ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS
February 24, 2011
1:02 p.m.

MEMBERS PRESENT

Representative Dan Saddler, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Carl Gatto, Vice Chair
Representative Alan Austerman
Representative Sharon Cissna
Representative Bob Miller

MEMBERS ABSENT

Representative Bob Lynn

OTHER MEMBERS PRESENT

Senator Joe Paskvan

COMMITTEE CALENDAR

PRESENTATION: NORTHERN RAIL EXTENSION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CHRISTOPHER AADNESEN, President and CEO
Alaska Railroad Corporation (ARRC)
Department of Commerce, Community & Economic Development (DCCED)
Anchorage, Alaska
POSITION STATEMENT: Provided a PowerPoint presentation titled, "Northern Rail Extension."

BRIAN LINDAMOOD, Project Manager
Alaska Railroad Corporation (ARRC)
Department of Commerce, Community & Economic Development (DCCED)
Anchorage, Alaska

POSITION STATEMENT: Participated in the PowerPoint presentation titled, "Northern Rail Extension."

MCHUGH PIERRE, Deputy Commissioner
Office of the Commissioner/Adjutant General
Department of Military & Veterans' Affairs (DMVA)
Fort Richardson, Alaska
POSITION STATEMENT: Answered questions following the PowerPoint presentation titled, "Northern Rail Extension."

JIM DODSON, President/CEO
Fairbanks Economic Development Corporation (FEDC)
Fairbanks, Alaska
POSITION STATEMENT: Answered questions following the PowerPoint presentation titled, "Northern Rail Extension."

ACTION NARRATIVE

1:02:08 PM

CO-CHAIR STEVE THOMPSON called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:02 p.m. Representatives Thompson, Gatto, Miller, and Saddler were present at the call to order. Representatives Austerman and Cissna arrived as the meeting was in progress. Senator Paskvan was also present.

Presentation: Northern Rail Extension

1:02:55 PM

CO-CHAIR THOMPSON announced that the only order of business would be a presentation regarding the Northern Rail Extension by the Alaska Railroad Corporation and the Department of Military & Veterans' Affairs.

1:03:51 PM

CHRISTOPHER AADNESEN, President and CEO, Alaska Railroad Corporation (ARRC), Department of Commerce, Community & Economic Development (DCCED), began his briefing on the Northern Rail Extension and the Tanana River bridge. He called attention to slide 2 which was a map of the area surrounding the Tanana River crossing. Mr. Aadnesen turned the slide presentation over to the project manager and remained available for questions.

1:06:01 PM

BRIAN LINDAMOOD, Project Manager, Alaska Railroad Corporation (ARRC), in response to Representative Gatto, said he is also the project manager for the Port MacKenzie Rail Extension. The Northern Rail project began around 2005, and its purpose is to extend the Alaska Railroad (ARR) approximately 80 miles from North Pole to Delta Junction. This extension will provide year around surface transportation access to the military training ranges on the south side of the Tanana River that are now only accessible by air, or by ice bridges during a brief period in winter. The extension will also provide an alternative mode of transportation between Delta Junction and North Pole for freight, and will provide transportation security in the case of a disruption in road access. Additionally, a secondary benefit of the first phase of the project includes the construction of a levee which will attenuate the threat of annual flooding in the Salcha area.

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REPRESENTATIVE GATTO recalled the U.S. Army Corps of Engineers (USACE) completed a large flood control project in that area.

MR. LINDAMOOD advised the area of Salcha affected by this project is very upstream from the reach of the previous work. The USACE project blocked three low-lying channels of the Tanana River from spilling into Piledriver Slough, but the river has eroded around the blocks. In further response to Representative Gatto, he explained a slough block is an earthen dike.

