

**ALASKA STATE LEGISLATURE**  
**SENATE TRANSPORTATION STANDING COMMITTEE**

February 11, 2003

1:34 p.m.

**MEMBERS PRESENT**

Senator John Cowdery, Chair  
Senator Thomas Wagoner, Vice Chair  
Senator Gene Therriault  
Senator Georgianna Lincoln  
Senator Donny Olson

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 31

"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to connect with the North American railroad system."

HEARD AND HELD

**PREVIOUS ACTION**

No previous action to record.

**WITNESS REGISTER**

Representative Jeannette James  
3069 Badger Rd.  
North Pole, AK 99705  
**POSITION STATEMENT:** Supports SB 31

Richard Schmitz  
Staff to Chair Cowdery, bill sponsor  
Room 101, State Capitol  
Juneau, Alaska 99801-1182  
**POSITION STATEMENT:** Introduced SB 31

General Patrick Gamble  
Chief Executive Officer (CEO)  
Alaska Railroad Corporation  
PO Box 107500  
Anchorage, AK 99510-7500

**POSITION STATEMENT:** Supports SB 31

Senator John Binkley  
Chairman of the Board of Directors  
Alaska Railroad Corporation  
PO Box 107500  
Anchorage, AK 99510-7500

**POSITION STATEMENT:** Supports SB 31

**ACTION NARRATIVE**

**TAPE 03-01, SIDE A**

**CHAIR JOHN COWDERY** called the Senate Transportation Standing Committee meeting to order at 1:34 p.m. on his 73rd birthday, February 11, 2003. There was applause and congratulations. Senator Olson, Senator Therriault, Senator Wagoner, Senator Lincoln and Chair Cowdery were present. The business before the committee was SB 31.

**SB 31-RAILROAD UTILITY CORRIDOR TO & IN CANADA**

CHAIR COWDERY introduced former Representative Jeannette James and invited her to come forward and join the Senate Transportation Committee. Chair Cowdery has cosponsored similar legislation and Representative James has been the prime sponsor of similar legislation in the past.

CHAIR COWDERY explained that he planned to take testimony on SB 31 but it was not his intention to move the bill from committee today. He said that transportation ties are very important to Alaska and to the security of the United States. Chair Cowdery learned, while speaking in St. Petersburg, that Russia is concerned that China owns much of the land around the Panama Canal. The Panama Canal would be a probable target if someone wanted to jeopardize shipments to the East Coast of the United States, another reason to move forward with SB 31.

REPRESENTATIVE JAMES informed the committee a railroad connection has been her passion over the last ten years. Former Representative Red Swanson had a room full of information on the railroad and passed the idea on to her. She gave the following reasons to support SB 31.

First, Alaska is a resource state. The railroad is the reason all of the people live in the Railbelt. Second, a railroad is important to the security of the State of Alaska.

The Fairbanks North Star Borough's Railroad Task Force is working to develop plans for out-of-grade crossings and other delineations of the corridor passing through Fairbanks. The Railroad Task Force pointed out a railroad going east would have the advantage of being out of the earthquake danger zone. An earthquake similar to the one in 1964 would cause more damage today so an alternative transportation mode to move people and products in and out of Alaska is important.

Statewide support for a better connection to the North American rail system to access suppliers and markets for Alaskan products is growing. A rail to road to water to air system would provide an opportunity to create wealth in the state and reduce dependence on the rest of the nation.

CHAIR COWDERY added if construction of a gas pipeline were to begin, the pipeline pieces would probably be 54 inches in diameter, 1 1/4 inches thick and 80 feet long. There is not a truck in Alaska that can legally haul one joint. If trucks receive an overweight permit, many bridges would not stand the weight. The railroad could carry the pipe and supplies for the pipeline.

