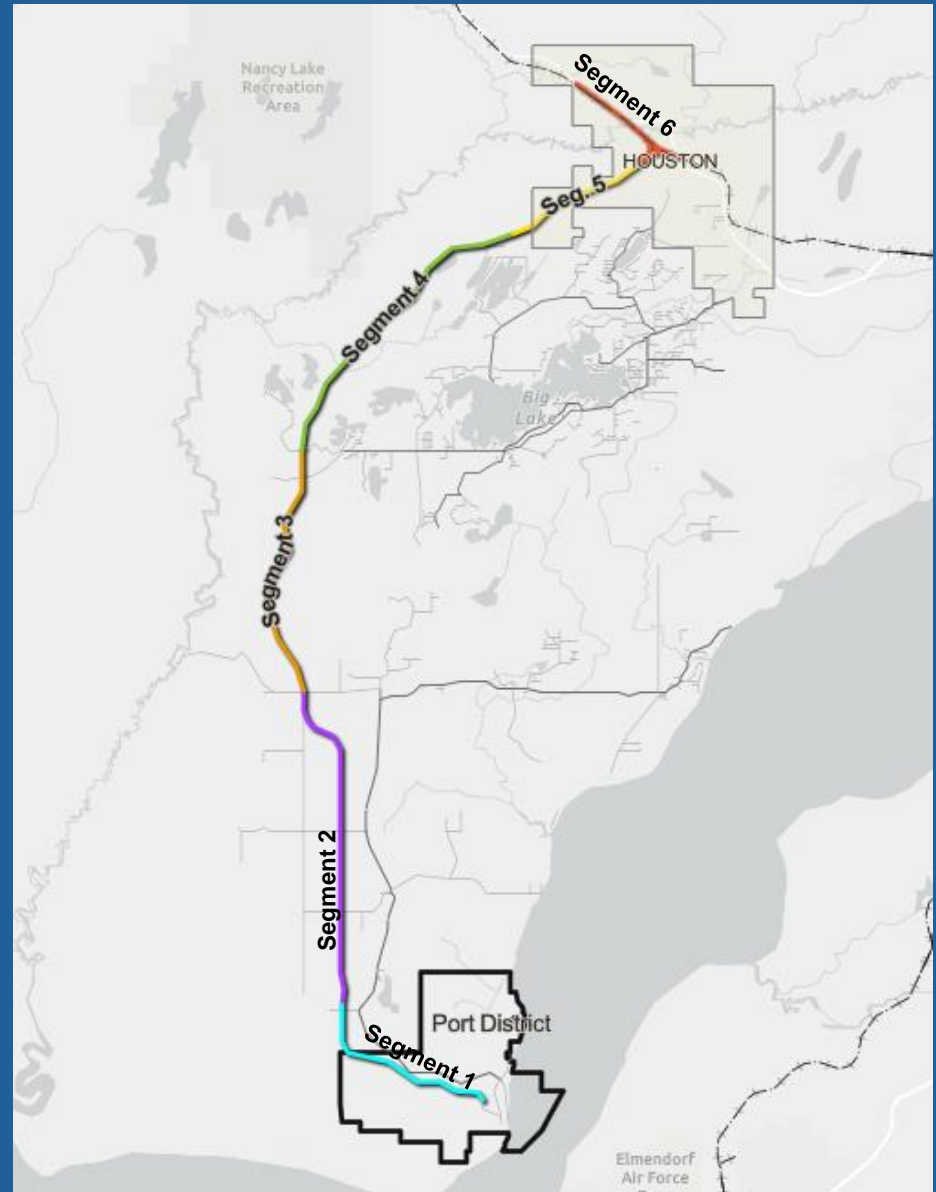
For information only

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- A wide-angle photograph of a rural landscape. The sky is filled with soft, white clouds, and a bright sun is positioned in the upper center, creating a prominent sunburst effect. In the foreground, there is a lush green field of crops, possibly corn. To the left, a white building with a grey roof is partially visible. To the right, a red building is partially visible. In the background, there are more trees and a distant horizon line.
- Port MacKenzie Rail Extension
  - Land purchased for the rail corridor and rail yard
  - Farm Properties
  - Options for Future

