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# Government Hill gas station ends fuel sales over Knik bridge uncertainty

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## **Alaska** Dispatch News

The lone gas station in Government Hill stopped selling gasoline over the weekend, a decision that a company spokesman said was tied to uncertainty over the future of the proposed Knik Arm bridge project.

The Tesoro gas station on Hollywood Drive took out all six of its gas pumps on Monday, a development [first reported by KTUU-TV](#).

In an interview, Matt Gill, senior manager of external affairs for Tesoro, said the company is in the midst of a company-wide shift to replace single-walled underground tanks with double-walled tanks. He said the Government Hill station was scheduled to make the change this fall, one of the last of the company's stations to do so.

But Tesoro recently decided to forgo that investment altogether,

after receiving word from its landlord, the Chicago-based Brauvin Real Estate, that the lease was in the process of being transferred to the Alaska Department of Transportation and Public Facilities. The Alaska Railroad owns the land, but it leases the land to Brauvin, which subleases to Tesoro.

The lease transfer is part of the state's right-of-way acquisition process for the proposed, and still uncertain, Knik Arm crossing and access roads. In July, DOT took over construction of the project from the Knik Arm Bridge and Toll Authority.

A spokesman for the Alaska Railroad, Tim Sullivan, said the railroad on Friday received a formal application from the DOT requesting the lease transfer. He said the railroad was still in the early stages of reviewing the application.

Even though the lease transfer has not been made official, Gill said Tesoro made its decision to stop selling gas shortly after hearing that Brauvin Real Estate was transferring the lease to DOT.

"Based on the DOT having our lease at that location, we can't justify making the expense of switching out that tank and putting in a new double-wall (tank)," Gill said. "It's pretty straightforward for us."

The Tesoro will continue to operate as a convenience store, Gill said.

Word of the halted gas sales quickly made rounds on social media and sparked a sharp response from the Government Hill Community Council, which has been critical of the state's acquisitions of property in the project path.

"It's horrible for us," said Stephanie Kesler, president of the community council. "Everybody uses that station."

A DOT spokeswoman emphasized Wednesday that removing the pumps was "absolutely a business decision of Tesoro's."

"We had no intention whatsoever of not continuing their lease, and then not paying them for every bit of the relocation and expenses that they would have had," said the spokeswoman, Jill Reese. She added that such compensation is required by federal law.

Gill said the company was aware of that, but it nonetheless had decided it could not justify the expense of putting in the new tanks at this time.

Brauvin Real Estate representatives did not return a request for comment Wednesday.

Kesler said the development caught Government Hill residents off-guard. In an emailed statement early Wednesday afternoon, she said the pump removal was abrupt and unexpected. The statement also accused DOT of lacking transparency.

"In an election year where candidates repeatedly emphasize the need for transparency in government, these actions should not have occurred during a holiday weekend with no notice or discussion," Kesler said.

Reese said the negotiations to acquire the lease have been underway for more than two years and the first paperwork was filed a little more than a year ago. The negotiations have involved the previous Knik Arm Bridge and Toll Authority staff, DOT, the railroad and Brauvin. Reese said the eventual goal is to buy the

property from the railroad.

A second Government Hill business, a Subway sandwich shop, is also in the path of the bridge project. Sullivan said the railroad has not yet received an application from DOT regarding that lease.

[State transportation department policy says](#) Government Hill businesses should be able to operate until construction begins, said DOT spokeswoman Shannon McCarthy.

But Tesoro's decision to halt gas sales adds fuel to the neighborhood's discomfort with how the state has handled the acquisition of properties in the path of the Knik Arm crossing and access roads, all of which remain a fiscal uncertainty. Legislation signed by Gov. Sean Parnell in June prevents the state from issuing bonds to finance the project without first securing a low-interest loan from the Federal Highway Administration that covers at least 30 percent of the project cost.

Kesler and others who live in the neighborhood have opposed DOT's plans to demolish or remove two homes to make way for the project, [arguing that the homes should be used as rental properties](#) until the federal loan is approved.

The homes, along with the former Sourdough Lodge, were expected to be demolished in mid-November. But McCarthy said a demolition contract was awarded in September, too late to begin the work this construction season.

The work is now scheduled to begin in the spring, McCarthy said.

**About this Author**

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