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MR. LINDAMOOD presented slide 4, which was a project timeline. He advised that the U.S. Department of Transportation, Surface Transportation Board (DOT/STB) was the lead agency, beginning its review of environmental impact statement (EIS) work in 2005, and approving the final EIS document in January, 2010. At that time, the project moved from preliminary engineering and environmental work to final design. Construction Management/General Contractor was the chosen design-delivery method - instead of the traditional design/bid - because of the difficult technical nature of the project and construction challenges. In fact, ARRC thought it important to benefit from the contractor's expertise early in the project during design and engineering decisions. This process also allowed for more cost-certainty, and problems were addressed early in the development of the project. The first construction permits were

submitted in June 2010, and most are now pending approval. Mr. Lindamood turned attention to slide 5 titled, "Project Phases," and explained that the project is divided into four phases: Phase 1 is construction of the Tanana River bridge; Phase 2 is extending rail 13 miles to the bridge, which can be completed in two years to coincide with the completion of the bridge; Phase 3 is extending rail 30 miles to connect the two military training areas; Phase 4 is extending rail 38 miles to Delta Junction. In response to Representative Gatto, he confirmed that the initial estimated cost of the project is $800 million.

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MR. LINDAMOOD, in response to Representative Austerman, affirmed that the project is broken into four major phases, and could be broken into smaller phases later, depending upon funding. In further response to Representative Austerman, he stated that construction of the bridge could take four years and extension of the rail 13 miles could take two years.

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REPRESENTATIVE AUSTERMAN asked for the cost of Phase 1, which is construction of the bridge.

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MR. LINDAMOOD, in response, presented slide 6 titled, "Phase 1: Tanana Crossing at Salcha," which was a map showing all of the project components of Phase 1. Indicated on the map were the following: bridge, approximately 3,300 feet in length; levee; upgrade of Tom Bear Trail, which connects the project to the Richardson Highway; east bank staging area; left bank embankment; four bridges over sloughs; four red spur dikes for embankment protection. Slide 7 was the Joint Pacific Alaska Range Complex (JPARC) Modernization and Enhancement EIS which indicated the location of Tanana River staging areas and 500-person camps strategically located near ARR.

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SENATOR PASKVAN clarified that the camps would be built by the U.S. military.

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MR. LINDAMOOD said correct. He then presented slide 8 titled, "2008 Flood Event," and pointed out the 2008 flood was the highest recorded flood event since 1967. During the flood, surveyors and hydrologists recorded data that was then used to calibrate models for permitting applications. This data has helped the permitting process by convincing regulatory agencies of the present situation, and the purposes of ARRC's proposals. However, the flood significantly destabilized the braidplain of the river by moving sandbars and trees; in fact, the main-stem of the river is now causing erosion at the planned location of the levee, the bridge, and the approach to the bridge.

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REPRESENTATIVE MILLER observed that a major change was wrought in the river by one flooding event, and asked whether the construction of the levee and other structures would mitigate future events.

MR. LINDAMOOD said, "Yes, it would significantly attenuate it." There are two aspects to the flooding in Salcha; as the town sits on a gravel riverbed, as much water is running through the riverbed as is on the surface. After the levee is built, surface water will not flow over property, but the ground water will continue to inundate low-lying areas during flooding. The levee will help during short-term ice dam events.

REPRESENTATIVE MILLER asked whether there could be a negative effect on the integrity of the levee, bridge, and road system.

MR. LINDAMOOD said no. His department has designed the levee with over 400,000 tons of construction material to keep it in place and, after much research and study, the bridge was designed with single column, 12-foot diameter piers because they will shed ice and debris. He further explained that regular events do not change the braidplain of the river, but changes occur in the river five to ten years after a major flood event. Furthermore, ARRC is currently going through a rigorous review process with the U.S. Department of Homeland Security (USDHS), Federal Emergency Management Agency (FEMA), to ensure that there will be no harmful downstream or upstream effects from the bridge or the levee.

REPRESENTATIVE MILLER surmised flood events will not have a detrimental effect on the integrity of the bridge.

MR. LINDAMOOD concurred.

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REPRESENTATIVE GATTO recalled that levees did not protect New Orleans [during the flooding caused by Hurricane Katrina in 2005]. He asked for the source of Mr. Lindamood's confidence in levees.

