

HB

241

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 241(RES)
 (S) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Railroad utility corridor to Canada BRU AK Railroad Corp
 Component _____
 Sponsor Representative James
 Requester (S) Transportation Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Don Smith Phone 465-3879
 Division Senate Transportation Committee Date/Time 1/31/02 12:00 AM
 Approved by: _____ Date 1/31/02
 Agency _____

22-LS0779P
Utermohle
3/26/02

SENATE CS FOR CS FOR HOUSE BILL NO. 241(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Dyson, McGuire, Kohring, Scalzi, Wilson, Foster, Whitaker, Fate, Morgan, Davies, Hayes, Harris, Green

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a railroad utility corridor for extension of the Alaska Railroad to
2 Canada and to extension of the Alaska Railroad to Whitehorse, Yukon, Canada."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **LEGISLATIVE INTENT.** It is the intent of the legislature to reserve interests to the
7 state as necessary for the construction, maintenance, operation, and other activities for or
8 related to a gas pipeline in state land that may be conveyed to the Alaska Railroad
9 Corporation under this Act for the extension of the Alaska Railroad to the border of Alaska
10 and Canada.

11 * **Sec. 2.** AS 42.40 is amended by adding new sections to article 5 to read:

12 **Sec. 42.40.460. Extension of the Alaska Railroad.** (a) The corporation may
13 delineate a proposed railroad utility corridor between the existing railroad utility
14 corridor of the Alaska Railroad and the border of Alaska and Canada. The railroad

1 utility corridor shall be at least 500 feet wide. The railroad utility corridor may be
2 designated for a use identified under AS 42.40.350(b). The corporation may also
3 identify land for use as rail land that can be developed for terminal, station, and
4 maintenance facilities, switching yards, and material sites associated with the railroad
5 utility corridor. The corporation shall prepare a complete legal description of the
6 proposed railroad utility corridor and the rail land identified under this subsection.

7 (b) In performing the work authorized by (a) of this section, the corporation
8 shall consider the following factors:

9 (1) grade and alignment standards that are commensurate with rail and
10 utility construction standards and that minimize the prospect of at-grade railroad and
11 highway crossings;

12 (2) availability of construction materials;

13 (3) safety;

14 (4) effects on and service to adjacent communities and potential
15 intermodal transportation connections;

16 (5) environmental concerns;

17 (6) use of public land to the maximum degree possible;

18 (7) minimization of probable construction costs;

19 (8) the location of and the opportunity to obtain access to identified
20 natural resources that could contribute significantly to the state's economic
21 development; and

22 (9) prior and established traditional uses.

23 (c) If the corporation delineates all or a portion of the proposed railroad utility
24 corridor or the associated rail land,

25 (1) the corporation shall, after completion of a feasibility study on
26 linking the rail system in Alaska to the North American continental rail system,
27 determine which state land within the proposed railroad utility corridor and associated
28 rail land must be obtained by the corporation by fee and by a lesser interest in land; the
29 corporation shall submit a list of state land that the corporation proposes to select
30 within the railroad utility corridor and associated rail land to the legislature for
31 approval by law; if the legislature approves by law the selections of state land by the

1 corporation, the Department of Natural Resources shall

2 (A) in accordance with AS 42.40.360(b) and 42.40.370, convey
3 state land or interests in state land within the railroad utility corridor and
4 associated rail land to the corporation without cost to the corporation; the
5 Department of Natural Resources shall reserve to the state

6 (i) ownership of the mineral estate of the land conveyed
7 under this paragraph; and

8 (ii) the right to extract or use sand, gravel, and rock
9 present on the land conveyed under this paragraph; and

10 (B) delineate the route of the railroad utility corridor and the
11 location of the associated rail land in any system of land records maintained by
12 the Department of Natural Resources under AS 38.05.035; and

13 (2) the corporation shall

14 (A) as the corporation considers appropriate, exercise its
15 authority under this chapter to acquire rights-of-way across land within the
16 railroad utility corridor that is subject to the corporation's power of eminent
17 domain;

18 (B) upon delineation of the railroad utility corridor and
19 identification of associated rail land, expeditiously work with federal officials
20 to secure reclassification and withdrawal of federal land for reservations and
21 rights-of-way across the federal land for use as railroad utility corridor and rail
22 land; and

23 (C) prepare a report evaluating the effects of construction of an
24 extension of the Alaska Railroad across federal land; the report must satisfy the
25 requirements for an environmental impact statement under 42 U.S.C. 4332.

26 (d) The requirements of AS 38.05 (Alaska Land Act) relating to classification
27 and reclassification of land are inapplicable to actions taken by the Department of
28 Natural Resources under this section.

29 (e) The Department of Natural Resources shall retain the classifications and
30 reservations of land identified for use as a proposed utility corridor and railroad right-
31 of-way under former AS 19.05.122 until the corporation informs the department in

1 writing that the land is not needed by the corporation for a utility corridor. If the
2 corporation informs the department in writing that the land is necessary for use as a
3 utility corridor, the department shall convey the land to the corporation after
4 legislative approval of the land selections under (c)(1) of this section.

5 (f) To complete the work authorized by this section, the corporation may enter
6 into agreements relating to the work with the federal government, an agency or
7 instrumentality of the state, a municipality, or a private organization.

8 **Sec. 42.40.465. Extension of the Alaska Railroad to Whitehorse, Yukon,**
9 **Canada.** The corporation may investigate extension of the Alaska Railroad from the
10 border of Alaska and Canada to Whitehorse, Yukon. The corporation may acquire
11 land or interests in land in Canada as the corporation considers appropriate for the
12 development, construction, and operation of an extension of the Alaska Railroad to
13 Whitehorse, Yukon.