# PORT MACKENZIE RAIL EXTENSION (PMRE)

The MSB & Alaska Railroad Corporation (ARRC) began work on the EIS\* for a 32-mile rail extension to connect Port MacKenzie to ARRC's main rail line – 2008

\*Environmental Impact Statement



# PORT MACKENZIE RAIL EXTENSION (PMRE)

**2011**

Approval to  
Proceed



**2012-13**

Embankment  
construction  
begins



**2015**

Last State  
Legislative  
Grant Funding

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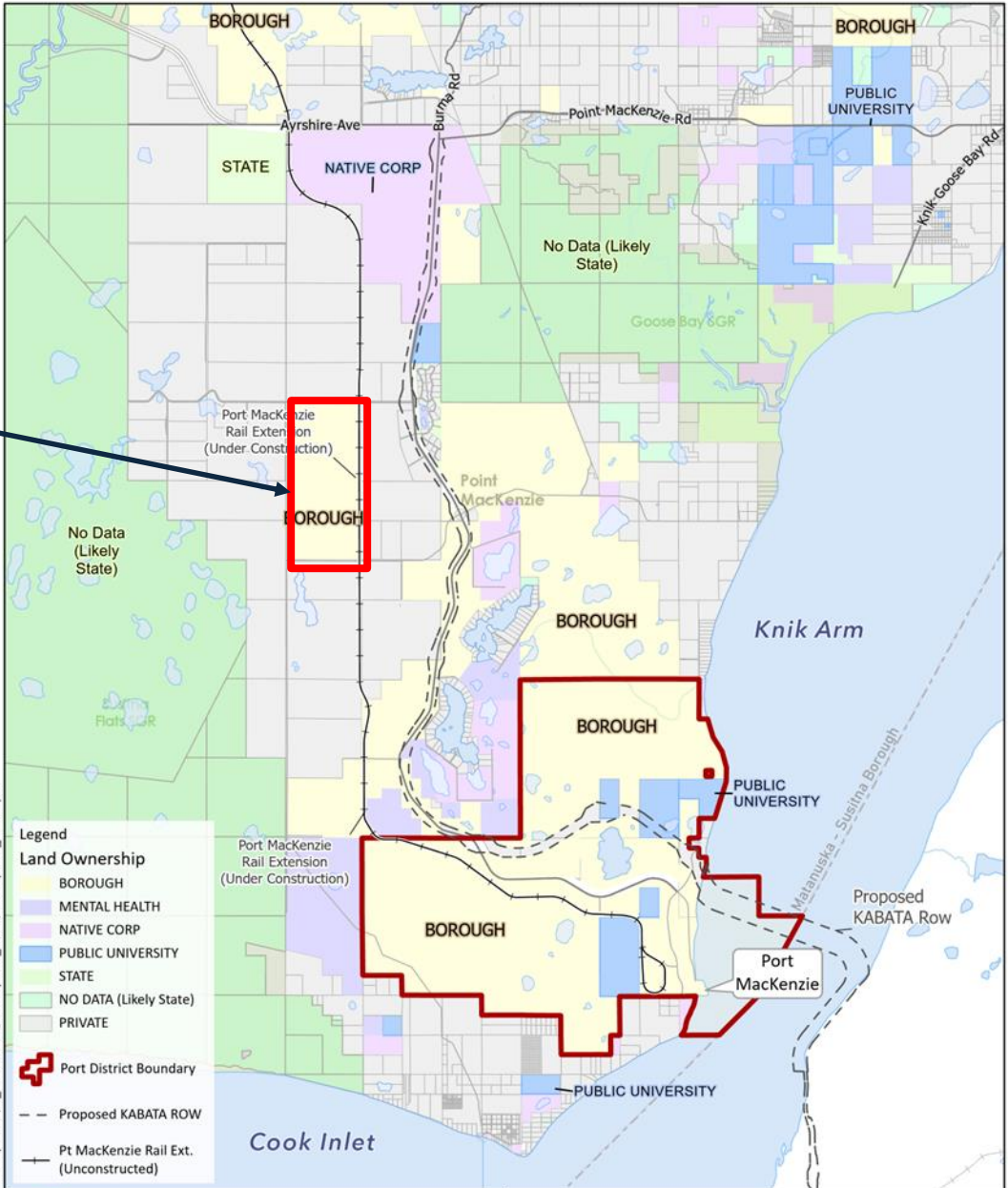
# PORT MACKENZIE RAIL EXTENSION (PMRE)