MR. LINDAMOOD stated that difficulties for this project have arisen because of FEMA's renewed scrutiny of this type of project. As a matter of fact, this project is at a disadvantage because the sort of engineering techniques and guidelines used to design levees in New Orleans are not equivalent to the flows seen in Salcha during breakup, particularly with ice. Furthermore, FEMA guidelines do not apply to braided rivers of this nature; however, ARRC continues to work with FEMA and USACE Engineer Research and Development Center (ERDC), Cold Regions Research and Engineering Laboratory (CRREL), to fully address and vet these issues. Mr. Lindamood advised that many of the levees in New Orleans were 20-30 feet high whereas the majority of the levee in Salcha is less than 6 feet high. He assured the committee FEMA regulations are stringent, and he said he has no doubt that this levee is designed to withstand a 100-year flood event with the main channel of the river 40 percent blocked by woody debris stacked on top of the bridge. In fact, there are additional engineering factors which attenuate flooding that FEMA did not take into account.

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REPRESENTATIVE GATTO, after confirming that the Tanana River connects with the Yukon River, said, "The point is, that's a lot of ice." He recalled the situation in Eagle, in which ice in the river rose over 60 feet and "roared through the town."

MR. LINDAMOOD acknowledged working with USACE and FEMA on problems caused by ice. Ice jam events on the river happen in spring, during relatively low flow. Flooding at Salcha due to ice jams are a function of the main-stem of the river moving closer to Salcha. After construction of the levee, the river will be redirected back into other portions of the braidplain that are now occasionally dry.

REPRESENTATIVE GATTO recalled his experience living in the area, and questioned the wisdom of spending "so much money to fix it, and being nervous about whether the fix will even work."

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REPRESENTATIVE CISSNA expressed her understanding that ARRC is requesting $44 million to help put in dikes. She asked whether there is an effort to work with the local community and the state to study this situation. The community of Salcha needs to review the potential impacts of another event and whether it is ready for them, as do all communities. Although USDHS is working on that, there is a need to bring other entities together to learn about the costs of changes and other lessons.

MR. LINDAMOOD observed this is already being done; for example, the engineers made levee alignment shifts in order to include Salcha Fire and Rescue within the protected zone. Additionally, FEMA requires ARRC to provide an operating and maintenance manual for the levee, which will define specific procedures for the coordination of first responders, and maintenance of the levee, thus there have been multiple community meetings in Salcha to inform the community. Staff will be available to the community during construction, and after construction there will be a maintenance building. Furthermore, ARRC has been working with Fairbanks North Star Borough to identify and address as many concerns as possible.

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REPRESENTATIVE AUSTERMAN asked whether building the bridge is predicated on building the levee.

MR. LINDAMOOD explained ARRC has an EIS to build a bridge that requires construction of a levee, and from a regulatory standpoint, the two are tied together. In further response to Representative Austerman, he clarified that the bridge will not work without the levee, because the river has a very wide flood plain - sometimes two miles wide - and the flood regime dictates that when the water comes up to the banks it spills over. The largest concern about the project was whether the river would stay under the bridge after its construction, so engineers looked at ways to harden the banks upstream. The engineers determined the levee was necessary because "you can't make [a bridge] long enough," since the first 35 miles of the project are in the flood plain. In fact, the embankments for ARR will need to be mitigating against the floodwater effects of the river. Although other options were studied, he concluded, "We can't have a bridge without a levee, and from a regulatory standpoint, we can't have a levee without a bridge."

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REPRESENTATIVE MILLER asked when the initial plan for bridge and levee design, and funding, occurred.

MR. LINDAMOOD indicated at the end of 2007, and early in 2008. Prior to that, other options were under consideration. In further response to Representative Miller regarding available data, he said the engineering team studied aerial photographs of the historical movement of the riverbanks taken at regular intervals beginning in 1937, which show there has been consistent movement to the right. A study of the hydrology of the river was completed after the 1967 flood, and he estimated 37 years of gauge data is available. Additionally, there are recommendations from hydraulic engineers, FEMA, and USACE on how to develop flood events for a region, based on available data. He pointed out that the 1967 flood event, which was used to derive the 100-year event timeline, was bigger than a 100-year event. Because the record for this region is short, he explained, "These sorts of large events tend to move around the map a little bit, until you get, you know, 50, 60, 80, 100 years worth of data, but ... I believe we don't reach overtopping until the 500-year event, which has not happened." Mr. Lindamood restated his confidence in the regulatory and technical reviews of the proposal.