RICHARD SCHMITZ, staff to Chairman Cowdery, introduced the contents of the SB 31 packet and pointed to the corridor maps delineating the proposed connection. The first map highlights the rail sections into Fort Nelson and Chipmunk in British Columbia. These are the existing extensions of the North American rail system and almost definitely the location of a connection. The British Columbian government built roadbed through Chipmunk to Dease Lake, not far from the Yukon Territory border. The branch leading to Fort Nelson is the most active branch serving the tungsten mine, forestry and gas development.

He told members the Alaska Railroad prepared four maps showing in detail the proposed route from Eielson Air Force Base to the Canadian border. The route is well suited for rail construction; there are no huge rivers, high mountains, seismic zones or places with loose shale. The connection follows the Tintina Trench, a highly mineralized area rich for development. This natural trench can be seen from a satellite photo. The last two maps give detail of the British Columbia Railroad system.

MR. SCHMITZ explained SB 31 provides for extending the Alaska Railroad and allows the Alaska Railroad Corporation (ARRC) to delineate a proposed railroad utility corridor to the Canadian border. Language on page 3, Sec. 42.40.465, allows ARRC to investigate extension of the Alaska Railroad to Fort Nelson. The bill gives the corporation the ability to negotiate and acquire land or interest in land in Canada. The bill does not appropriate funds.

He explained that ARRC would delineate a 500-foot wide corridor, a standard railroad corridor that will provide room for a depot, loading station and locomotive repair facility. The State of Alaska would give ARRC the state owned lands through fee simple title once the delineation is complete. The state is not giving away anything because the state owns the land and the state owns ARRC so it will be transferring the land from one hand to the other.

CHAIR COWDERY thanked Mr. Schmitz for the impressive bill packet.

SENATOR WAGONER asked why the rail bed was established from Chipmunk to Dease Lake.

MR. SCHMITZ said British Columbia owns the railroad in much the same way as Alaska owns the Alaska Railroad. There was a plan in the 1960s to extend the rail line to the Yukon Territory. The project was abandoned due to a shortage of funds, however British Columbia continues to own the right-of-way and the rail bed.

SENATOR OLSON asked if a decision has been made to extend the railroad from Whitehorse to Fort Nelson.

MR. SCHMITZ said the route would be determined later. It could go either to Fort Nelson or to Chipmunk. He opined there was more interest in going toward Fort Nelson because the overall vision of this connection is to head toward the population centers of the Midwest. Alaska currently has barge service connections with the West Coast. At Prince Rupert, B.C., railcars are loaded onto a barge that goes to Whittier.

REPRESENTATIVE JAMES said the Canadian National (CN) Railroad is building or planning to build rail toward Fort Nelson. The CN Railroad is integrated into the North American rail system. Canadian interest in the Alaska Railroad connection has

accelerated recently so the project would be a cooperative effort.

SENATOR OLSON asked if the rail route would be a Canadian decision or an Alaskan-Canadian decision.

CHAIR COWDERY said he did not know.

REPRESENTATIVE JAMES said, "The decision as to where the route will go will be depending upon the geology, the economics and where the resources are and where the topography works." She explained that when Governor Murkowski was in the U.S. Senate, Rails to Resources legislation established a bilateral commission of 12 Canadians and 12 U.S. citizens to conduct a feasibility study. The Canadians are now getting interested and that feasibility study will determine where the route ought to be both economically and physically.

CHAIR COWDERY said a limit on grade must be considered. Satellite imaging could determine a "paper" right-of-way and DNR should not go to the expense of a physical survey. ARRC will benefit from the rail line and should have funds available to survey when the time comes to build the connection.

SENATOR OLSON asked if the natural gas pipeline route had been decided.

CHAIR COWDERY said it would probably be the shortest route to Chicago and may go through Calgary, Alberta. There is a proposed pipeline route but he did not have it with him.

SENATOR THERRIAULT directed attention to language on page 3, line 12, "under former AS 19.05.122," and said "and then of course Section 2 of the bill, down at the bottom of page 3, repeals that section." He asked "what are we repealing and why are we referring to it after the fact?"