## **2024 RAIL STATUS**

- 25 of 32 miles of rail embankment is complete
- 100 of 200 tons of ballast rock has been purchased and stockpiled
- 6 of 7 bridges are constructed
- Still need to purchase & lay track & ties for Segments 1-5; Segment 6 is complete and being used for rail operations
- Estimated Cost to Complete \$275MM

PMRE FARM PARCELS



Path: P:\User1\Comm Development\Pt\_MacKenzie\Developable\_Land\Developable\_Land.aprx

**Legend**

**Land Ownership**

- BOROUGH
- MENTAL HEALTH
- NATIVE CORP
- PUBLIC UNIVERSITY
- STATE
- NO DATA (Likely State)
- PRIVATE

Port District Boundary


Proposed KABATA ROW

Pt MacKenzie Rail Ext. (Unconstructed)

 **Point MacKenzie Area Overview**  
Land Status

Map Produced by MSB IT/GIS Division: 4/4/2023

N



0 0.5 1  
Miles

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# PROPERTY ACQUISITION

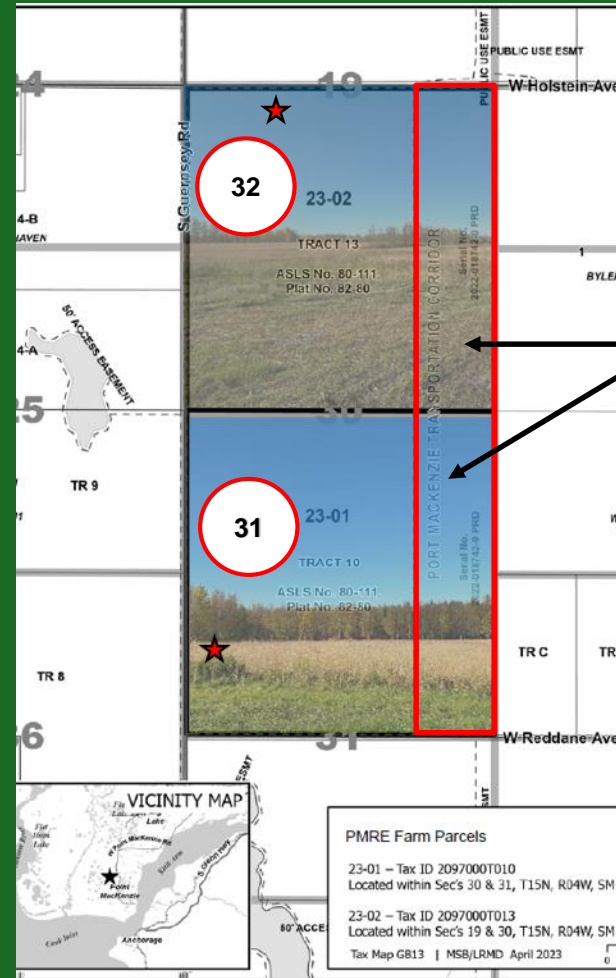
**2013**

The subject farms were purchased, and Terminal Reserve Easements were established