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REPRESENTATIVE MILLER asked whether there was a roadway associated with the project.

MR. LINDAMOOD responded that the initial proposal includes an access road off the Richardson Highway which would share the same surface as ARR across the structure. After crossing the main-stem of the Tanana River, the road would diverge into a separate road to the military training areas. In further response to Representative Miller, he explained this is a single set of tracks and in case of a derailment, there are extensive emergency management procedures in place that are practiced on a regular basis with other agencies.

MR. AADNESEN advised that derailments on a bridge do not happen very often; however, ARRC has had significant experience and knows how to access both ends of a bridge with cranes. This bridge will have a wider deck than most, but the logic of the reaction would be similar to that of other ARRC facilities.

REPRESENTATIVE MILLER announced there has been a train derailment in Fairbanks and expressed his interest in comparing clean-up times between downtown and remote locations.

MR. AADNESEN advised the clean-up time is the same, although more time is needed to get equipment to a bridge on the Tanana River.

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REPRESENTATIVE AUSTERMAN referred to slide 6, and asked whether the levee should continue on the other side of the bridge.

MR. LINDAMOOD indicated that downstream of the bridge, the flow of the river returns to its natural hydrologic condition.

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REPRESENTATIVE GATTO described the condition of the Tanana River Bridge at Nenana, and said there were no issues with the suspension bridge.

MR. LINDAMOOD agreed that the conditions of the river are very different in that location, whereas at the project location there is a substantial amount of bedload and the river is very active. At Nenana, a lot of the instability of the bedload from the glacier is relieved, and there is also a large rock formation on one side of river. In further response to Representative Gatto, Mr. Lindamood explained moving the bridge to a better position would place it too far from its purpose. The braided condition of the river extends several miles south of Chena Pump, and earlier options to place the bridge there were discounted.

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MR. LINDAMOOD presented slide 9 titled, "Project Funding." Funding in place at this time includes a U.S. Department of Defense (DOD)/Federal Railroad Administration (FRA) grant in the amount of $44.2 million that expires in 2013, and an additional DOD/FRA grant in the amount of $60 million that expires in 2014. The second grant is unique in that it may only be applied for the main bridge structure itself. Finally, $40 million is available from the state capital budget. He noted a previously expected grant in the amount of $12 million is not forthcoming, and cautioned that funding deadlines actually precede the expiration dates by about six months.

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CO-CHAIR SADDLER surmised the grant funds cannot be used for another purpose or put on hold.

MR. LINDAMOOD said correct. In further response to Co-Chair Saddler, he said DOD money for the project could not come out of JPARC funding. Continuing to slide 10 titled, "2011 Cost Estimate," he said some adjustments in the phasing of the project have been made, putting the current cost estimate for the "base" project at $150 million. To date, $16.5 million has been spent on rights-of-way, permitting, and engineering, and just over $11 million has been projected for construction management. There is an estimated contingency of over $10 million, for a grand total for Phase 1A of a little under $188 million. In further response to Representative Austerman, he clarified that not quite all of the $16.5 million has been spent, and that this money came from the $44.2 million DOD/FRA grant.

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MR. LINDAMOOD explained slide 11 titled, "Cost Escalations," saying the cost estimate for April 2010, was $158 million; however, additional costs addressing the movement of the river and river erosion were $3 million, additional permit requirements for issues related to security cost $13 million, and additional permit requirements for issues related to bridges and culverts cost $15 million. Slide 12 pictured the erosion of the river at the site of the proposed bridge in 2009, and where the river threatens to divert into Piledriver Slough, despite efforts begun in 1967 by USACE to block it off.

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MR. AADNESEN informed the committee the aforementioned derailed train in Fairbanks consisted of seven empty covered hoppers, was re-railed within 30 minutes, and is operating now.