14 * **Sec. 3. AS 19.05.122 is repealed.**

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .3

4/10/02

Contact: Richard Schmitz, 465 6791

The purpose of Amendment "P.3" is to remove a requirement that a feasibility study be completed and used as a guide by the railroad for selection of state land for a railroad and utility corridor.

The intent of Sec. 2 (c)(1) is to require that, for the railroad to receive state land fee simple, it must justify such requests prior to submission to the legislature for appropriation.

This amendment does not change intent, but holds back potential restrictions on the type or scope of survey or study that the railroad might use to base its requests for land in question.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 2, lines 25 - 26:
- 2 Delete ", after completion of a feasibility study on linking the rail system in Alaska to
- 3 the North American continental rail system,"

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .4

4/10/02

Contact: Richard Schmitz, 465 6791

This amendment is offered at request of the Department of Natural Resources. It's purpose is to allow for a "0" fiscal note, as it clarifies that funds will come from a future appropriation.

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 3, line 1, following "shall":
- 2 Insert ", if the legislature appropriates the necessary funds,"

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .7

4/10/02

Contact: Richard Schmitz, 465 6791

This amendment is a technical change at the suggestion of the Department of Natural Resources. The change in language makes sure the existing corridor does not get extinguished until the new corridor is established.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

1 Page 3, line 31, through page 4, line 1:

2 Delete "corporation informs the department in writing that the land is not needed by
3 the corporation for a utility corridor"

4 Insert "earlier of (1) legislative approval of state land selections made by the
5 corporation under (c)(1) of this section, or (2) delineation of a different route of the utility
6 corridor and railroad right-of-way by the corporation"

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .9

4/10/02

Contact: Richard Schmitz, 465 6791

This amendment is a technical fix.

Paragraph (2)(C) would require the railroad to prepare a report on the effects of construction on federal lands. This is unnecessary because federal laws require an EIS in any case. Leaving this language intact could result in additional, unneeded costs to the railroad, and delay or inhibit the project.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 3, line 17, following "domain;":
- 2 Insert "and"
- 3
- 4 Page 3, line 22:
- 5 Delete "; and"
- 6 Insert "."
- 7
- 8 Page 3, lines 23 - 25:
- 9 Delete all material.

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Sponsor Statement,
SCS CSHB 241 (RES) Draft version "/P" amendment .10

4/10/02

Contact: Richard Schmitz, 465 6791

The purpose of this amendment is to clarify the intent that the state and the railroad should be able to share sand, rock, gravel, etc. developed within the corridor. If the railroad develops a material site, it would have the ability to sell the materials to the state at cost only, and vice versa.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

1 Page 3, line 8, following "right":

2 Insert ", concurrent with a similar right conveyed to the corporation,"

3

4 Page 3, line 9, following "paragraph;":

5 Insert "the department and the corporation may not sell to each other any sand, gravel,
6 or rock extracted from land conveyed under this paragraph at a price that exceeds the cost of
7 producing the sand, gravel, or rock for use;"

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .13

4/10/02

Contact: Richard Schmitz, 465 6791

Amendment "P.13" adds a requirement that the railroad provide a map of land it proposes to request for a corridor. The amendment is at the suggestion of the Alaska Miners Association.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 2, line 29, following "land":
- 2 Insert ", and a map showing the location of the state land,"

x

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House District 34

**Sponsor Statement,
SCS CSHB 241 (RES) Draft version "/P" amendment .14**

4/10/02

Contact: Richard Schmitz, 465 6791

The purpose of amendment .14 is to clarify the intent of the legislation that the railroad is to identify valid existing rights in the land and make any conveyance subject to third party interests.

This amendment is offered at the request of the Department of Natural Resources.

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 3, line 4, following "land":
- 2 Insert ", subject to valid existing rights as of the effective date of this Act,"

X

ALASKA STATE LEGISLATURE

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .15

4/10/02

Contact: Richard Schmitz, 465 6791

Amendment "P.15" adds a second section to intent language at the request of the Department of Natural Resources.

The specific purpose of this language is to make clear the department retains its ability to manage any land included in the corridor until such time as a railroad or utility project moves forward.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

1 Page 1, line 6, following "INTENT.":

2 Insert "(a)"

3

4 Page 1, following line 10:

5 Insert a new subsection to read":

6 "(b) It is the intent of the legislature that the Department of Natural Resources
7 continue to manage state land between the existing railroad utility corridor of the Alaska
8 Railroad and the border of Alaska and Canada for multiple, temporary uses until the land is
9 conveyed to the Alaska Railroad Corporation for a railroad utility corridor."

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: DRAFT
 Bill Version: SCSCSHB 241 (RES)
 () Publish Date: _____
 Dept. Affected: Natural Resources
 BRU: Minerals, Land & Water Dev
 Component: Land Sales & Muni Ent.
 Component Number: 2456

Revision Date/Time (Note if correction): _____
 Title: Rail/Utility Corridor to Canada
 Sponsor: Rep. JAMES
 Requester: (S) RES

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services				14.6		53.2
Travel				2.0		3.0
Contractual				18.0	10.0	901.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	34.6	10.0	957.2

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						(10,000.0)

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	34.6	10.0	957.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	34.6	10.0	957.2

Estimate of any current year (FY2002) cost: None
 Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires DNR to convey an estimated 20,000 acres of state land to the Alaska Railroad Corporation for a future railroad corridor to Canada. The corridor would be approximately 268 miles long, at least 500 feet wide. The change in revenues shown for FY 2008 (\$10 million) reflects the value of the public domain land transferred to the Alaska Railroad Corporation.