Both parcels are active hay producers

**2017**

Segment 2 of the corridor easement was cleared



Corridor & terminal reserve easements 1,300 feet wide

★ Houses & Farm Buildings

# FARM PARCEL 31

18455 S. Guernsey Rd

3,400 SF house with  
garage, apartment &  
shop



A



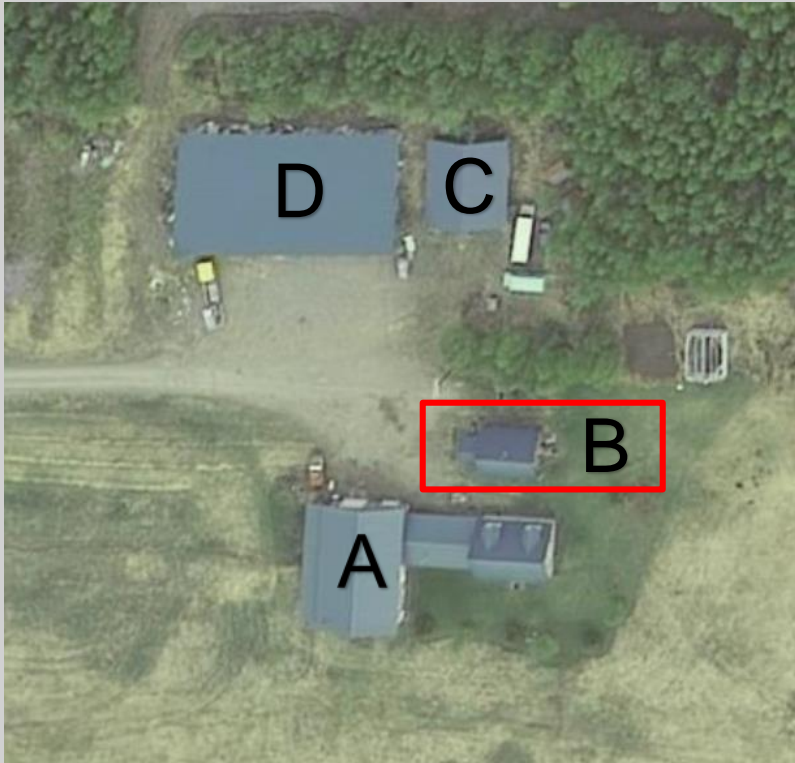
Tenant to vacate by  
April 30, 2025



# FARM PARCEL 31

18455 S. Guernsey Rd.

1,004 SF cabin with  
loft



# B

Currently  
Vacant



# FARM PARCEL 31

## HAY PERMIT - P31

Hay production 282 acres

(through growing season 2025)



C: 1,776 SF pole building for hay & equip storage



D: 7,668 SF pole barn for hay storage



# FARM PARCEL 32

24690 W. Holstein Ave.

3,728 SF residence with basement apartment & garage



Vacant by December 31, 2024

# FARM PARCEL 32

## HAY PERMIT - P32

(through growing season 2025)

B: Approximately 397 acres of hay production



C: 4,700 SF pole barn for hay and equipment storage

D: 7,668 SF utility barn for hay, equipment, & maintenance



# MANAGEMENT

- Rental agreements & major repairs are managed by Land Management with O&M's assistance
- 2024 Annual Rent Income: \$34,000
- 2024 Annual Expense: \$24,000\*

2024 Annual  
Cash Flow

\$10,000

\*Estimated labor cost, purchase orders, and management. Does not include major repairs, appraisals, etc.

# LAND RESTRICTIONS

SUBDIVISIONS – Per AS 38.05.321

“Once a parcel has been patented, it may be subdivided once into no more than four parcels of not less than 40 acres each.”

Also:

1. Use remains limited to agricultural
2. Once subdivided, each new parcel may build farm improvements, reducing productive ag land

Why does this matter?

If we subdivide to separate the homesites onto their own parcels, a future owner will not be able to subdivide again, potentially reducing the property's value.

# LAND RESTRICTIONS

## AGRICULTURAL PURPOSES\*

- *The production, for commercial or personal use, of useful plants and animals*
- Improvements reasonably required for agricultural use
- Gravel reasonably required to bring Ag land into use
- Timber clearing to bring agricultural land into use

