SB

31

SFIN

FILE

REPORTED OUT

APR 2 2 2004

SENATE FINANCE COMMITEE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/24/03

FURTHER:

DATE TURNED IN TO OFFICE: 22April2004

Finance Committee considered SENATE BILL NO. 31

SB 31 RAILROAD UTILITY CORRIDOR TO & IN CANADA

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

and recommends:

Senate Bill:
[✓] same title
[ ] new title

House Bill:
[ ] same title
[ ] technical title
[ ] new: SCR #_____

[ ] be **replaced** with _____ **CS** _____ (_____)

[✓] adopt **previous** _____ **CS** SB 31 (RES)

[ ] attached amendment(s)

[ ] adopt Letter of Intent by _____ Committee

[ ] further referral to _____ Committee

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOT	1/28/04		✓	
DCED-AKRR	1/22/04		✓	
DNR	1/23/04		✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	✓			
			✓	
				✓
		✓		
	✓			
COCHAIR: Lyda Green			✓	
COCHAIR: Gary Wilken	✓			

REPORTED OUT

APR 2 2 2004

SENATE FINANCE COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB031CSSB(RES)-DOT-
() Publish Date:

Revision Date/Time (Note if correction):
Dept. Affected: DOT
Title: Transportation Corridor
BRU: Administration and Support
Component: Commissioners Office
Sponsor: Cowdery, Wilken
Requester:
Component No.: 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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						
CHANGE IN REVENUES ( )						

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 (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: John MacKinnon
Phone 465-3900
Division
Date/Time 1/28/04 4.59 PM
Approved by: John MacKinnon
Date 1/28/2004
Agency Deputy Commissioner

(Revised 9/2003 OMB)

FISCAL NOTE

REPORTED OUT
APR 2 2 2004
SENATE FINANCE COMMITEE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB 31 (Res)
(Publish Date:

Revision Date/Time (Note if correction):
Dept. Affected: DCED

Title: Railroad Utility Corridor to & in Canada
BRU: Alaska Railroad Corporation
Component:

Sponsor: Senator Cowdery
Requester: Senate Finance
Component No.:

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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						
CHANGE IN REVENUES ( )						

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 (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Please see Analysis Continuation.

Prepared by: Wendy Lindskong, Director of External Affairs — Phone 907-265-2498
Division: Alaska Railroad Corporation — Date/Time 4/22/04 8:58 AM
Approved by: Edgar Blatchford, Commissioner — Date 4/22/2004
Agency: Department of Community & Economic Development

(Revised 9/2002 OMB)

ANALYSIS CONTINUATION

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements, but does receive federal grants used primarily for capital projects. At this point, ARRC matches all federal grant appropriations with its internal funds. Should this be the case regarding federal funding appropriated for corridor delineation to the Canadian border and beyond, there will not be a fiscal impact to the State's general fund. There would be a fiscal impact if the State helps ARRC match federal dollars. There have been previous estimates that it would take approximately $5 million to delineate and survey the corridor from the Alaska Railroad near Fairbanks to the Canadian border.

Additionally, this bill would allow ARRC to investigate extending from the Alaskan border to connect to the North American rail system. At this time, ARRC has not estimated the cost to determine the route and conduct surveys for this corridor section. This bill would also allow ARRC to acquire the right of way in this corridor. We assume that State land would be acquired at no cost to ARRC. Military land could be transferred through working with the state's congressional delegation. However, Native lands would require purchase or granting of easements; at this juncture, we do not have any estimates for such associated costs.

REPORTED OUT

APR 2 2 2004

SENATE FINANCE COMMITEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB31CS(RES)-DNR-LSME-
() Publish Date:

Revision Date/Time: 1/23/04
Dept. Affected: Natural Resources

Title: Rail/Utility Corridor to and in Canada
RDU: Resource Development
Component: Land Sales and Muni Ent.

Sponsor: Cowdery
Requester: (S) FIN
Component No.: 2456

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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						
CHANGE IN REVENUES ( )						

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 (FY2004) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

This bill authorizes ARR to designate a 500-foot wide transportation corridor from its current northern terminus a Eielsen AFB to the Canadian border and to identify rail lands for associated uses. Once the ARR has identified funding and is ready to actually begin construction on part of the designated corridor, DNR is to transfer management authority for a 200 foot wide RR corridor within that segment of the transportation corridor to ARR. Once the railroad has been constructed the bill requires DNR to convey ownership of the 200 foot wide RR corridor and associated rail lands to the ARR. This would total an estimated 7,500 acres of state land for a corridor approximately 268 miles in length.

