

S C R

14

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SCR 14
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to the Alaska Railroad
Suntrana Branch Bridge
Sponsor: Sen. Coghill
Requestor: _____

Agency Affected: Ak Railroad Corp.
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL			130.0			
---------	--	--	-------	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER			130.0 *			
TOTAL			130.0			

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Would be funded by the Alaska Railroad. Source Frank Turpin, Alaska Railroad Corp.

Prepared by: Terry Otness, Committee Assistant

Phone: 465-4921

Division: Senate Transportation Committee

Date: February 21, 1989

Approved by ~~Committee~~: Senator Lloyd Jones, Chairman

Date: February 21, 1989

Agency: Senate Transportation Committee

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

1 IN THE SENATE

BY COGHILL

2 SENATE CONCURRENT RESOLUTION NO. 14

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Relating to the Alaska Railroad Suntrana
6 Branch Bridge.

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

8 WHEREAS the Alaska Railroad Suntrana Branch Bridge over the Nenana
9 River is an important lifeline to the areas on the east side of the Nenana
10 River; and

11 WHEREAS the bridge is a vital link between consumers and a supply of
12 reasonably priced processed coal; and

13 WHEREAS the bridge has deteriorated to such an extent that either the
14 bridge and the support piers must be repaired or the bridge must be closed;

15 WHEREAS the Alaska Railroad Corporation is contemplating closure of
16 the bridge rather than repairing the damage to the bridge;

17 BE IT RESOLVED that the Alaska State Legislature respectfully requests
18 the Governor to direct the Alaska Railroad Corporation to make those re-
19 pairs that are necessary to keep open the Suntrana Branch Bridge over the
20 Nenana River.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE _____

2/1/89

Mr. President:

TRANSPORTATION Committee considered SCR 14

Alaska Railroad Suntrans Branch Bridge

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- _____ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FISCAL NOTE(S) attached zero fiscal impact
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten Signature]

Paul Frick (No Rec.)
Dittus Faber (No Rec.)
Bob Fausch (No Rec.)

[Handwritten Signature]

 Chairman signature and recommendation

Committee backup attached

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SCR 14
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: ARRC Suntrana Bridge

Agency Affected: Alaska Railroad Corp.
BRU: _____

Sponsor: Senator Coghill
Requester: Senate Transportation

Components: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	130.0	0	0	0	0	0
---------	-------	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This fiscal note is for informational purposes only. As the Alaska Railroad Corporation is not subject to the Executive Budget Act, legislative appropriation is not required. However, passage of SCR 14 would have fiscal impact on the Railroad. (Analysis continued on page 2.)

Prepared by: Jim Blasingame
Division: Alaska Railroad Corporation

Phone: 265-2688
Date: February 22, 1989

Approved by Commissioner: Larry Mercurieff
Agency: Department of Commerce & Economic Development

Phone: _____
Date: 2/23/89

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

BILL VERSION SCR 14

Analysis:

Reallocation of these funds to the Suntrana Branch Bridge improvements would prevent the ARRC from making additional necessary mainline upgrades. The annual return on investment of mainline improvements outweighs the bridge upgrade by reducing labor costs and train delays. Additional improvements to the Fairbanks yard operations to enhance customer service and reduce safety hazards would also be delayed. These cost savings are anticipated to amount to \$10.0-15.0 annually for a period of ten years.

Senator John B. (Jack) Coghill

Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



MEMORANDUM

To: Senator Jones, Chairman
Senate Transportation Committee

From: Senator Jack Coghill

Re: SCR 14

Date: February 2, 1989

I would like to request a Senate Transportation Committee hearing on SCR 14, "relating to the Alaska Railroad Suntrana Branch Bridge."

The Alaska Railroad is considering the closure of the Suntrana Branch railroad bridge over the Nenana River due to deterioration of the support piers. I believe the bridge provides a vital transportation link to areas on the east side of the Nenana River and that the Alaska Railroad Corporation should make the necessary repairs to keep the bridge open.

Attached are copies of letters I have received relating to the bridge closure. If you have any questions regarding SCR 14, please feel free to contact me.

Senator John B. (Jack) Coghill
Alaska State Legislature

Pouch V
Juneau, Alaska 99811
(907) 465-4931

Box 55028
North Pole, Alaska 99705
(907) 488-0862



September 27, 1988

Mr. Frank Turpin
President & CEO
Alaska Railroad Corp.
P.O. Box 107500
Anchorage, AK 99510

Dear Frank:

It has come to my attention that the Alaska Railroad Corporation (ARRC) has proposed to close the railroad bridge that crosses the Nenana River on the Suntrana branch.