MR. SCHMITZ said, as he understood it, it repeals a statute that addressed some of the ways land was acquired by the railroad. This legislation would replace it. He said the railroad representatives might know more about that.

SENATOR LINCOLN said she had a number of questions and wanted to know who was going to testify.

CHAIR COWDERY said ARRC representatives were present and someone was listening on line.

SENATOR LINCOLN asked that a railroad representative respond to her questions also.

CHAIR COWDERY said perhaps Representative James could answer the questions.

SENATOR LINCOLN referred to the maps and the proposed route segment between Dot Lake and Tanacross and then through Tok where it indicates railroad alignment has not been precisely defined. She asked why that segment has not been defined.

REPRESENTATIVE JAMES responded the original plan was to go to Tetlin, then up and over into the Ladue River Valle, down the Ladue River to Carmacks in the Yukon Territory and into Watson Lake. There is Native land in the area and that is probably the reason why the exact delineation of that corridor wasn't determined at that time.

SENATOR LINCOLN said she suspected as much. She asked Chair Cowdery how he would anticipate overcoming that land ownership, if that is the case.

CHAIR COWDERY recognized there were privately owned lands to deal with, which would be part of the negotiation if this legislation goes forward.

SENATOR LINCOLN said it is a big section and three or four communities could be impacted. She asked if an alternative route could be taken so Native lands would be bypassed.

REPRESENTATIVE JAMES replied:

If I might respond to that issue, it would not necessarily be my impression that we need to not go over the Native lands. We need to make that advantageous for them for it to go over their lands. Certainly it's the estimate on this issue is that it's going to be beneficial not non-beneficial. That's yet to be determined but that would be my evaluation.

SENATOR LINCOLN asked if individual communities had been contacted and whether they are working on the details or whether that is not going to start until a later point of the project.

REPRESENTATIVE JAMES said that was premature at this time.

SENATOR LINCOLN said it is unknown whether the communities will be amenable to the plan.

SENATOR LINCOLN said last year the Senate Resources Committee held extensive hearings on this bill. There were questions raised regarding the railroad going through the corridor for the gas line. She read the intent language added to the previous year's bill:

It is the intent of the legislature to reserve interest to the state as necessary for the construction, maintenance, operation and other activities for or related to a gas pipeline in state land that may be conveyed to the Alaska Railroad Corporation under this act for the extension of the Alaska Railroad to the border of Alaska and Canada.

She stated:

I remember a lot of dialogue on that particular intent language which I supported. Since we don't know yet about where we're going with the gas pipeline and the corridor that's needed for that, we don't want to already have approved something prematurely before we know the needs in that area.

CHAIR COWDERY said the railroad representatives might be able to expand on that. He said it is his belief the gas pipeline and the railroad corridors will be very close to each other. It will be necessary for supplying the pipeline construction.

**1:58 p.m.**

GENERAL PATRICK GAMBLE, President and Chief Executive Officer Alaska Railroad Corporation, spoke in support of SB 31. He informed members that half of the Alaska Railroad Corporation's mission statement pertains to community and economic development. The railroad is interested in looking at the big picture in terms of economic development and pushing the frontiers forward. The mission statement also says to be profitable. The railroad takes a more detailed look when looking at profitability. Community and economic development and profitability are entwined.

GENERAL GAMBLE introduced former Senator John Binkley, Chairman of the Board, Alaska Railroad Corporation, and Ms. Wendy Lindskoog, Director of Community Relations.

GENERAL GAMBLE said the Alaska Railroad Corporation sent a letter of support for SB 31. He amplified the substance of the points of the letter as follows.

It's the operational business of the Alaska Railroad to haul stuff and sometimes we forget that as we look in the details of something as complex as what we're about to discuss. We don't make a market in the Alaska Railroad, we don't establish the requirements for market, we satisfy requirements. We move goods and services in between a supplier and the market and that's where our expertise is, that's what we do and that's what our expertise is in.