Prepared by: Bob Loeffler
Phone: 269-8600
Division: Mining, Land and Water
Date/Time: 1/23/04 3:45 PM
Approved by: Thomas Irwin, Commissioner
Date: 1/23/04
Agency: Natural Resources

(Revised 9/2003 OMB)

ANALYSIS CONTINUATION

ANALYSIS: (continued)

DNR anticipates a zero fiscal impact to the department as a result of this bill. The bill provides that the ARR will pay for the survey of the railroad and reimbursed the department for any reasonable administrative costs associated with the conveyance of the 200 foot RR corridor to the ARR.

SENATE FINANCE COMMITTEE

4/21/2003 COMMITTEE ACTION

Bill Number	SB 31		
Amendment	move from		
Motion	Committee		
Motion by	Dyson		
Objection by	Bunde		
Removed			
Second Objection by			
Committee Member	**Y**	***Vote***	**N**
Senator Stevens	✓		
Senator Bunde			✓
Senator Dyson	✓		
Senator Hoffman	✓		
Senator Olson	✓		
Co-Chair Green	✓		
Co-Chair Wilken	✓		
Tally			
Yea	6		
Nay	1		
Absent			
MOTION	Pass		

ALASKA STATE LEGISLATURE
SENATE DISTRICT O

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John J. Cowdery
Senate Rules, Chair
Senate Transportation Committee, Chair
World Trade State & Federal Relations, Chair
State Affairs, Legislative Council

SECTIONAL ANALYSIS OF CSSB 31 (RES):
(version 23-LS0336\U)

Section 1 revises the Alaska Railroad Corporation Act, adding sections. The first is AS 42.40.460, addressing the extension c :a Railroad to Canada.

The second is AS 42.40.465, which authorizes the ARRC to investigate a rail connection between the Canadian border and North American rail system.

The first section is organized into 11 subsections.

- **Section 1(a)** broadly authorizes ARRC to designate a 500-foot-wide transportation corridor from its current northern terminus at Eielson AFB to the Canadian border and to identify rail land for associated uses. The ARRC is directed to prepare a legal description of these lands.

- **Section 1(b)** lists factors the ARRC must consider when determining the route of the transportation corridor and requires the corporation to consult with interested parties such as gas pipeline proponents.

- **Section 1(c):** Once the ARRC identifies the transportation corridor or rail land, the following steps are mandated by this section:

  1. DNR must consult with ARRC and interested parties to make cure the route minimizes potential adverse effects on a gas pipeline location and operation.
  2. The bill retains DNR as the interim manager with procedural safeguards to protect the future railroad use of the corridor.
  3. Specifically, the land will be reserved by DNR, subject to valid existing rights, and managed by DNR under consultation with ARRC, so as to allow other uses but not obstruct the future railroad or other transportation uses.
  4. DNR and ARRC will begin to identify potential crossing locations.
  5. DNR will retain any revenues arising from use of the land.

- **Section 1(d)** establishes the steps that will occur once ARRC has identified funding and is ready to actually begin construction on a part of the designated corridor. DNR transfers management authority for that segment of the corridor to ARRC, again subject to valid existing rights and retaining the right to authorize and manage a gas pipeline in the corridor. ARRC will from that time forward receive any revenues associated with that land except any derived from a gas pipeline. DNR will also retain the ability to identify and reserve the right to establish future crossings subject to section (g) of the bill.

- **Section 1(e):** Establishes the steps that will occur once ARRC completes construction of a segment of the rail line. ARRC will provide a survey of a 200-foot corridor, 100 feet on each side of the as-built centerline of track. DNR will use that survey to convey the state's entire interest in that land to ARRC, subject again to valid existing rights and reserving (i) the right to establish future crossings, (ii) the oil and gas and other mineral rights required to be reserved in all state land conveyances under AS 38.05.125, and (iii) the right to authorize a gas pipeline and retain associated revenues. ARRC will pay DNR's administrative costs in making the conveyance. DNR will continue to manage the remaining 300 feet within the original 500-foot reserved corridor as a transportation corridor until no longer needed as such. DNR will also continue to manage any remaining 500-foot corridor (in which ARRC has not begun construction) as a transportation corridor under this section.