If ARRC is contemplating the closure of this bridge, I would like to go on record as strongly opposing the closure and request ARRC to reconsider their decision. There are users across the bridge that depend on the availability of rail service for their businesses existence. It would not be fair to the users if ARRC arbitrarily discontinued the present service.

I would appreciate a written explanation clarifying ARRC's position on the above mentioned bridge. I look forward to your response.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jack Coghill".

Senator Jack Coghill

Reliable Coal

Coal and Automatic Coal Furnaces

3.6 Mile Usibelli Spur Road
P.O. Box 53
Healy, Alaska 99743

Wm. D. Nordmark
Owner

Ph. (907) 683-2411

September 15, 1988

Attention: Frank Turpin, General Manager
Alaska Railroad Corporation
P.O. Box 10-7500
Anchorage, Alaska 99510-7500

Dear Mr. Turpin,

During a meeting with Fairbanks terminal superintendent K. A. Smith on Monday, September 12, 1988, I was informed that the Alaska Railroad has proposed to close the railroad bridge over the Nenana River on the Suntrana branch. I must protest, as my business depends upon this bridge for its existence.

I set up my business adjacent to the Suntrana branch on the east side of the Nenana River in 1983 because of the availability of rail service at that location. Thus, I entered into a 20-year crossing permit with the Alaska Railroad and a 5-year land lease (which has recently been renewed for another 5 years) with William I. Waugaman, and proceeded to set up coal processing equipment, scale, bunkers, and shop. I would have to forfeit a considerable investment in improvements on the site, which is leased, if the railroad bridge were to be closed.

Usibelli Coal Mine hauls the coal from the mine to the Reliable Coal yard in 90-ton capacity dumptrucks which are not legal on Alaska State highways due to their weight and 18 foot width. Thus, moving the business across the Nenana River would not only cause financial loss to myself, but would pose problems obtaining a coal supply.

During the period from September, 1987 through August, 1988, Reliable Coal shipped 54 hopper cars of coal to the Alaska Railroad power plant in Fairbanks, and 46 hoppers to the Coal Bunkers in Fairbanks, as well as 2 side-dump cars to individuals. I would like to be able to assure my customers that I can continue to supply coal to them via the Alaska Railroad. My customers have no other source from which to obtain processed (screened and graded) coal in the State of Alaska.

Please reconsider the decision to close the bridge on the Suntrana branch.

Your truly,

William D. Nordmark
William D. Nordmark
Owner, Reliable Coal

cc: see attached list

Reliable Coal to Frank Turpin letter of September 15, 1988

cc: George Sullivan, Chairman, Board of Directors
Alaska Railroad Corporation

K.A. Smith, Fairbanks Superintendent
Alaska Railroad Corporation

William I. Waugaman
P.O. Box 2491
Fairbanks, Alaska 99707

Joe Usibelli, Jr., President
Usibelli Coal Mine
Box 1000
Healy, Alaska 99743

Attention: Walt Schlotfeldt
The Coal Bunkers
Box 72869
Fairbanks, Alaska 99707

✓ Senator Jack Coghill
Box 55028
North Pole, Alaska 99705

ALASKA RAILROAD CORPORATION



P.O. Box 107500 • Anchorage, Alaska 99510-7500
September 28, 1988

Mr. William D. Nordmark
Owner
Reliable Coal
P. O. Box 53
Healy, AK 99743

Dear Mr. Nordmark:

I have received your letter of September 15 concerning the Railroad's plans to remove the railroad bridge over the Nenana River on the Suntrana Branch from service.

This action is predicated upon the deterioration of the support piers of the bridge. The concrete has deteriorated to such an extent that our Engineering Department has advised that the bridge either must be removed from service or the concrete structure rehabilitated. It does not appear that an expenditure estimated at approximately \$125-130,000 for repairs is justified based on the amount of business carried over the bridge.

Although I realize your business is adjacent to the Suntrana Branch, I have been advised that closing the bridge would not preclude you from continuing your operations. Operational changes would have to be made since you would be unable to load directly into railroad cars at your present site; however, an alternate site in the Healy terminal could be made available for you to load rail cars.

You could continue to crush coal at your current site and then truck it to the rail. Although this would be an added expense to your current operations, your customers should understand your increased costs and expect to pay a higher price for your product.

The land lease and crossing permits that you currently have with the Railroad would be continued, and other property for a loading site across the river could be made available. Closing the bridge should not cause you to forfeit your investment nor prevent you from continuing to do business.

I have asked the Operating Division to review this issue further and will apprise you of their evaluation.