Our expertise is in planning. We are very good at figuring our federal funding, we're very bad at figuring our state funding because we don't get any funding from the state. That's good news. What we bring is the ability, through our eligibility for certain federal funds, is the ability to go out and capture those funds and bring them in and then turn them into the state. And in a way, that's kind of the railroad's dividend to the state is this movement of dollars where it's appropriate and authorized.

We bring to the forefront engineering expertise and then, of course, after it's all built, the operations expertise to be able to run the railroad. So, when we come and testify on a subject like this, this is our domain....

We are motivated as a private corporation. In other words, what we do, we do through our mission statement that says - the mission statement that this body gave to the railroad in the Transfer Act is to be profitable. There's a formula that helps us to be profitable and that formula has worked for 17 years very, very well. And so you will hear from me an attempt to try to steer the discussion back to that formula that's worked so well in an attempt to recreate that as we for the first time since 1985 look to push the frontiers of the railroad out again....

GENERAL GAMBLE said the degree to which the formula is disassembled and broken up could lead to dysfunction and a need to come back to the legislature and correct it with the finances of the state. The railroad wants to make net earnings, which are plowed back into operation and maintenance. He concluded that the railroad is pleased to be in the forefront in support of SB 31.

SENATOR LINCOLN said she was not opposed to some sort of railroad extension but wants to make sure it is in the best interest of the State of Alaska and look into the future for the uses of those lands. She said last year's Senate Resource Committee had long discussions on the use of the land.

She underscored two things in the railroad's letter of January 24th. First was the land ownership question. In the bill as written, the Department of Natural Resources (DNR) shall convey those lands to the Alaska Railroad on a fee simple basis. She said she had some problems with the 500-foot wide corridor and difficulty with the idea of putting more lands into fee simple title to the railroad.

Second, she addressed two sections in the bill. Language on page 2, line 19, begins with the conveyance and the corporation's power of eminent domain. Language on page 3, beginning with line 13 states, "If the Alaska Railroad informs the Department of Natural Resources in writing that the land is necessary for use as a utility corridor, the department shall convey that land." She stated, "It is just saying yea, we have use for it and the department simply conveys that land under that first section I spoke of." She asked for General Gambles' response to that.

SENATOR LINCOLN noted the second part of the letter from the corporation stated concerns about additional maintenance and operations expenses. She stressed she had concerns about that and did not know what the railroad's concerns were.

GENERAL GAMBLE said Senator Lincoln had hit upon two essential elements that are of similar and equal concern to the railroad. First, land conveyance is key to the success of the railroad. During the history of building railroads, lands adjacent to the track were conveyed to the railroads and the land and the minerals on those lands allowed the railroads to be successful before they started moving the heavy freight and passengers. The Transfer Act of 1985 conveyed land to the railroad in order

for that land to be revenue producing and is an important element of the Alaska Railroad.

The State of Alaska said the railroad would move passengers as well as freight and therefore ARRC cannot maximize the bottom line in the same way as a standard railroad. There are no other passenger and freight railroads running regular service in the country. The operational ratio of the railroad is close to a dollar in and a dollar out. The revenue from real estate allows the railroad to pay the operations and maintenance bills without having to come back to the state. ARRC is concerned the railroad will run into financial trouble without real estate.

GENERAL GAMBLE pointed out there is about 70 acres of land with each mile of the railroad. The railroad leases 4,000 plus acres of the 36,000 acres originally conveyed on a fee simple basis. That lease contributes significantly because real estate is very favorable to the railroad. Net earnings added to the depreciation are put back in a capital program that fixes things, buys things, pays salaries and allows the railroad to receive matching money for federal funds. Federal funds pay for construction while net earnings pay for operations and maintenance. The railroad expects when these rail lines are linked in, Canada revenue would begin to move up and down the line but the guarantee is the steady stream of net earnings as a result of real estate.