- **Section 1(f):** This section recognizes the possibility that a natural gas pipeline may be proposed for construction before the railroad extension reaches that level of certainty. The philosophy of the section is that a potential railroad should not be an impediment to a gasline proposed for construction. DNR is required to consult with the corporation before authorizing a gas pipeline across the transportation corridor or associated rail lands. If a railroad improvement has not already been constructed, DNR is authorized to adjust the location of the transportation corridor to accommodate a proposed gas pipeline if it finds this to be in the best interest of the state.

- **Section 1(g):** This section balances the ARRC's needs for a safe, efficient, route unhampered by numerous crossings against the need for development of nearby resources and public access across the route. There are existing rights in this area that will be potential crossings, depending on the final rail alignment, and more are likely to be granted by DNR both before and after railroad construction. Both the state and ARRC are protected against liability arising from public uses except to the extent arising from the gross negligence of either of them. DNR, as the agency with a mission to protect public access to public resources, will reserve the right to authorize specific crossings, but only with the concurrence of ARRC that any particular crossing is consistent with safety standards and minimizes its impact on railroad operating efficiency. If DNR authorizes a crossing, it will indemnify ARRC for related liability on that crossing under AS 42.40.420(1)-(3), which applies to public uses of ARRC land in general, however excepting liability arising from ARRC's gross negligence

- **Section 1(h):** addresses other related activities ARRC must or may undertake as part of the rail extension. Where any portion of the designated route crosses private land, the corporation can consider whether to exercise its statutory power of eminent domain. Where any portion of the designated route crosses federal land, the corporation must work with federal officials to reclassify and withdraw the land for this purpose. Finally, before federal land is acquired or federal funds are spent, the corporation has to comply with federal law requirements for an EIS.

- **Section 1(i):** Relieves the process of delineating, reserving and conveying the lands affected by this section from the requirements of being classified and reclassified under DNR's governing statutes.

- **Section 1(j):** Directs DNR to retain any land previously identified and classified for use as a utility corridor and railroad right-of-way under AS 19.05.122 and manage them as if designated under this section until ARRC notifies DNR those lands are not needed for this transportation corridor.

- **Section 1(k):** Allows ARRC to enter into contracts with all manner of entities to perform the work authorized under this section.

New AS 42.40.465 authorizes ARRC to investigate a rail connection between the Canadian border and the North American railroad system, including the possibility of acquiring land in Canada for supporting this purpose. It also directs ARRC to consider the same factors that are listed under Sec. 1(b) above as it conducts this investigation.

Section 2: Repeals former AS 19.05.122, which was originally enacted in 1977 and amended in 1981 and 1999 to authorize the Department of Transportation and Public Facilities to delineate a proposed utility corridor (including a railroad right-of-way) to Canada.

SENATOR
JOHN J. COWDERY
Anchorage

Committees
Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council

Alaska State Legislature
Senate

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Senator_John_Cowdery@legis.state.ak.us

SPONSOR STATEMENT FOR SB 31

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

Growing Alaska's economy and ending a history of boom-and-bust cycles depends on improving our state's transportation infrastructure. The purpose of SB 31 is to advance the inclusion of Alaska in the contiguous North American rail system.

Without appropriating funds, SB 31 authorizes the Alaska Railroad Corp. to delineate a transportation and utility corridor from its terminus at Eielson AFB to the Alaska-Canada border. After survey and full delineation is achieved, state land would be transferred to the railroad fee simple title.

SB 31 also authorizes and encourages the railroad to obtain ownership or a right of way through any other lands, whether federal or private. A separate section authorizes the railroad to investigate further extension in order to make a connection with the North American rail system, logically in British Columbia.

This legislation mandates a 500-foot wide corridor that could allow for other uses such as fiber optic cable or power transmission lines. In addition, the corridor allows for specific railroad-related uses such as sidings, depots and materials storage.

Completing this last transcontinental railroad will benefit the mining, agriculture, tourism, food processing and oil and gas sectors of Alaska's economy. For example, the corridor between Eielson AFB and the border with Canada bisects a proven range of rich mineral potential, including the Pogo Project near Delta Junction.

SB 31 allows the Alaska Railroad to use funds it can obtain – such as from federal appropriations or sale of bonds – to survey and obtain a right of way to the Canadian border.

As world trade grows, this rail connection can only increase Alaska's economic ties with the rest of the nation and North America as a whole.

1-24-2003
rfs

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SENATE DISTRICT O

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John J. Cowdery
Senate Rules, Chair
Senate Transportation Committee, Chair
World Trade State & Federal Relations, Chair
State Affairs, Legislative Council

SECTIONAL ANALYSIS OF CS SB 31 (RES):

Section 1 revises the Alaska Railroad Corporation Act, adding two new sections. The first is AS 42.40.460, addressing the extension of the Alaska Railroad to Canada.