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MR. LINDAMOOD presented slide 13 which was a re-sequenced cost summary of the Tanana Crossing, and also indicated ARRC's budget request for $44 million. He then described what is needed to advance the project, beginning with funding and resolution of the permits, which is expected "hopefully in the next month or

two." Meetings with the permit agencies are progressing, although there is still a lot of work to do, particularly with EPA. The congressional delegation has been helpful. Mr. Lindamood acknowledged the difficulty of releasing federal funding for construction; in fact, FRA will not release the remaining funds for construction until ARRC can demonstrate there is a documented funding plan, and that the military has signed off on the proposal. The approaching expiration of the grants is now critical because the levee must be built before the bridge, and construction of the levee will take six to eight months. Thus, if the levee is not under construction by May or June 2011, construction on the bridge will not begin by this fall, and the project will be pushed back for one year. He warned that the $60 million grant is then put into jeopardy, because this money can only be used to build the bridge. Mr. Lindamood assured the committee "We have done everything we can from a construction phasing standpoint."

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REPRESENTATIVE AUSTERMAN inquired as to when the project started.

MR. LINDAMOOD restated that the EIS started in 2005. In further response to Representative Austerman, he expressed his belief that the $44 million grant was appropriated in 2007, and the $60 million grant was appropriated in 2008.

REPRESENTATIVE AUSTERMAN observed ARRC is "struggling with EPA to get your permitting process done."

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MR. AADNESEN confirmed that ARRC is having a very difficult time with EPA, which is being represented by USACE during the permitting process, with EPA oversight. An official with USACE has promised a final permit ruling from USACE during the first or second week in March; however, EPA could veto the USACE decision, and then the project would have to be approved by an Undersecretary of the Army, a possibility that would cancel the project. Furthermore, without appropriate funding from the legislature, preparatory work cannot start, and again the project would be canceled. Thus, the ARRC board of directors will decide on the project in March or April, before ARRC spends money on preparatory work. Mr. Aadnesen restated FRA's conditions on its funding and concluded that funding from the state cannot be less than $44 million to save the project.

2:04:55 PM

CO-CHAIR THOMPSON asked whether any federal funds that have been spent will have to be paid back if the project fails.

MR. AADNESEN deferred to Mr. Lindamood.

MR. LINDAMOOD said he was unsure; however, ARRC did not move forward with any spending without FRA's approval.

2:05:52 PM

REPRESENTATIVE AUSTERMAN asked whether last year, when ARRC received state funding in the amount of $40 million, it anticipated additional funding of $44 million this year.

MR. LINDAMOOD opined the additional funding was not anticipated. In further response to Representative Austerman, he said the escalation in cost was mainly due to regulatory issues during last year and before.

REPRESENTATIVE AUSTERMAN surmised these costs were "unanticipated that you couldn't take care of or you couldn't anticipate, similar to if EPA or the Corps says 'no'."

MR. LINDAMOOD said correct.

REPRESENTATIVE AUSTERMAN restated that this is an $800 million project that is trying to complete Phase 1, without any guarantee of funding for Phases 2, 3, or 4.

MR. LINDAMOOD said correct. In response to Co-Chair Thompson, he advised that the project is one of "independent utility." Although the EIS was for the entire project, different pieces of the project can be permitted as long as "those pieces, in and of themselves even if nothing else gets built, still has independent utility over and above the whole project." Therefore, surface access for the military to its training area serves as an independent utility of the bridge.

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MR. AADNESEN recalled many meetings with the Alaska military command; in fact, Lieutenant General Dana Atkins, Commander, Alaskan Command, U.S. Pacific Command; Commander, Elmendorf Air Force Base, Alaska, suggested re-scoping of the project to a

bridge with a wide highway surface, for the military's transportation needs, and installing the rails later. For the committee's information, Mr. Aadnesen asked Mr. Lindamood to explain the changes to the original EIS signed by EPA.