This analysis assumes that the joint US-Canada study commission proposed by Public Law 106-570, Title III, sec. 306 (S. 2943 as enacted in 2000) will be set up early in FY 2003 and that (Continued)

Prepared by: Bob Loeffler
 Division: Mining, Land and Water
 Approved by: Pat Pourchot
 Agency: Natural Resources

Phone 269-8600
 Date/Time 27-Mar-02
 Date _____

ANALYSIS: (continued)

the commission completes its feasibility study by the end of FY 2005. In FY 2006-early 2007 the Alaska Railroad Corporation determines which land it needs for the corridor under HB 241 and obtains legislative approval before the end of FY 2007. In FY 2008 the corridor is surveyed and conveyed.

The legislation does not specify who is responsible for survey of the corridor or for the title search prior to conveyance. DNR's fiscal note includes the estimated survey and title search costs in FY 2008, but recommends the bill be amended to put this responsibility upon the Alaska Railroad Corporation rather than saying the land transfer will take place "without cost to the corporation."

DNR's FY 2006-7 cost is the cost assumed necessary to provide land status information and title reviews necessary for the Alaska Railroad Corporation to identify the corridor.

DNR's FY 2008 cost assumes that the corridor would be surveyed in FY 2008. The actual time needed to survey the corridor may be longer than one year. FY 2008 costs further include expenses for title review (\$25.0, based on one-quarter of the cost just incurred for title reports on TAGS) and issuance of title documents (\$28.2). FY 2008 also shows a change in revenue (loss of assets) of minus \$10 million, which is the estimated value of the state land (20,000 acresX\$500/acre).

The bill requires DNR to reserve whatever interests the state will need for a future gas pipeline. However, it is silent on protection of valid existing rights already created on this land (existing leases, contracts, road rights-of-way, the existing TAPS line right-of-way, etc.), which could lead to litigation either with third parties or the ARR. These litigation costs are not included here but could be avoided by making the transfer to the ARR subject to valid existing rights.

A M E N D M E N T # 1

OFFERED IN SENATE RESOURCES

BY SENATOR TORGERSON

TO: SCS CSHB 241(RES (version P)

- 1 Page 2, line 29
- 2 Following "a list of state land",
- 3 Insert "and a map showing land"

- 4 Page 3, line 7
- 5 Following "paragraph"
- 6 Insert "and maintain leasehold location on this land"

- 7 Page 4, line 10
- 8 Delete "Whitehorse, Yukon"
- 9 Insert "connect with the British Columbia Railroad"

22-LS0779\P
Utermohle
3/26/02

SENATE CS FOR CS FOR HOUSE BILL NO. 241(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Dyson, McGuire, Kohring, Scalzi, Wilson, I oster, Whitaker, Fate, Morgan, Davies, Hayes, Harris, Green

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to**
2 **Canada and to extension of the Alaska Railroad to Whitehorse, Yukon, Canada."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **LEGISLATIVE INTENT.** It is the intent of the legislature to reserve interests to the
7 state as necessary for the construction, maintenance, operation, and other activities for or
8 related to a gas pipeline in state land that may be conveyed to the Alaska Railroad
9 Corporation under this Act for the extension of the Alaska Railroad to the border of Alaska
10 and Canada.

11 *** Sec. 2.** AS 42.40 is amended by adding new sections to article 5 to read:

12 **Sec. 42.40.460. Extension of the Alaska Railroad.** (a) The corporation may
13 delineate a proposed railroad utility corridor between the existing railroad utility
14 corridor of the Alaska Railroad and the border of Alaska and Canada. The railroad

1 utility corridor shall be at least 500 feet wide. The railroad utility corridor may be
2 designated for a use identified under AS 42.40.350(b). The corporation may also
3 identify land for use as rail land that can be developed for terminal, station, and
4 maintenance facilities, switching yards, and material sites associated with the railroad
5 utility corridor. The corporation shall prepare a complete legal description of the
6 proposed railroad utility corridor and the rail land identified under this subsection.

7 (b) In performing the work authorized by (a) of this section, the corporation
8 shall consider the following factors:

9 (1) grade and alignment standards that are commensurate with rail and
10 utility construction standards and that minimize the prospect of at-grade railroad and
11 highway crossings;

12 (2) availability of construction materials;

13 (3) safety;

14 (4) effects on and service to adjacent communities and potential
15 intermodal transportation connections;

16 (5) environmental concerns;

17 (6) use of public land to the maximum degree possible;

18 (7) minimization of probable construction costs;

19 (8) the location of and the opportunity to obtain access to identified
20 natural resources that could contribute significantly to the state's economic
21 development; and

22 (9) prior and established traditional uses.

23 (c) If the corporation delineates all or a portion of the proposed railroad utility
24 corridor or the associated rail land,

25 (1) the corporation shall, after completion of a feasibility study on
26 linking the rail system in Alaska to the North American continental rail system,
27 determine which state land within the proposed railroad utility corridor and associated
28 rail land must be obtained by the corporation by fee and by a lesser interest in land; the
29 corporation shall submit a list of state land that the corporation proposes to select
30 within the railroad utility corridor and associated rail land to the legislature for
31 approval by law; if the legislature approves by law the selections of state land by the

1 corporation, the Department of Natural Resources shall

2 (A) in accordance with AS 42.40.360(b) and 42.40.370, convey
3 state land or interests in state land within the railroad utility corridor and
4 associated rail land to the corporation without cost to the corporation; the
5 Department of Natural Resources shall reserve to the state