Second, the railroad exclusivity enhances safety to the required federal limits and allows the railroad to operate uninterrupted, impeded or disturbed by the pressures from the growth along a rail line. Seventy percent of Alaska's population growth is along the Railbelt and there will be significant development and growth along the extension of the rail line to Canada in 50 years. At-grade crossings are the number one killers in the Lower 48. The railroad cannot control crossings if it just has a priority right-of-way. If the railroad does not have control, many roads will cross the track, which slows trains down and increases the risks. ARRC, in cooperation with the Department of Transportation and Public Facilities (DOTPF), would like to see planning for separate grades where the tracks cross the roads.

SENATOR LINCOLN requested her friend, former Senator John Binkley, to come forward to address a question. She said as Chairman of the Board, it is Senator Binkley's responsibility to move the railroad in the direction requested by the board members. Some legislators expressed interest in pushing this legislation forward. She asked Senator Binkley if he would have

requested this legislation be introduced as a top priority for the railroad had this plan not come from the legislature.

JOHN BINKLEY, Chairman of the Board of Directors, Alaska Railroad Corporation, said one of the primary missions of ARRC is to facilitate economic development in the State of Alaska. He explained:

To the extent that we can expand the railroad or enhance service to different areas or work with communities, we want to do what we can to promote economic development and enhance the opportunities for Alaskans in pursuing economic development. So to that extent, we certainly would pursue it to the extent that we could realize that it does take a significant amount of statute changes and specific legislation to actually make this happen. We're encouraged by the chairman and the legislative members who want to move this issue forward and give us an opportunity to expand the rail line.

In the original legislation that created the Alaska Railroad by Congress, I believe in 1914, they'd envisioned a thousand miles of rail within Alaska to actually develop Alaska at that time. We've not met that potential, we have only about five hundred miles of mainline rail that we operate on and so we think that the original intent of Congress and really Alaska is to develop some of the areas of Alaska with rail. It's a method of transportation that serves constituencies well in those areas. It's low impact. It allows for the development of some of the natural resources in that area and I think it's an excellent way to develop the resources in those areas so we'd certainly be supportive of that.

SENATOR LINCOLN said she did not hear him answer whether this would have been one of his priorities.

She referred to Senate Resources Committee meeting minutes from the previous year. She said there were a lot of questions about the 500 foot corridor and very strong language about giving the railroad an exclusive right to a 500 foot corridor when maybe it should be a 100 foot corridor and maybe not even exclusive. There was a question about transferring the subsurface mineral rights to the railroad instead of for use by Alaska. She asked if the Board of Directors had addressed those concerns. She had

not received a copy of the board's response to these concerns. She addressed Chair Cowdery and said she would appreciate a response to these legitimate concerns from last year, which are still legitimate.

**TAPE 03-03, SIDE B**

SENATOR LINCOLN questioned:

On page 3, line 23, we as a legislature are saying that the corporation may acquire land or interests in land in Canada as the corporation considers appropriate for the development, construction.... Why would we give you the authority to acquire land in another country?

SENATOR BINKLEY responded to Senator Lincoln's previous question to say that the bill died in committee so the board has not specifically addressed that piece of legislation. SB 31 was just recently introduced so the board can take it up and supply her with specific responses.

SENATOR LINCOLN said, "Because it is the same piece of legislation minus the letter of intent."

SENATOR BINKLEY said that is correct.

He said the width of the right-of-way corridor could be debated. The optimum width is something people could disagree on but come to a compromise on. The ability to have exclusive use of that right-of-way and to be able to control the access to the rail line is important for the safe operation of the railroad. Where the crossings are placed is of great concern.

He said it is not the intent of ARRC in any way to inhibit the construction of a proposed natural gas pipeline that may be in the same corridor. He said, in his opinion, the intent language as Senator Lincoln had read it would not be objectionable to the railroad.