MR. LINDAMOOD opined EPA's position is dumbfounding. Seven cooperating agencies, along with USACE, authored the EIS. The STB does an EIS a bit differently because it is regulating a commercial railroad, thus ARRC paid for the EIS, answered questions, and provided technical information, but was informed at the same time as the public of the final report. At the release of the final EIS, USACE requested a supplemental EIS, which ARRC did and called a permit. In February 2008, EPA issued a letter which stated the EIS had been determined to be an adequate document, and endorsed STB's proposed actions and the proposal that was ultimately licensed. Last fall, EPA suddenly informed USACE it had serious concerns over the permit application and in December, suggested that USACE not issue a permit and that EPA would veto the permit, because the proposed location of the bridge was not the best alternative. Mr. Lindamood said EPA has not explained, or changed, its position. At this point, there are two legal issues: whether STB has exclusive regulatory authority over rail corridors through the U.S. Constitution Interstate Commerce Clause, superseding the Clean Water Act of 1977; whether EPA has the ability to reverse its decision. The ARRC is pursuing these legal issues.

MR. AADNESEN expressed his belief that ARRC has taken every measure possible to address this situation because returning $104 million in federal funds, for a project that was once approved, would be onerous for the corporation.

2:13:49 PM

REPRESENTATIVE AUSTERMAN appreciated the clarification.

2:14:20 PM

REPRESENTATIVE MILLER asked whether there are currently any non-military uses for the road, bridge, or extension.

MR. LINDAMOOD replied no, because the road goes onto a live military range. In fact, ARRC will cede any control over the use of the bridge by entities other than ARRC and the military, to the military.

2:15:13 PM

REPRESENTATIVE MILLER has heard there is support for the extension of the railroad system to Canada and the Lower 48 by this route.

MR. AADNESEN acknowledged the Phase 1 extension to Delta Junction is the connection point for a route into Canada; however, Canadian National Railway Company does not have plans to build rail northwest at this point.

REPRESENTATIVE MILLER recognized the dynamics of the river. Furthermore, there were $3 million in cost escalations for the past movement of the river. He asked whether further redesign would be necessary due to more changes in the river, if construction began immediately.

MR. LINDAMOOD answered likely not. The engineers have come to the determination that the river is changing daily, and ARRC's outstanding issues with USACE are related to the amount of approach that is required.

REPRESENTATIVE MILLER asked for assurance that "once we build the levee, we've stabilized this particular bank, we've stabilized that problem."

MR. LINDAMOOD said correct.

2:17:43 PM

REPRESENTATIVE AUSTERMAN reviewed the projected costs for the phases of construction, and asked for the projected cost of Phase 2, which connects the bridge and levee to the existing rail at Eielson Air Force Base.

MR. LINDAMOOD responded that preliminary cost estimates are approximately $80 million. In further response to Representative Austerman, he said ARRC does not anticipate returning to the legislature for funding for that phase.

MR. AADNESEN added there is no commercial reason for ARRC to build Phase 2 at this point. If the military determines there is a need for rail transportation, ARRC would seek funds; however, ARRC cannot borrow to do that because there is no incremental revenue source to float bonds or support borrowing funds from a bank, and FRA funds cannot be used as there would be no passenger service.

REPRESENTATIVE AUSTERMAN asked for clarification.

MR. AADNESEN further explained that ARRC does not have the money to build that extension and it is not needed as the road and bridge will provide access. The military and ARRC have no problem not proceeding with Phase 2 as there is no revenue source for ARRC, and the military can use the road and bridge. He restated that ARRC will not be requesting funding for Phase 2 next year.

REPRESENTATIVE AUSTERMAN asked why ARRC would build a bridge and a highway.

MR. AADNESEN advised the bridge will ultimately be a rail bridge and the decision when to build the railroad section is dependent on whether the military wants to use flatcars for transportation to the training site.

2:21:41 PM

CO-CHAIR SADDLER asked for an overview statement on the need for the entire project.

MR. AADNESEN stated the impetus for this project is the state, as ARRC's charter requires it to support economic development in the state. The bridge is in the future railroad route between North Pole and Delta Junction, and it will support the long-range plan for the military to move traffic to its bases further south, and for future passenger service. He opined this is a piece of infrastructure development that will also allow economic development in mining areas and populated areas of the region. Although there currently is no source of incremental revenue to ARRC, the benefit is to keep the military in Alaska, provide access to its training grounds, and expand its use of JPARC and the international possibilities thereof.

2:24:09 PM

CO-CHAIR SADDLER asked for confirmation that EPA was an agency involved during the scoping process.