\*Summarized from SOA Code Section AS 38.05.321

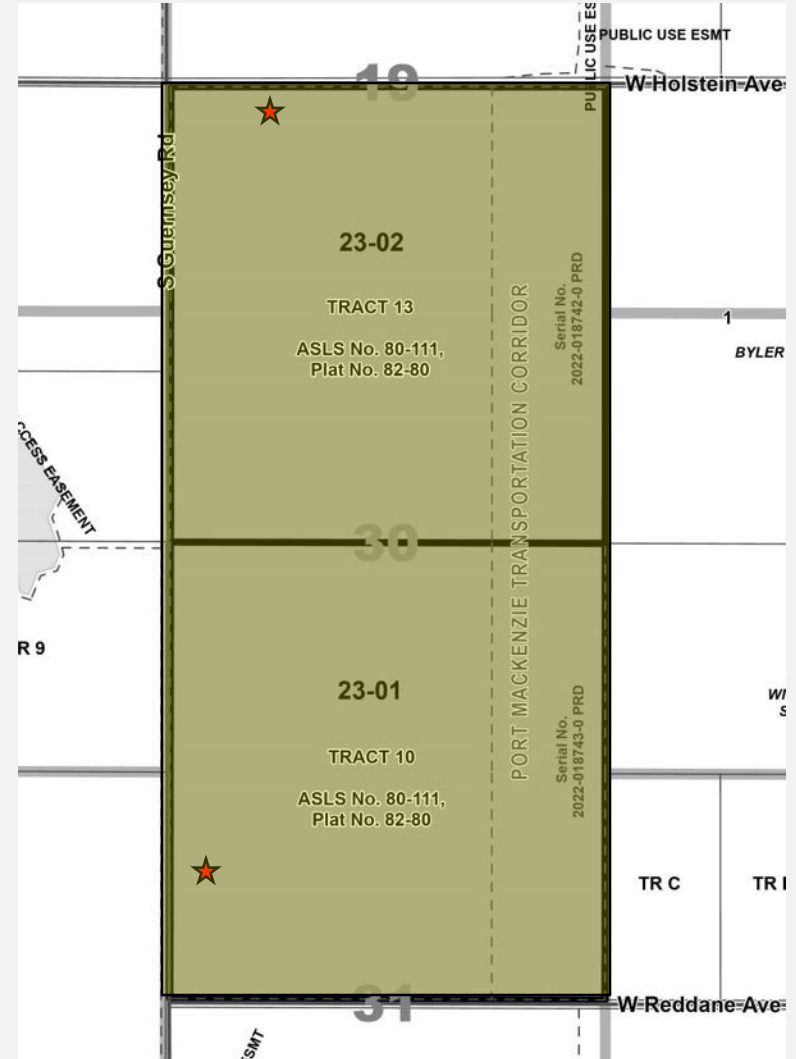
# OPTION 1a - HOLD

## ACTION 1a

- Competitively lease homes at market rate
- Competitively re-permit hay at market rate
- Rent both to a single party

## BENEFIT / COST

- Manage in-house or hire-out Management (\$)
- Revenue adjusted to market
- Simplify rental management to single tenant