6 (i) ownership of the mineral estate of the land conveyed
7 under this paragraph; and

8 (ii) the right to extract or use sand, gravel, and rock
9 present on the land conveyed under this paragraph; and

10 (B) delineate the route of the railroad utility corridor and the
11 location of the associated rail land in any system of land records maintained by
12 the Department of Natural Resources under AS 38.05.035; and

13 (2) the corporation shall

14 (A) as the corporation considers appropriate, exercise its
15 authority under this chapter to acquire rights-of-way across land within the
16 railroad utility corridor that is subject to the corporation's power of eminent
17 domain;

18 (B) upon delineation of the railroad utility corridor and
19 identification of associated rail land, expeditiously work with federal officials
20 to secure reclassification and withdrawal of federal land for reservations and
21 rights-of-way across the federal land for use as railroad utility corridor and rail
22 land; and

23 (C) prepare a report evaluating the effects of construction of an
24 extension of the Alaska Railroad across federal land; the report must satisfy the
25 requirements for an environmental impact statement under 42 U.S.C. 4332.

26 (d) The requirements of AS 38.05 (Alaska Land Act) relating to classification
27 and reclassification of land are inapplicable to actions taken by the Department of
28 Natural Resources under this section.

29 (e) The Department of Natural Resources shall retain the classifications and
30 reservations of land identified for use as a proposed utility corridor and railroad right-
31 of-way under former AS 19.05.122 until the corporation informs the department in

1 writing that the land is not needed by the corporation for a utility corridor. If the
2 corporation informs the department in writing that the land is necessary for use as a
3 utility corridor, the department shall convey the land to the corporation after
4 legislative approval of the land selections under (c)(1) of this section.

5 (f) To complete the work authorized by this section, the corporation may enter
6 into agreements relating to the work with the federal government, an agency or
7 instrumentality of the state, a municipality, or a private organization.

8 **Sec. 42.40.465. Extension of the Alaska Railroad to Whitehorse, Yukon,**
9 **Canada.** The corporation may investigate extension of the Alaska Railroad from the
10 border of Alaska and Canada to Whitehorse, Yukon. The corporation may acquire
11 land or interests in land in Canada as the corporation considers appropriate for the
12 development, construction, and operation of an extension of the Alaska Railroad to
13 Whitehorse, Yukon.

14 * Sec. 3. AS 19.05.122 is repealed.

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House of Representatives
House District 34

Sponsor Statement, HB 241

1/14/02

If all government-funded employment in Alaska disappeared one day, only a few thousand private sector family-wage jobs would remain. It can be argued Alaska does not have an economy. ... Rather Alaska has a series of boom and bust cycles tied to the price of, and demand for, natural resources.

Alaska's economic future will be built on improved infrastructure. Connecting Alaska to the rest of North America by rail will benefit the mining, agriculture, tourism, military, manufacturing, and oil and gas sectors of the economy, while reducing the cost of bringing goods to the state as well as exporting our products.

The purpose of HB 241 is to begin the process of completing the last transcontinental railroad. Without appropriating funds, HB 241 authorizes the Alaska Railroad to delineate a transportation and utility corridor from existing tracks at Eielson AFB to the Canadian Border. After a survey and full delineation is achieved, state land would be transferred fee simple title.

This bill also authorizes and encourages the Alaska Railroad Corp. to obtain ownership or a right of way through any other lands, whether federal or private.

HB 241 mandates a 500-foot wide transportation and utility corridor that could allow for pipelines for gas or water as well as electric transmission lines and fiber optic cable. HB 241 allows the Alaska Railroad to use funds it can obtain, such as from federal appropriations or by sale of bonds, to survey and obtain a right of way to the Canadian border.

A separate section of this bill authorizes the Alaska Railroad to investigate extending to Whitehorse, Yukon.

House Minute



ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE

April 27, 2001

1:12 p.m.

HB 241-RAIL AND UTILITY CORRIDOR TO CANADA

VICE CHAIR FATE announced that the final order of business would be HOUSE BILL NO. 241, "An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

REPRESENTATIVE JEANETTE JAMES, Alaska State Legislature, testified as the sponsor of HB 241. She noted that she has been working on this issue for some time and filed HB 241 because she wanted to have a definite alignment of the rail corridor. Currently, there is a "center-line" survey from the air to identify where the corridor would be located, which is along the highway. She related her belief that there are some gas rights-of-way along the highway. She explained that the rail corridor has two endings one of which extends to the Canadian border and the other proceeds north at Tetlin and comes down the Ladue River and continues through Carmacks and Faro to Watson Lake. Although that is a resource rich area, it seems unlikely that a railroad would be put through the Yukon Territory and connect with the British Columbia Rail without going through Whitehorse. Furthermore, although the Ladue River is state-owned land, it includes wetlands and habitat and thus it may be easier to proceed down the highway, an area that has already been disturbed. Therefore, HB 241 doesn't specify going through the Ladue River, it merely says that the rail would go to the Canadian border and on to Whitehorse. This legislation would authorize the railroad to do surveying of a 500 foot wide corridor to be utilized for railroad transportation and utilities. After the extensive survey has been prepared, the survey would be submitted to the State of Alaska who would then transfer the land within the corridor to the Alaska Railroad Corporation (ARRC). For the land that is not state land, there would be authorization to proceed in obtaining right-of-way permission. She said that she didn't know what had to be done once the corridor reaches the Canadian border; the corporation would have to deal with that. She pointed out that there is no financial help with this proposal and thus she assumed that ARRC would find its own funding for this.