The second is AS 42.40.465, which authorizes the ARRC to investigate a rail connection between the Canadian border and North American rail system.

The first section is organized into 11 subsections.

- **Section 1(a)** broadly authorizes ARRC to designate a 500-foot-wide transportation corridor from its current northern terminus at Eielson AFB to the Canadian border and to identify rail land for associated use. The ARRC is directed to prepare a legal description of these lands.

- **Section 1(b)** lists factors the ARRC must consider when determining th route of the transportation corridor and requires the corporation to consult with interested parties such as gas pipeline proponents.

- **Section 1(c):** Once the ARRC identifies the transportation corridor or rail land, the following steps are mandated by this section:

  1. DNR must consult with ARRC and interested parties to make cure the route minimizes potential adverse effects on a gas pipeline location and operation.
  2. The bill retains DNR as the interim manager with procedural safeguards to protect the future railroad use of the corridor.
  3. Specifically, the land will be reserved by DNR, subject to valid existing rights, and managed by DNR under consultation with ARRC, so as to allow other uses but not obstruct the future railroad or other transportation uses.
  4. DNR and ARRC will begin to identify potential crossing locations.
  5. DNR will retain any revenues arising from use of the land.

- **Section 1(d)** establishes the steps that will occur once ARRC has identified funding and is ready to actually begin construction on a par of the designated corridor. DNR transfers management authority for that segment of the corridor to ARRC, again subject to valid existing rights and retaining the right to authorize and manage a gas pipeline the corridor. ARRC will from that time forward receive any revenues associated with that land except any derived from a gas pipeline. DN will also retain the ability to identify and reserve the right to establish future crossings subject to section (g) of the bill.

- **Section 1(e):** Establishes the steps that will occur once ARRC completes construction of a segment of the rail line. ARRC will provi a survey of a 200-foot corridor, 100 feet on each side of the as-built centerline of track. DNR will use that survey to convey the state's ent interest in that land to ARRC, subject again to valid existing rights an reserving (i) the right to establish future crossings, (ii) the oil and g and other mineral rights required to be reserved in all state land conveyances under AS 38.05.125, and (iii) the right to authorize a gas pipeline and retain associated revenues. ARRC will pay DNR's administrative costs in making the conveyance. DNR will continue to manage the remaining 300 feet within the original 500-foot reserved corridor as a transportation corridor until no longer needed as such. DNR will also continue to manage any remaining 500-foot corridor (in which ARRC has not begun construction) as a transportation corridor under this section.

- **Section 1(f):** This section recognizes the possibility that a natural gas pipeline may be proposed for construction before the railroad extension reaches that level of certainty. The philosophy of the section is that a potential railroad should not be an impediment to a gasline proposed for construction. DNR is required to consult with the corporation before authorizing a gas pipeline across the transportation corridor or associated rail lands. If a railroad improvement has not already been constructed, DNR is authorized to adjust the location of the transportation corridor to accommodate a proposed gas pipeline if it finds this to be in the best interest of the state.

- **Section 1(g):** This section balances the ARRC's needs for a safe, efficient, route unhampered by numerous crossings against the need for development of nearby resources and public access across the route. There are existing rights in this area that will be potential crossings, depending on the final rail alignment, and more are likely to be granted by DNR both before and after railroad construction. Both the state and ARRC are protected against liability arising from public uses except to the extent arising from the gross negligence of either of them. DNR, as the agency with a mission to protect public access to public resources, will reserve the right to authorize specific crossings, but only with the concurrence of ARRC that any particular crossing is consistent with safety standards and minimizes its impact on railroad operating efficiency. If DNR authorizes a crossing, it will indemnify ARRC for related liability on that crossing under AS 42.40.420(1)-(3), which applies to public uses of ARRC land in general, however excepting liability arising from ARRC's gross negligence

- **Section 1(h):** addresses other related activities ARRC must or may undertake as part of the rail extension. Where any portion of the designated route crosses private land, the corporation can consider whether to exercise its statutory power of eminent domain. Where any portion of the designated route crosses federal land, the corporation must work with federal officials to reclassify and withdraw the land for this purpose. Finally, before federal land is acquired or federal funds are spent, the corporation has to comply with federal law requirement for an EIS.

- **Section 1(i):** Relieves the process of delineating, reserving and conveying the lands affected by this section from the requirements of being classified and reclassified under DNR's governing statutes.