The alignment of the proposed railroad corridor, following the Tanana Valley east, pulls out of the narrow area by Cathedral Bluffs and expands out past Dot Lake leading toward Tanacross and Tok. The specific right-of-way alignment in that area is not critical. The railroad is very sensitive to grade issues, it is important to stay on level grade or in the low country if possible. The valley widens out where the Tok River comes in

from the south so there is a lot of latitude where the railroad can move to the south before reaching Tetlin. Should the railroad proceed with this plan, ARRC intends to analyze the ownership of the land and the environmental conditions in that area and route the rail line where it would have the least impact on the environmental conditions and avoid any land ownership conflicts.

CHAIR COWDERY said some four-lane highway rights-of-way in mountainous areas require cuts and fills that probably exceed 500 feet. A railroad needs stations, repair facilities and sidetracks. He asked what the present railroad right-of-way is.

SENATOR BINKLEY said the right-of-way is typically 200 feet. In areas requiring deep fills, the right-of-way would potentially need to exceed that.

CHAIR COWDERY said satellite mapping would identify those areas. He asked if the fiber optic cables on the railroad right-of-way generated revenue.

GENERAL GAMBLE answered fiber optic cable is an important source of real estate revenue to ARRC.

SENATOR THERRIAULT referred to three areas of concern. He noted where the proposed right-of-way reaches Cathedral Bluffs and turns into a dashed line on the map, "the dashed line indicates the area where the railroad alignment has not been precisely defined." In the North Pole or Eielson area down to Delta Junction, much of that routing is on the west side of the Tanana River so impacts to communities are of little concern. However, when the right-of-way leaves Eielson and goes through the Salcha area, a 500-foot right-of-way has a lot of potential impact to his constituents.

When the right-of-way swings down, comes into the Delta Junction area, crosses the river to serve the community and cuts through Delta Junction proper, a 500-foot right-of-way would be of great concern. He asked if that area was already specifically designated.

He then said in the agricultural area, people have large tracks of land and the only possible corridor would be across their property. Those people have some notification that something has gone on in the past. He said he was not sure if that right-of-way was relinquished.

REPRESENTATIVE JAMES offered the following background information. In the late 1970s, the delineation of this railroad corridor was done by air and a centerline was put on the map. In 1974, DOTPF was told to identify the cost of acquiring private interests in that specific corridor. DOTPF spent \$7500 and came up with that cost estimate and a year later erased the route from the maps by withdrawing the permits. Then legislation required DOTPF to put the right-of-way back on the map. It is just a centerline on a map with absolutely no authority, real boundaries or size.

She said the Department of Natural Resources (DNR) did a high resolution mapping over flight all the way to the Canadian border, down the river and down the highway two years ago. The mapping will provide information on the topography and geology in that area. In the event money became available to the railroad, SB 31 would authorize the railroad to determine where the route should be and then come to the state with that information. Putting this route on the map notices anyone with interest in that land that this might be the place for a railroad.

SENATOR THERRIAULT pointed out the railroad currently operates in a right-of-way that averages 200 feet wide. He asked why the right-of-way would have to be at least 500 feet in those areas.

REPRESENTATIVE JAMES said the transportation and utility corridor right-of-way from Fairbanks to the Seward Peninsula was originally 500 feet. In the future, this proposed transportation and utility corridor might contain the rail, high power electric transmission lines, pipelines or fiber optic cables. The issue is to go across an area where there is nothing developed and identify a 500-foot transportation and utility corridor for the future without encroachments.

SENATOR THERRIAULT expressed concern about the language "shall be at least 500 feet." He said if transmission lines, a pipeline, road and rail need to be included, the corridor needs to be extra wide. In the portion of this right-of-way that has development there already are transmission lines, there already is a highway and one pipeline. Mandating that it be 500 feet will increase the concerns of the people that already live there and potentially cause problems. Getting a 500-foot swathe through Delta Junction is going to be difficult. It will probably have to be something less than 500 feet as the right-of-way goes through Delta Junction and perhaps through the Salcha area. The wording says "at least 500 feet" and has no

allowance for these sensitive areas where it makes good sense for it to be something less.