REPRESENTATIVE JAMES informed the committee of the dispute she has with the State of Alaska, which would prefer to give the railroad a right-of-way. However, she felt that "they" need to own the right-of-way because ARRC is a state-owned corporation and all of the railroad's current rights-of-way belong to it save those passing through military bases. Therefore, the issue of giving [the right-of-way] to the railroad isn't realistic because it's transferring it. This situation would be the same as transferring land from the state to the Alaska Industrial Development and Export Authority (AIDEA). She also noted that there will be testimony regarding whether the gas line should be placed in the railroad corridor, an issue for which she didn't have an answer. However, she explained that one of the reasons

for HB 241 is to avoid a situation in which a gas line is the road where the railroad is to be placed. She mentioned that she has had extensive conversations with the oil companies on this matter. The [difficulty] is who would receive the money from the oil companies for the gas line [if it were to be located in the railroad right-of-way]. The state would probably claim it should receive that money. However, she suggested that if the gas line was in the railroad corridor and the industry paid the railroad, the railroad would build it because the railroad could bond for that future revenue.

REPRESENTATIVE JAMES acknowledged that there is much controversy surrounding the railroad as it was setup to operate as an almost private corporation owned by state funds. Furthermore, the legislature continually attempts to hamper the railroad's efforts to run like a private corporation. Representative James recognized that many would like to sell the railroad and she believes that someone will be interested in such a purchase in the not-so-distant future, especially if it looks as if the line is going to be connected to the Lower 48. She remarked that she would be willing to sell ARRC whenever someone wants to pay the state what it's worth.

Number 1485

HAL COOPER testified via teleconference saying that Representative James has requested that he speak in support of HB 241. He said that HB 241 is a very necessary first step in beginning the connection of the rail lines between Alaska and Canada and the Lower 48. He felt that this proposal is a very useful and necessary step to develop the railway and create the corridor.

PAUL TAYLOR, Professional Engineer, testified via teleconference. Mr. Taylor provided the following testimony:

A key component of the location and economic strategy of an Alaska to British Columbia railway corridor will be the location of the route through the Central Yukon. I believe the Yukon extension investigation should focus on Whitehorse as a major terminal on the main track. Route selection studies should give intense examination of the line of track leading from the Ladue River Valley of the Alaska-Yukon border through the vicinity of Carmacks, Yukon. Then the track corridor would generally follow the Klondike Highway down to Whitehorse. Reasons for this routing are numerous. With Carmacks established as a terminal on the Alaska to British Columbia Transcontinental main line, the immediate Carmacks region provides the potential for serious mineral development. What is more is that link either by a branch line or continued utilization of the Robert Gamble Highway provides transportation to the Faro Roust (ph) River mineral sector, which adds even more freight potential to the Carmacks terminal. The railroad route from Carmacks to Whitehorse has been studied in detail in the past with the line of railroad shown to be superior in grade and alignment. Carmacks to Skagway route offers immense potential for tourism cruise trains.

The Central Yukon route and economic feasibility investigation must include every part framing the engineering considerations, a conversion plan, and the economic consequences to covert the White Pass and

Yukon route to standard gauge in order for the transcontinental railroad to be linked to the Port of Skagway, the Yukon's gateway. Carmacks to Skagway interconnection will be vital to the economic integration of the Alaska to British Columbia Railway. The multimodal railroad corridor must, by its obvious benefits to the overall project, be included in any feasibility study of railroad construction in the Yukon. One could also argue that the Carmacks to Skagway corridor could be constructed independently, in advance of the Alaska Railroad extension to the Yukon.

Mr. Taylor concluded by noting that he would mail other remarks to the committee this afternoon.

Number 1223

DAVE BROADBENT (PH), Canadian Arctic Railway, testified via teleconference. He felt that HB 241 [provides the hope] that this railway will happen some day. He applauded Representative James' attempt, through HB 241, to promote the extension of the railway. He noted that once Canada gets going on this, it would headquarter any development in Canada out of Whitehorse.

Number 1069

JOHN PORTSCHELLER testified via teleconference. Mr. Portscheller remarked that the most recent (indisc.) papers provide excellent examples for the arguments in opposition to HB 241. Reviewing the proposal from the civil perspective, environmental questions would have to be addressed well before route selection is discussed. However, he didn't see even a vague recommendation to address those factors in the legislation. Mr. Portscheller informed the committee that the area's fish and wildlife environmental organization representatives are staunchly opposed to this development. There are many reasons that support stepping back and taking a second look at such a proposal as this. He stated one reason: "If a large scale economic development like this is to go forward, it should stand the age-old litmus test of determining whether or not the private sector would push forward such a project." However, there seems to be little indication that the private sector in Alaska has the willingness or financial capability to take on such development. This seems to be a backward approach in that it essentially forces the project. Furthermore, Mr. Portscheller expressed the need to address environmental concerns and physical factors as well as considering the total privatization of such a project versus having the government take the lead.

Number 0899

REPRESENTATIVE JAMES noted that she has been working on this issue for nine years and has wondered when someone from the environmental community would object. She said that she hasn't had any objections before now. She expressed interest in meeting with Mr. Portscheller.

MR. PORTSCHELLER said "we" would be interested in meeting with Representative James. He noted that he isn't affiliated with the local environmental or fish and game organizations and is speaking only as a member of the community of Tok.