Sincerely,

F. G. Turpin
President and Chief Executive Officer

cc:
G. Sullivan, Chairman, ARRC Board of Directors
K. A. Smith, Fairbanks Terminal Supt., ARRC
W. I. Waugaman, Fairbanks
J. Usibelli Jr., Usibelli Coal Mine
W. Schlotfeldt, The Coal Bunkers
Senator Jack Coghill, North Pole



GOLDEN VALLEY ELECTRIC ASSOCIATION INC. Box 1249, Fairbanks, Alaska 99707-1249, Phone 907-452-11

October 3, 1988

Mr. Frank Turpin, General Manager
Alaska Railroad Corporation
P.O. Box 10-7500
Anchorage, Alaska 99510

Subject: Railroad Spur at Healy

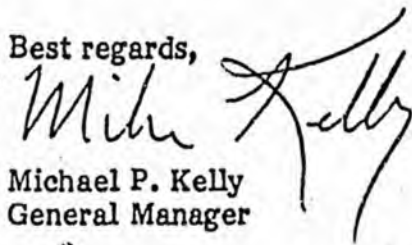
Dear Mr. Turpin:

It has come to our attention that the Alaska Railroad is considering the abandonment of the railroad bridge across the Nenana River at Healy. Golden Valley is not presently using it's rail spur into the Healy plant. We are bringing fuel oil in by truck. However, the rail line has always been considered an alternate means of liquid fuel supply and an important transportation link into the plant for major component delivery, etc.

In future years, when the Healy plant is enlarged, the rail spur will be needed to supply plant components and construction equipment. Without the bridge and spur, such freight movements would be more difficult and expensive.

We strongly urge you not to remove the railroad bridge. Although little used now, it will again become an important lifeline to areas on the east side of the Nenana River. Please advise us of any hearings to be held on this matter.

Best regards,


Michael P. Kelly
General Manager

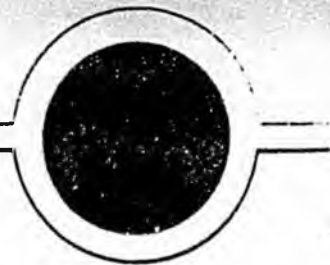
cc: W. Waugaman

Bill,

Thanks for alerting us to this matter.

MK

ALASKA RAILROAD CORPORATION



P.O. Box 7-2111 • Anchorage, Alaska 99510-7069

October 11, 1988

RECEIVED

OCT 13 1988

GVEA - Administration

Mr. Michael P. Kelly
General Manager
Golden Valley Electric Association, Inc.
P. O. Box 1249
Fairbanks, Alaska 99707-1249

Dear Mr. Kelly:

This is in reply to your letter of October 3, 1988, commenting on our plan to abandon the railroad bridge across the Nenana River at Healy.

Since your Healy plant may have future use for rail service across the Nenana River, and you feel the spur will again become an important lifeline to areas on the east side of the river, one option that would provide you with access whenever you find it advantageous would be for us to lease you the spur. If you owned the track, any use by the Alaska Railroad or any other user would be subject to payment that would contribute to the cost of maintaining the bridge and track. The track and bridge would have to be maintained up to Federal Railroad Administration requirements, of course, before we could use it for Alaska Railroad equipment.

If you have any interest in the ownership option, please contact me and we will begin developing a proposal to effect the lease. We do not plan any public hearings on this matter.

Sincerely,

F. G. Turpin
President and Chief Executive Officer

① Bd. -

② Joe Usibelli

③ Woody

Joe Usibelli
are you taking any
action regarding the
bridge's spur? We are
not inclined to own
it.
Mike Kelly

ARR.

ALASKA
CONSTRUCTION & MINING
EQUIPMENT, Inc.

DBA THE COAL BUNKERS

PHONE: (907) 456-5005 or 452-2722

P.O. BOX 72869 • 270 ILLINOIS ST.
FAIRBANKS, ALASKA 99707

October 31, 1988

Mr. Frank Turpin
President
Alaska Railroad Corporation
P.O. Box 10-7500
Anchorage, Alaska 99510-7500

NOV 3 1988

RE: Removal of Suntrana Branch from Service

Dear Mr. Turpin:

We have a great deal of difficulty accepting your decision to close the Suntrana Branch and force Reliable Coal to truck their product to rail access. To suggest that Reliable's customers would understand an increase in cost due to their additional costs is not accurate. We may understand Reliable's need to raise their price as a result of inaccessibility to the tracks, but we could not accept such an increased cost.

The Fairbanks consumer's cost of coal today is minimally cheaper than oil. To raise the price would diminish the demand for coal to a point where we would be out of business. Over the past several years the coal market in Fairbanks has continued to shrink, even as modern technology and automatic feed coal boilers have been introduced to the consumer. We have responded to this shrinking demand for coal by marketing other products, such as Senco fasteners and other construction-related products. We have also scaled back our operation and reduced overhead to a very low level. Even these actions have not been enough in these economic times to keep us from suffering a loss in 1988. We are struggling to survive the current recession, in the hopes that construction related sales will increase and bring us back to profitability. What lies in the future for the residential and commercial coal business in Fairbanks? We predict a continual decrease in demand over time at the current prices.