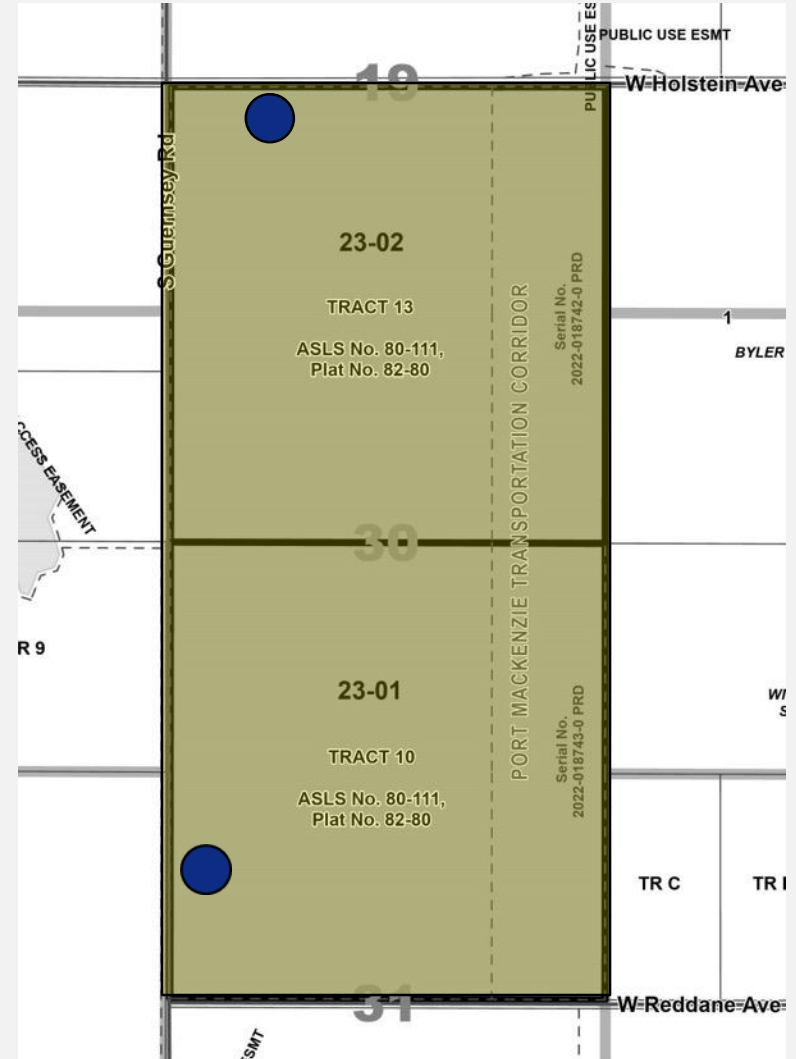
# OPTION 1b - HOLD

## ACTION 1b

- Secure & winterize buildings (leave dormant)
- Re-permit hay at market rate

## BENEFIT / COST

- Monitor houses for squatting/vagrancy/damage
- Hay revenue adjusted to market
- Simplify rental to hay only



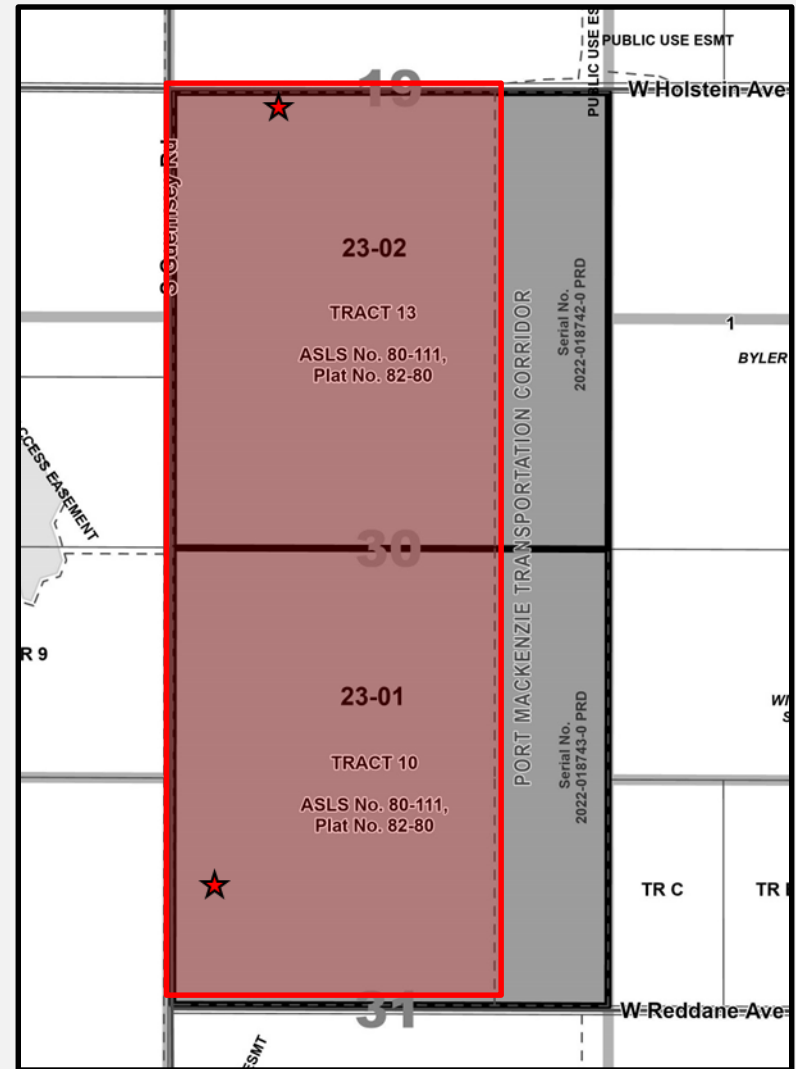
# OPTION 2a - SELL

## ACTION 2a

- Sell MSB fee-simple interest (except easements)