Number 0699

BILL BRITT, State Gas Pipeline Coordinator, Office of the Commissioner, Department of Natural Resources (DNR), testified via teleconference. Mr. Britt said that he has the following two concerns with HB 241:

The first is that the bill does not allow the Department of Natural Resources to protect valid existing land rights on land that DNR would be required to convey to the Alaska Railroad. These rights could well include the TAPS (Trans-Alaska Pipeline System) right-of-way. We may not wish to transfer portions of the TAPS right-of-way even as we are processing an application for renewal of that right-of-way. Secondly, the bill does not allow the commissioner of DNR to reject portions of the corridor where there might be a greater state interest involved in the land such as a gas pipeline. The bill could, thus, complicate a gas pipeline project by: removing possible gas pipeline right-of-way from state ownership even as an application may be pending; removing possible construction material sites from state ownership; creating another landowner for portions of the right-of-way; and creating the possibility that the railroad would be granted condemnation authority over private lands that would be within a gas pipeline right-of-way. We may wish to retain as much control over the gas pipeline authorization process as possible at this stage in that project. And this bill appears, to me, to be contrary to that end.

My colleagues in the Division of Mining, Land, and Water have expressed several other concerns. ... The first being that expenses associated with the transfer are not made clear; who bears those expenses? The second is: there ... is no ability for the (indisc.) to retain sub-surface rights on the lands that would be conveyed. And the third is: there appears to be no upper limit on the amount of land that could be required to be transferred. The corridor is described in the bill as at least 500 feet wide, but no maximum amount is identified.

Number 0510

VICE CHAIR FATE asked if any thought had been given to a common corridor so that [the department] could facilitate a transportation facility for both gas and the railroad as well as any future considerations.

MR. BRITT answered that there is no prohibition against more than one use of a transportation corridor. The rights-of-way the [department] grants are nonexclusive rights-of-way and thus more than one use can occur within a right-of-way as long as the uses are compatible. Such occurs frequently.

Number 0444

REPRESENTATIVE JAMES indicated that [Mr. Britt's] testimony highlighted the reasons why the proposal won't work without any indication to help make it work. She said that she was willing to add any language to make this work. Furthermore, she assumed that the issues identified by Mr. Britt would be issues that the railroad, who would survey this route, would be reviewing. She

didn't expect the railroad to travel over an already existing right-of-way. Moreover, Representative James emphasized that this corridor was present before there was talk of a gas pipeline not to mention that the railroad corridor will probably be present after the gas pipeline is finished. She expressed her belief that it is important that this [corridor] be done now and there should be some coordination. She mentioned that NASA had flown over this corridor with high-resolution photography because the federal government wants this railroad corridor and thus there may be federal money. Representative James said, "I'm really serious about this issue and I want some cooperation from DNR and other agencies of the state to make this happen."

MR. BRITT clarified that he was commenting on HB 241 not the feasibility of an extension of the railroad. He said that he believes his aforementioned concerns have been communicated before, at least in the fiscal note. Therefore, there shouldn't be anything new in his testimony.

Number 0116

REPRESENTATIVE GREEN related his understanding that HB 241 requires condemnation rights and many other requirements, yet there is no fiscal note because the expectation is that the railroad will secure the financing.

REPRESENTATIVE JAMES agreed with that understanding.

REPRESENTATIVE GREEN inquired as to what the railroad must do. He asked if the railroad would have the ability to decline this.

REPRESENTATIVE JAMES interjected that [HB 241] merely authorizes the railroad to do this. In further response to Representative Green, Representative James confirmed that she has spoken with the railroad.

REPRESENTATIVE JAMES informed the committee that U.S. Senator Ted Stevens indicated to the railroad last year or so that he wanted the railroad to determine the cost to extend the railroad to Delta for a missile defense system. The railroad did determine the cost for such and some work had to be done for that, which she recalled was \$250 million ...

TAPE 01-45, SIDE A

REPRESENTATIVE JAMES said that when it comes to building a missile defense system, this proposed corridor would be advantageous in order to bring in the materials. Therefore, she suspected that there might be some federal money available for the corridor or perhaps some large railroad companies may be interested in this and may come to the table with money. She noted that there may also be some bonding possibilities. However, she clarified that she isn't present to do the financing.

Number 0098

REPRESENTATIVE GREEN expressed concern that in order to start this project the determination of where the line can go has to be made. Such work, as illustrated with the railroad's work on the Delta connection, is "no lean task." Therefore, a significant amount of money will be required to establish a feasible route or routes. Representative Green suggested that there are a sequence of events such as aerial photography to on the ground [surveys] to ownership that would take some time.

Therefore, he indicated concern with the time it would take to do what is laid out in the bill.

REPRESENTATIVE JAMES turned to U.S. Senator Murkowski's legislation. She explained that the Rails to Resources legislation authorized a bilateral commission, 12 Americans and 12 Canadians. There was a \$6 million fiscal note on the US side to create this commission in order to perform a feasibility study in the next three years. At this point, "we" are waiting for the Canadians to pass the same legislation with a like fiscal note, after which the commission will be appointed and the feasibility study will be done. She estimated that it would probably cost about \$10-\$12 million to perform the feasibility study. However, Representative James pointed out that it will be difficult for the commission to perform a feasibility study if there is no authority to have any routes. Therefore, HB 241 is before the committee.

REPRESENTATIVE JAMES informed the committee that Dr. Paul Metz, University of Alaska, has made some grant applications to perform a complete geological study of the existing rail from Fairbanks to Seward as well as "this" line. She presumed that he would obtain that grant and work on it this year.

REPRESENTATIVE JAMES said that [the corridor] would provide room for all the different types of transportation and utility things that "we" want to go down the highway. This is the beginning in that it determines where that is and what works. The gas pipeline wouldn't need the same type of topography that a rail would. The topography is critical for a railroad.

Number 0401

REPRESENTATIVE GREEN recalled [testimony] that there might be a commonality between the [gas] pipeline and the rail. He could see the commonality between the pipeline and the highway whereas the grades required for railroads aren't necessary for a pipeline or a highway.