- **Section 1(j):** Directs DNR to retain any land previously identified and classified for use as a utility corridor and railroad right-of-way under AS 19.05.122 and manage them as if designated under this section until ARRC notifies DNR those lands are not needed for this transportation corridor.

- **Section 1(k):** Allows ARRC to enter into contracts with all manner of entities to perform the work authorized under this section.

New AS 42.40.465 authorizes ARRC to investigate a rail connection between the Canadian border and the North American railroad system, including the possibility of acquiring land in Canada for supporting this purpose. It also directs ARRC to consider the same factors that are listed under Sec. 1(b) above as it conducts this investigation.

Section 2: Repeals former AS 19.05.122, which was originally enacted in 19[illegible] and amended in 1981 and 1999 to authorize the Department of Transportation and Public Facilities to delineate a proposed utility corridor (including a railroad right-of-way) to Canada.

Suggested Changes Provided by Phyllis Johnson – U.P. Sen. Taylor

23-LS0336\U 5/7/03

CS FOR SENATE BILL NO. 31(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 4/24/03
Referred: Finance

Sponsor(s): SENATORS COWDERY, Wilken

A BILL

FOR AN ACT ENTITLED

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

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

* **Section 1.** AS 42.40 is amended by adding new sections to article 5 to read:

Sec. 42.40.460. Extension of the Alaska Railroad. (a) The corporation may delineate a proposed transportation corridor between the existing railroad utility corridor of the Alaska Railroad and the border of Alaska and Canada. The transportation corridor shall be 500 feet wide except where, in the corporation's discretion, physical obstacles or private land ownership patterns make a narrower transportation corridor appropriate. The transportation corridor may be designated for a use identified under AS 38.35.020(a) or AS 42.40.350(b), and, subject to this section, other transportation and utility uses. The corporation may also identify land to lease for use as rail land that can be developed for terminal, station, and maintenance

facilities, switching yards, and other purposes associated with the transportation corridor. The corporation shall prepare a complete legal description of the proposed transportation corridor and the rail land identified under this subsection. Such lands shall be leased by the department to the corporation.

(b) In performing the work authorized by (a) of this section, the corporation in consultation with interested parties shall consider the following factors:

(1) safety;

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

(3) availability of construction materials;

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

(5) environmental concerns;

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

(7) minimization of probable construction costs;

(8) the location of and the opportunity to obtain access to identified natural resources that could contribute significantly to the economic development of the state and Canada;

(9) avoidance of possibly unstable ground due to thawing of frozen soils; and

(10) prior and established traditional uses.

(c) If the corporation identifies all or a portion of the proposed transportation corridor or associated rail land and if the Department of Natural Resources, after consultation with the corporation and potentially affected parties, finds that the location of the proposed transportation corridor and associated rail land minimizes adverse effects on existing and potential rights-of-way and land uses associated with the location, construction, and operation of a gas pipeline in a manner that is in the best interest of the state,

(1) the Department of Natural Resources shall reserve the transportation corridor and associated rail land across state land identified by the corporation, subject to valid existing rights and provisions of this section:

(2) the department shall continue to manage the land reserved under (1) of this subsection; the department shall consult with the corporation before disposing of an interest in land within the transportation corridor and associated rail land; the department shall condition authorizations for activities on the reserved land to protect the right of the corporation to construct the railroad or other uses identified for the land;

(3) the department and the corporation shall cooperate to identify, on a continuing basis and to the extent practicable, the potential crossings for economic development and public access along the land reserved for the transportation corridor and associated rail land; and

(4) while the land is reserved for the transportation corridor and associated rail land under this subsection, the department may retain money received from disposal or third-party use of the land.

(d) If the corporation notifies the Department of Natural Resources that the corporation will begin construction of a railroad improvement on a segment of the transportation corridor or associated rail land and the corporation has identified a source of funding for the construction, then, as of the beginning of construction of that segment, the department shall delegate authority to manage land within that segment of the transportation corridor and associated rail land to the corporation, including the authority to authorize or permit use of the land by third parties under the provisions of this chapter, subject to

(1) valid existing rights; and

(2) the authority of the department to

(A) identify and reserve rights-of-way for potential future crossings under (g) of this section; and

(B) after consultation with the corporation, identify, reserve, authorize, and manage land within the transportation corridor and associated rail land for future right-of-way leases and uses under AS 38.35.