GENERAL GAMBLE said it is amazing to see how the 200-foot right-of-way the railroad maintains has been squeezed as a result of development. Snowmobile trails develop in remote areas alongside the track and sometimes there is desire to convert the trails to roads. The 200-foot corridor is wide enough to put in a second track for a siding or a double track. Standard railroad policy for safety is to designate a margin so nothing can get closer than 75 feet to a train. The railroad gets pressure to yield on that 75-foot margin. A 200-foot corridor is needed for rail purposes and has worked well. A transportation and utility corridor with rail, road, pipeline and power line requires additional space. He asked, "Is this part of a system we're developing here or are we trying to whittle this down to a minimalist approach to a very complex problem?"

SENATOR THERRIAULT said he understood development will squeeze in but there are certain sections where the railroad is trying to squeeze into developed areas. Unless they are going to buy up huge portions of privately owned property, there is going to be opposition and concern from communities. The right-of-way doesn't have to be 500 feet from point A to point B; flexibility would give communities a little bit of comfort. Delta Junction is against the river and there probably is not 500 feet between the river and the community in some portions unless the right-of-way was to be placed on the other side of the community.

SENATOR THERRIAULT anticipated a lot of concerns about going through Salcha. He said Salcha has flooding problems and, during his campaign, his opponent alleged, "the federal government was just fine if they were flooded out because they wanted to move people off the property so the railroad could sweep in and take it from them anyway."

CHAIR COWDERY ascertained the communities are not going to want to be bypasses and will work out a solution on the right-of-way width as the plan develops.

GENERAL GAMBLE referred to the community effort underway in Fairbanks and said that ARRC's policy is to work with communities and address issues in great detail.

SENATOR WAGONER asked the approximate cost per mile of construction of new bed and rail.

GENERAL GAMBLE said they normally would use a range of \$3 to \$8 million for a project like this. This corridor was first surveyed in World War II. Surveying the center of the track line will determine cost. A reasonable estimate would be \$5 million per mile.

SENATOR BINKLEY said ARRC has the same shareholders as DNR and the State of Alaska. If land is transferred from one entity to another, it really is to benefit the same people.

SENATOR LINCOLN noted they have a different Board of Directors. She referred to the earlier comment that this corridor is not in a seismic zone. Recently there was a fairly big earthquake in that area. She asked if they had looked at how that fault line ran in relation to this corridor.

GENERAL GAMBLE said ARRC has looked around Tok because of an incident there but it has not looked closely at the other areas. A fault line runs up through Denali National Park on the way to Fairbanks and over to Tok. He was not familiar with the fault lines that may run in the other areas.

SENATOR LINCOLN said that might be something to look at.

GENERAL GAMBLE said absolutely.

**2:43 p.m.**

SENATOR LINCOLN said Governor Murkowski spoke about seeking the support of the Bush Administration for a rail extension to Fort Greeley but did not mention this project in his State of the State speech. She asked if Governor Murkowski had pulled away from this project, while seeking support from the President of the United States for the extension, why did he not also say he was seeking support for the funding of this project. She pointed out they should be looking at the bigger picture for Alaska and how to get revenue coming in. At \$5 million per mile, the state better be looking to the federal government she said.

CHAIR COWDERY said, "I'm in the Senate and not in the Administration so I don't know what his motivation was on these statements." He understood the Governor was supportive of this project.

REPRESENTATIVE JAMES said the connection to Canada is encompassed in the federal legislation, Rails to Resources. The bilateral commission of Canadian and American citizens will

generate a feasibility study and the rail connection is going to be based on that study. Millions of dollars per mile are not going to be spent to build a rail line that does not have the ability to pay for itself over time.