## BENEFIT / COST

- No management necessary
- Ag land reverts to private ownership
- Option to permit hay in corridor to new owner if interested
- Likely to take a loss on each property
- No option for future MSB use (once the land is gone, it's gone)



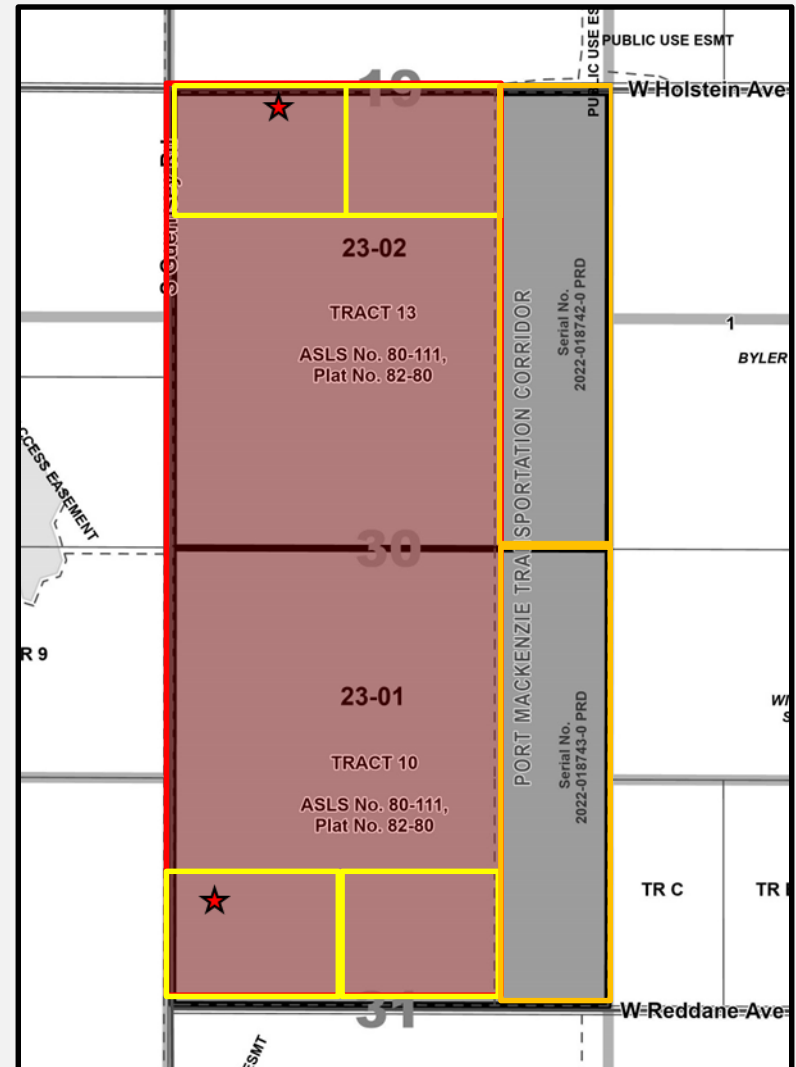
# OPTION 2b - SELL

## ACTION 2b

- Subdivide & sell the homesites on 40-acres
- Subdivide MSB terminal easement and an additional 40-acre parcel for future use
- Keep the hay property & continue production

## BENEFIT / COST

- Per State ag covenants, only one subdivision is allowed, no less than 40-acres. New owner may not further subdivide.
- Preserves hayfields for future right to use for public purpose



# WHAT NEXT?

The MSB will send out a public notice before any action is taken

If you wish to provide input,  
contact Land Management at:

[LMB@matsugov.us](mailto:LMB@matsugov.us)