With the increased costs which would occur if Reliable had to truck to the railroad, the demand for coal would almost immediately stop. Homeowners and businesses would face the immediate need to convert their heating systems, causing them undue hardship in these already tough economic times. We

senco fastening
systems



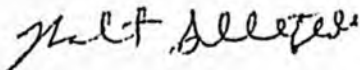
RELIABLE COAL

Mr. Frank Turpin
October 31, 1988
Page 2

would go out of business. The Alaska Railroad would lose a good leaseholder and would lose the transportation revenue from our coal demand. I believe that all of these things add up to more than your cost of repairing the bridge on the Suntrana Branch.

I request that you re-think your decision in this matter, and choose instead a course of action which ensures the continuation of the service you provide to Reliable Coal.

Sincerely,



Walt Schlotfeldt

cc: William D. Nordmark
Owner, Reliable Coal
P.O. Box 53
Healy, Alaska 99743

George Sullivan, Chairman
Alaska Railroad Corporation
P.O. Box 10-7500
Anchorage, Alaska 99510-7500

K.A. Smith, Fairbanks Superintendent
Alaska Railroad Corporation
280 N. Cushman
Fairbanks, Alaska 99701

William I. Waugaman
P.O. Box 2491
Fairbanks, Alaska 99707

Joe Usibelli, Jr., President
Usibelli Coal Mine, Inc.
Box 1000
Healy, Alaska 99743

Senator Jack Coghill
P.O. Box 55028
North Pole, AK 99705-5028

Reliable Coal

Coal and Automatic Coal Furnaces

RECEIVED

NOV 4 1988

3.6 Mile Usibelli Spur Road
P.O. Box 53
Healy, Alaska 99743

Wm. D. Nordmark
GVEA - Administration Owner

Ph. (907) 683-2411

November 2, 1988

Mr. Michael P. Kelly, General Manager
Golden Valley Electric Association
Box 1249
Fairbanks, Alaska 99707-1249

Dear Mr. Kelly,

Bill Waugaman sent us a copy of a letter from you to Frank Turpin on October 3, 1988 concerning the closing of the Alaska Railroad bridge on the Suntrana branch. Thank you for writing that letter. We value your support in opposing the closure, as our business depends on the existence of the bridge.

Enclosed, for your information, are copies of all the correspondence that I have on the subject to date. I spoke to Jack Coghill last night. He informed me that he has discussed the matter in person with Frank Turpin, and urged the ARR to repair the bridge rather than abandon it.

We are concerned, not only for our own sake, but also for the people who buy coal for household use from the Bunkers in Fairbanks. As Bill Waugaman points out, it is the low income people who burn coal to heat their homes, and they would be in a bad situation if they could not get coal, or if there were a steep price increase as Mr. Turpin advocates in his letter to us.

Thank you for taking an active role in opposing the bridge closing. Please advise us of information you receive on the subject. The ARR doesn't tell us much.

Sincerely,

Patricia Nordmark

Patricia Nordmark
Reliable Coal

13
File pls.



FEB 15 1989

ALASKA STATE CHAMBER OF COMMERCE

310 Second Street
Juneau, Alaska 99801
(907) 586-2323

February 14, 1989

Frank Turpin, President
Alaska Railroad Corp.
P.O. Box 10-7000
Anchorage, AK 99510

Dear Frank:

As you can see from the enclosed letter, Mr. William D. Nordmark has asked for the State Chamber's assistance in resolving the Suntrana bridge repair problem.

I understand the railroad is now considering the necessary repairs and would encourage your decision to do so.

In today's Alaska economy, I believe we must do all possible to assure that our businesses, large and small have the opportunity to remain in business. We at the State Chamber are particularly interested in assisting small businesses in making a go of it. It certainly seems as if Mr. Nordmark is doing all he can.

Also Frank, I think the Alaska Railroad as a public entity has, perhaps, a responsibility beyond the "bottom line" to see that the public is best served even when such service may adversely affect that line. Certainly, your estimate of \$125-130,000 in relation to your overall m & o cannot be such a prohibitive item when weighted against the railroads responsibility to the public and business community.

I would appreciate hearing from you as soon as possible.

Cordially,

A handwritten signature in dark ink, appearing to read "George Krusz", is written over a horizontal line.

George Krusz, President

cc: William D. Nordmark
Senator Jack Coghill

GK:ly/turpin