MR. LINDAMOOD replied yes. He clarified that EPA was not a cooperating agency, but reviewed and provided comments to STB throughout the project. In further response, he said EPA endorsed the location of the bridge.

2:24:59 PM

REPRESENTATIVE CISSNA understood there is no passenger or economic purpose for the rerouting at this time.

MR. LINDAMOOD confirmed that at this point ARRC will own and maintain the levee and will be responsible to FEMA to ensure that the levee is not used inappropriately. The corporation will also own and maintain the bridge, but the military will control access.

REPRESENTATIVE CISSNA stated her concern with the issue of how to get people around and to the state in safe ways, such as by train. However, the expenditure of state money should require an element of planning that will help Alaskans' develop local economic projects.

2:27:46 PM

CO-CHAIR SADDLER asked for the financial impact to ARRC if the project does not go forward.

MR. AADNESEN restated ARRC's interest in economic development. Additionally, the corporation has invested time and engineering work in the project over a long period of time. The only economic benefit of the project's demise to ARRC is that it would not have to finance the maintenance of the bridge, as there is no source of revenue that would be impacted.

2:30:03 PM

MCHUGH PIERRE, Deputy Commissioner, Office of the Commissioner/Adjutant General, Department of Military & Veterans' Affairs (DMVA), informed the committee the bridge is very important to military access and to other functions of DMVA; for example, the Division of Homeland Security & Emergency Management (DHS&EM), and Fairbanks North Star Borough regard the proposed levee as critical to help with emergency management efforts in Salcha. He stressed that the most important aspect of the project is the access to JPARC, which would support the active duty military's interest in the expansion of that area. The state has designated this land and airspace - about the size of Indiana - to be used for military training with the goal of providing access for local training of the Stryker Brigades, the Alaska National Guard, and for active and routine training exercises. However, the military's future needs for this area will be for larger-scale, joint military training efforts involving over 6,000 troops, and with battlefield realism. The

isolation of this area would allow all branches of the armed forces to participate in "a true joint effort that you, you won't get anywhere else in the United States of America." In order to execute this training plan, a bridge structure is required to replace the undependable ice bridge that is available only under certain weather conditions. Mr. Pierre stressed that this is the economic value of this project, not only from its use by Alaska's military installations, but when it is proven to be "a training element that is beyond comparison, [and] that other significant moving pieces of the United States military, whether they're from Hawaii or California or beyond, will come to use." He described how units from other states would travel to this area and train for about two weeks to one month, and then spend time in the community before returning home. The bridge is critical to bringing in "those training dollars." In addition, there is also a local safety issue as troops now drive on the Richardson Highway from their installations to the training area. This is a dangerous situation for the military members in their vehicles, and for civilians, as convoys travel slowly in all kinds of weather. In fact, in 2006 two members of the military travelling in a convoy on a public road were killed in a highway accident.

2:35:17 PM

CO-CHAIR SADDLER asked for the current access to the Donnelly Training Area.

MR. PIERRE advised the area is accessed via the Richardson Highway and through an access road.

CO-CHAIR SADDLER asked how many years it would take for the military to make up its $104 million investment.

MR. PIERRE stated the benefit to the military would be in the unparalleled realism in training. This explains the money and effort put into building the bridge. Although active duty military members cannot advocate for the project because of military spending cuts, this project will clearly show Alaska's commitment to the military.

2:37:11 PM

CO-CHAIR THOMPSON agreed installation of the bridge will help ensure that the military stays in the state.

MR. PIERRE relayed DMVA's direction from the governor to look at the military industrial complex in Alaska, ensure there is support for what is here, work for expansion, and utilize this economic engine throughout the state.

2:38:04 PM

CO-CHAIR SADDLER asked whether the training cycle runs year around.

MR. PIERRE advised the training cycle would depend upon the needs of nearby communities, airspace needs, and information gleaned from the public comment process presently underway.

2:39:01 PM

REPRESENTATIVE AUSTERMAN asked how much access into the training area will be provided beyond the bridge.