REPRESENTATIVE JAMES agreed, but noted that she has been told that gas runs better when its flat.

REPRESENTATIVE GREEN noted that there are a myriad of pipelines that aren't flat. Representative Green expressed concern that HB 241 goes far beyond the feasibility aspect. He remarked on the need to do a feasibility study that would specify what type of land is where.

Number 0500

REPRESENTATIVE JAMES commented on things being "studied to death." Representative James said:

I want to have something that says we're going to go there. If you don't like the way the language is written, I'll fix it. ... I want to authorize, something on paper that authorizes the fact that there is an opportunity to have a rail corridor and a utility corridor going into Canada. And that's going to take something. If I can't get it out of the people who work for the state and I can't get it out of the legislature, there's no point in even talking about it. And we might as well tell Washington, D.C., we don't want any kind of industry, ... expansion, or ... economic activity in the state. You got to start

some place. And I understand the biggest argument I have with people is where's the money going to come from. You know, if you have an ability to do something and there's an opportunity out there, somebody will come forward with the money. It just happens. ... I'm saying that you got to have an opportunity for people to ... see the opportunity before the money is going to come forward. ... There is nothing that cannot be accomplished if you really want to do it and if the desire of getting to the end result is there; and that's where I'm at. If we don't have some economic activity in this state, we're going to dry up.

REPRESENTATIVE GREEN pointed out that the people who offer the money do feasibility studies. The feasibility study would include "can you get there," the environmental concerns, and the economics. He said that he wouldn't have a problem with such; however, he suggested that [HB 241] goes far beyond that and assumes that a railroad [corridor] will be built.

REPRESENTATIVE JAMES disagreed. In response to Vice Chair Fate, she announced that all references to "Whitehorse, Yukon Territory" in HB 241 should be changed to refer to "Whitehorse, Yukon."

Number 0839

CO-CHAIR SCALZI moved that the committee adopt the following amendment:

Page 1, line 2; page 3, lines 21, 22, and 25,
Delete "Territory"

There being no objection, the amendment was adopted.

Number 0942

REPRESENTATIVE McGUIRE moved to report HB 241 as amended out of committee with individual recommendations and the accompanying fiscal note. There being no objection, CSHB 241(RES) was reported from the House Resources Standing Committee.

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

April 24, 2001

1:17 p.m.

HB 241-RAIL AND UTILITY CORRIDOR TO CANADA

CHAIR KOHRING announced that the final order of business would be HOUSE BILL NO. 241, "An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

RICHARD SCHMITZ, Staff to Representative Jeannette James, Alaska State Legislature, came forth on behalf of Representative James, sponsor of HB 241. He stated:

Last legislative session, HJR 51 was passed, which ... was a resolution calling for the connection between the Lower 48 and Alaska by railroad. It would allow for tracks to go between, basically, Eielson Air Force base, where they are now, and Fort Nelson, B.C. [British Columbia].

This is something that Representative James has really believed in for a long time. In fact, the dream of having what we call the Last Transcontinental Railroad has been around since the Alaska Railroad was first constructed before the Second World War. And even at the turn of the century there was talk of building this railroad. It seems that today's infrastructure is a huge issue for building Alaska's economy.

... HB 241 will follow up on the resolution by actually having a piece of legislation that would basically authorize the Alaska Railroad to extend tracks from Eielson. And originally the idea was to go to the Canadian border. But there being nothing there but black spruce and lichen, it would authorize it to go all the way to Whitehorse, Yukon Territory, the idea being that the White Pass Railroad, which connects Skagway with Carcross ... pointed out that the White Pass Railroad is really set up to expand from a narrow gauge to a standard gauge at some point in time in the future, and over the last few years the railroad has proved very successful.

At first, it just was back and forth on the dock with a little engine after it shut down when the mines closed down the Yukon. Then they started doing tourist runs a little bit up, and then they went to the Pass, and now they are going all the way to Carcross. ... So, some point in time in the future with a corridor there, there could be a connection right down to the port at Skagway, which could be a big benefit for building the gas line, for example, or the missile defense program.

We also heard yesterday ... about a proposal to have these big "super servers" up on the North Slope that would use natural gas, and they would have to have a fiber-optic cable that would come down. ... Well, part of this plan is to have a railroad utility corridor with fiber-optic cable going all the way down along it.

Number 0402

REPRESENTATIVE WILSON remarked that she is excited about this and thinks this will help Alaska in the long run. She said it would open up areas for economic development, especially in the mining area along the corridor where there are many minerals.

CHAIR KOHRING concurred with Representative Wilson.

REPRESENTATIVE MASEK referred to the fiscal note and read, "We assume the State land could be acquired for no cost." She asked, if there were any R.S. 2477 trails or other access routes, whether they would be protected.

Number 0288

REPRESENTATIVE JAMES responded that there is the EIS (Environmental Impact Statement) procedure in getting anything done. If there is an R.S. 2477 there to vacate, it would be a decision made by the state, not the railroad. The only time there would be a problem would be if [the corridor] were going the same direction as the railroad; however, it is right down

the highway. Had there been [a problem], she surmised that it would be negotiated according to the circumstances.

REPRESENTATIVE MASEK asked whether the R.S. 2477s and other access routes are protected for public access.

REPRESENTATIVE JAMES answered that she thinks they are automatically protected by the law. They would only be changed through some legal method, with public input.