REPRESENTATIVE JAMES continued by saying Senator Ted Stevens asked the railroad to estimate the cost of the rail line to the Fort Greeley Military Reservation when there were talks about the missile base. The study of a highway bridge at Flag Hill includes consideration of a combination rail and highway bridge and is a step towards getting across the Tanana River into the Blair Lakes area. She questioned, "If they're going to put in a bridge, what [are] the synergies of doing both rail and road in the event that we do go ahead and cross the river there?" She thought rail access through Army and Air Force Bases and the Fort Wainwright Military Reservation must be considered seriously because of security reasons.

CHAIR COWDERY clarified the feasibility study will answer the question of whether the railroad connection is beneficial to Alaska and America.

SENATOR WAGONER said Chair Cowdery referred to a 54-inch piece of pipe that was 1 1/4 inches thick and 80 feet long. He asked what kind of stress that would put on the current railroad system.

GENERAL GAMBLE replied, "That's a great question and it gets right to one of our strategic planning elements." The railroad is preparing for the future and upgrading the current railroad is the number one priority with annual appropriations to insure the main track is ready to haul the weights expected. ARRC has an enormous bridge program underway that will take several years. Key sidings are being built and upgraded to allow the heaviest locomotives and trains to pull off. When this connection goes forward, the whole line will be ready.

**2:50 p.m.**

CHAIR COWDERY asked if the railroad is designed to haul heavier weights than the present highways and bridges.

FORMER SENATOR BINKLEY answered definitely. The new locomotives weigh 420,000 pounds spread over six axels. The railroad is upgrading to a standard 115-pound rail and ties that are more substantial to carry these heavy loads. Trains can haul

substantially higher loads than on a highway. The question would be the number of joints of pipe to haul per car.

CHAIR COWDERY said he had the weight of one joint of pipe in his files and would share that information.

SENATOR WAGONER said he knew what kind of stress that weight would put on a highway. Without special equipment, it should not be permitted. He had been watching the railroad replace ties and upgrade the track.

GENERAL GAMBLE noted the railroad is looking at increasing the number of concrete ties. A new grade of concrete offers great strength in a concrete railroad tie and has a life span that exceeds the forty-year product life of hardwood ties.

He noted the State Historical Preservation Office declared rail bridges over 50 years old as historic. The railroad has to conform to certain state regulations to capture the appearance of the original bridge before repairs. The railroad works well with the State Historical Preservation Office and the projects are moving along.

SENATOR THERRIAULT mentioned there are stretches of highway in the Fairbanks North Star Borough where the road right-of-way has been there for 20 or 30 years. Now, with the climate change, there are stretches that have developed a little dip. He asked if the rail line was experiencing dips.

FORMER SENATOR BINKLEY said seasonal freezing and thawing causes a lot of problems and takes a tremendous amount of money. At the beginning of every winter and every spring, ARRC shims and realign the track to take care of the problem. There may be areas where the permafrost is starting to melt but it is handled during the course of normal maintenance.

ARRC is conducting an economic analysis on changing to concrete ties and heavier rail. Currently, every three-foot section of rail weighs 115 pounds and a 141-pound rail that is much deeper, heavier and stronger is being considered. The heavier rail allow ties to be spaced less frequently and will carry heavier loads.

CHAIR COWDERY said the Bullet Train travels at speeds of 120-130 miles per hour on concrete ties and does not have some of the lumbering effect. He appreciated that ARRC is looking at that technology.

REPRESENTATIVE JAMES pointed out the purchase of the 500 miles of Alaska track for 22 million dollars was a deal.

FORMER SENATOR BINKLEY said it was a bargain.

CHAIR COWDERY confirmed his intention to hold SB 31 and gather answers to some questions. He added when the bill is heard again, DOTPF and other departments will be present to express opinions.

There being no further business to come before the committee, he adjourned the meeting at 2:57 p.m.