MR. PIERRE advised that once active duty military has permanent access to the training area, capital infrastructure funds will be available to install electronics, barracks, roads, and additional developments. In further response to Representative Austerman, he said active duty military is not concerned with Phase 3, which brings rail 30 miles to the middle of the Donnelly Training Area, because the bridge will allow the training area to be used to its full extent. However, the Alaska National Guard would use the rail extension to move large equipment and personnel to and from Fort Greely.

REPRESENTATIVE AUSTERMAN asked whether the training area is currently used "from the Delta Junction end."

MR. PIERRE indicated no. He added that there is a section of JPARC that is used on a limited capacity dependent on the ice bridge. He confirmed that there is no access from Delta Junction.

2:42:47 PM

MR. PIERRE, in response to Representative Gatto, restated that active duty military is currently using the ice bridge during the months when it is sturdy enough to cross for Stryker Brigade training. In further response, he added that training during other months and seasons, and guaranteed access, is needed "in the bigger scheme of national training efforts, and joint training exercises with thousands of troops ...."

REPRESENTATIVE GATTO referred to unexploded ordinance and asked whether that area is used by citizens.

MR. PIERRE said there is no unexploded ordinance in the area now; however, in the future designated areas where ordinance is dropped will be off-limits and monitored. This is also a topic of the scoping and public comment process underway.

2:44:51 PM

CO-CHAIR THOMPSON has heard that changing weather patterns could trap equipment on the training area side of the river.

MR. PIERRE said correct.

2:45:16 PM

REPRESENTATIVE MILLER expressed his belief that the purpose behind military training is to prepare troops for combat readiness by putting them in locations where there is damage to infrastructure. Foreign occupation of an area without a bridge may be an appropriate training challenge.

MR. PIERRE stated the concern for dependability in infrastructure development for training is to ensure the safety of individuals and equipment. Although realism is needed, troops need to learn to use the assets procured for them in defense situations. A well-developed, well-served training area will allow for this to take place.

2:47:41 PM

JIM DODSON, President/CEO, Fairbanks Economic Development Corporation (FEDC), supported the previous testimony of the president of ARRC and the deputy commissioner of DMVA on the necessity of building the bridge. He added that Alaska's economy is strengthened by the military industry; in fact, 16 percent of Alaska's payroll is from the military. Access to JPARC supports not only Alaska's military, but would bring military training opportunities into Alaska from all over the world, and increase local economic activity. He pointed out that the percentage of Alaska's economy dependent on the military is equivalent to that of the oil industry. Mr. Dodson warned that impending cuts in military spending will increase competition between states to attract military activities. He opined that JPARC is the best military training area in the

world, and providing access is a very wise long-term investment in the military industry that will support Alaska's future economy.

2:50:28 PM

CO-CHAIR SADDLER asked what kind of mineral development possibilities the bridge and rail extension would provide.

MR. DODSON relayed a department of the University of Alaska Fairbanks (UAF) has performed extensive studies of the project corridor, and estimated the value of known mineralization in the area at $6.5 billion. This is another source of significant future economic development for Alaska. In further response to Co-Chair Saddler, he said there is a significant deposit of the rare earth mineral molybdenum that would be accessed by the bridge.

2:52:32 PM

REPRESENTATIVE GATTO asked whether an alternative to the levee and two-mile-long bridge would be to cross the river at Eagle River and access the training area and the railroad there.

MR. PIERRE responded that alternative does not provide the same training opportunity to meet the critical needs of the military. The military land at Eklutna Flats and adjoining Joint Base Elmendorf-Richardson is very small and, although utilized for air drops, parachute training, and simulated activity, it is not sufficient in size to support a joint level of training and to simulate real battle scenarios.

REPRESENTATIVE GATTO clarified that this alternative is a bridge to Port MacKenzie and beyond.

MR. PIERRE advised the military works with the Department of Natural Resources (DNR) with regard to land that is allocated for certain uses, and the JPARC training area has been allocated for this specific use. He acknowledged that DNR has not been approached for a change-in-allocation or a change-in-use plan; furthermore, DMVA and active duty military want to be good partners with DNR, and responsive to the communities affected.

2:55:54 PM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 2:55 p.m.