TAPE 01-33, SIDE A
Number 0025

REPRESENTATIVE JAMES remarked that it is a good possibility that if there is a connection from Alaska to the North American rail system, and if the rail system is moved through the Seward Peninsula near Nome and has a deep-water port in Norton Sound, [Alaska] could be a "throughput" for materials from Asia to Canada and the Lower 48; it would be easier, with the water transportation, to Alaska than to Seattle.

CHAIR KOHRING asked whether there is any opposition in Canada to the railroad extension.

REPRESENTATIVE JAMES responded that she is not aware of any. She has met with people in Vancouver, B.C.; Grand Perry (ph); and Calgary. Everyone is excited.

CHAIR KOHRING asked whether the closest point of the railroad in Canada to Alaska is Fort Nelson.

REPRESENTATIVE JAMES answered that Fort Nelson is one of the areas. She added that [Alaska] has not had any intense relationships with the First Nations people.

Number 0298

CHAIR KOHRING asked, "Where do we go from here, assuming that this passes the legislature?"

REPRESENTATIVE JAMES responded that this just opens the door for the railroad to something in the event that something is ready to be done. She noted that U.S. Senator Murkowski passed legislation last year that authorized a bilateral commission of 12 U.S. people and 12 Canadian people. The U.S. is just waiting for Canada to pass the same sort of legislation in its federal government. When that happens, there will be the appointment of the 24 people, a \$6 million fiscal note from the U.S., and hopefully a similar fiscal note from the Canadians. This committee will be appointed to hire the folks needed to do the feasibility study.

CHAIR KOHRING asked what the distance in Alaska would be in comparison to that in Canada.

REPRESENTATIVE JAMES responded that it would be about 270 miles; it would be a lot farther on the Canadian side. Altogether, it is about 1,200 miles.

Number 0446

CHAIR KOHRING asked who pays what.

REPRESENTATIVE JAMES answered that she is not sure.

CHAIR KOHRING suggested privatizing the Alaskan leg of the railroad.

REPRESENTATIVE JAMES said she thinks that is a good possibility.

Number 0521

REPRESENTATIVE MASEK moved to report HB 241 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 241 was reported from the House Transportation Standing Committee.

Bill Root:

Display Bill Root



TO REPORT PROBLEMS WITH BASIS INQUIRY

LIVE KTOO STREAMS



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These remarks are especially prepared for delivery in support of HB 241 on February 27, 2002. A hard copy is being mailed directly to Representative Jeannette James

Good afternoon,

My name is Paul Taylor. I hold a Master of Civil Engineering Degree from UAF and I am registered as a professional engineer both in Alaska and the Yukon. I have extensive railroad experience on the White Pass & Yukon Route, the Alaska Railroad, Union Pacific and a profile of successful completion of heavy civil construction projects in Alaska that I believe is worth sharing.

I take this occasion to urge your favorable consideration of House Bill 241. This visionary Bill can form the basis for completion of the final leg of construction of an Alaska-to-British Columbia railroad.

My remarks today are focused on Sec. 42.40.465. of the Bill, Extension of the Alaska Railroad to Whitehorse, Yukon, Canada.

A key component of the location and economic strategy of an Alaska-to-British Columbia railroad corridor will be the location of the route through the central Yukon. I believe the Yukon extension investigation should focus on Whitehorse as a major terminal on the main track. The route selection study should give intense examination of a line of track leading from the Ladue River Valley at the Alaska-Yukon Border to the vicinity of Carmacks, Yukon. Then the track corridor would generally follow, on an almost due south heading, the Klondike Highway down to Whitehorse.

Reasons for this routing are numerous. With Carmacks established as a terminal on the Alaska-to-British Columbia transcontinental main track, the immediate Carmacks region provides the potential for serious mineral development. What is more is a link either by rail branch line or continued utilization of the Robert Campbell Highway provides transportation to the Faro/Ross River mineral sector which adds even more freight potential to the Carmacks terminal. The railroad route from Carmacks to Whitehorse has been studied in detail in the past with the line of railroad shown to be superior in grade and alignment. The Carmacks to Skagway route offers immense potential for tourism cruise trains.

The Central Yukon route and economic feasibility investigations must include a report framing the engineering considerations, a conversion plan and the economic consequences to convert the White Pass and Yukon Route to standard gauge in order for the Alaska-to-British Columbia transcontinental railroad to be linked to the port of Skagway, the Yukon's gateway. This Carmacks to Skagway interconnection will be vital to the economic integration of the Alaska-to-British Columbia railroad. A multi-modal railroad corridor from Carmacks to Skagway must by its obvious benefits to the overall project be included in any feasibility study of railroad construction in the Yukon.

One can argue that the Carmacks to Skagway multi-modal railroad corridor could be constructed independently in advance of an Alaska Railroad extension to the Yukon.

It is important to reflect on the history of railroad development in the Yukon. The original northern terminus of the White Pass & Yukon Route was intended to be Fort Selkirk, Yukon. Later in the late 1960's and early 1970's there was serious economic consideration given to construction (by private enterprise) the very Carmacks to Whitehorse railway route we are discussing today. There were several engineering reports prepared during that period that included detailed engineering of the line of railway between Carmacks and Whitehorse and the connection with the White Pass. Mineral development for export was the economic driver of the 1960's and 1970's studies. Today we can add consideration for cruise trains, multi-modal corridors use, and integration into a much larger scale Alaska-to-British Columbia transcontinental railroad to a Carmacks to Whitehorse to Skagway railroad.

Finally we must bring debate by all stakeholders in this process. I urge a series of public meetings, held concurrently with the route investigation, where the people of Alaska and the Yukon and all other interested parties can express their view and participate in the process to insure the railroad corridor extensions is socially, economically, and environmentally responsible.

Ends

-30-