(e) Upon completion of construction of the railroad improvement on all or a portion of the reserved transportation corridor or associated rail land,

(1) the corporation shall, without cost to the Department of Natural

Resources, provide the department with a survey of the state land within a 200-foot corridor, 100 feet on each side of the as-built centerline of track, and the associated (rail) land;

(2) the Department of Natural Resources shall convey the state's entire interest in the land within the boundaries of the survey to the corporation, subject to valid existing rights, and reserving to the state (A) the interests required by AS 38.05.125; (B) the right of the department to identify and reserve rights-of-way for potential future crossings under (g) of this section; and (C) the authority of the department to identify, reserve, authorize, and manage land within the transportation corridor and associated rail land for future right-of-way leases and uses under AS 38.35; the conveyance of land under this paragraph shall be without cost to the corporation except for the direct administrative costs of the department;

(3) the Department of Natural Resources shall assign any existing contracts within that segment of the transportation corridor and associated rail land to the corporation; the corporation may thereafter retain the revenue from the conveyed land; the department shall prorate revenue from contracts affecting both conveyed and unconveyed land;

(4) the remaining state land in a segment of the transportation corridor in which the corporation has received a conveyance under this section shall be managed by the Department of Natural Resources as a transportation corridor unless the department determines the land is no longer needed for that purpose; and

(5) the remaining segments of the transportation corridor in which the corporation has not completed construction and any associated state land designated as rail land shall continue to be managed by the Department of Natural Resources as a transportation corridor and associated rail land under (c) and (d) of this section.

(f) Notwithstanding other provisions of this section, before the Department of Natural Resources grants a gas pipeline right-of-way lease under AS 38.35.020(a) across a transportation corridor or associated rail land delineated, identified, reserved, or conveyed under this section, the department shall consult with the corporation; if a railroad improvement has not been constructed on a segment of the transportation corridor or associated rail land that is crossed by the proposed gas pipeline right-of-

way, the department may adjust the location of the transportation corridor or associated rail land if the department finds that relocation of the transportation corridor or associated rail land to accommodate the proposed gas pipeline right-of-way is in the best interest of the state.

(g) In delegating management authority over or conveying all or a portion of state land to the corporation, the Department of Natural Resources shall reserve the right to authorize, by lease, permit, or other method, a person to cross or construct access across the transportation corridor and associated rail land; however, before authorizing a crossing or construction of access, the department shall obtain concurrence from the corporation that the proposed crossing or construction is consistent with applicable safety standards and, to the extent practical, minimizes effects on railroad operating efficiency. Neither the corporation nor the state is liable for claims arising from public use of the transportation corridor and associated rail land except to the extent the claims arise from the gross negligence of the state, the corporation, their employees, or their contractors, respectively. The department shall indemnify the corporation consistent with AS 42.40.420(1) - (3) for claims or related litigation arising from an authorization issued by the department under this section, except to the extent the claims arise from the gross negligence of the corporation, its employees, or its contractors.

(h) The corporation shall,

(1) as the corporation considers appropriate, exercise its authority under this chapter to acquire rights-of-way across land within the transportation corridor and associated rail land that is subject to the corporation's power of eminent domain;

(2) upon delineation of the transportation corridor and identification of associated rail land, expeditiously work with federal officials to secure reclassification and withdrawal of federal land for reservations and rights-of-way across the federal land for use as transportation corridor and rail land; and

(3) before undertaking acquisition of federal land or expending federal funds, prepare a report evaluating the effects of construction of an extension of the Alaska Railroad across federal land; the statement must satisfy the requirements for an

environmental impact statement under 42 U.S.C. 4332.

(i) The requirements of AS 38.04.065 and 38.05.300, relating to classification and reclassification of land, are inapplicable to actions taken by the Department of Natural Resources under this section.

(j) The Department of Natural Resources shall retain the classifications and reservations of land identified for use as a proposed utility corridor and railroad right-of-way under former AS 19.05.122 until the corporation informs the department in writing that the land is not needed by the corporation for a utility corridor. If, under (a) of this section, the corporation includes land identified under former AS 19.05.122 as part of the proposed transportation corridor, the department shall manage that land under provisions of this section.

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

Sec. 42.40.465. Extension of the Alaska Railroad to connect with the North American railroad system. (a) The corporation may investigate extension of the Alaska Railroad from the border of Alaska and Canada to connect with the North American railroad system. The corporation may acquire land or interests in land in Canada as the corporation considers appropriate for the development, construction, and operation of an extension of the Alaska Railroad to connect with the North American railroad system.

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

(1) safety;

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

(3) availability of construction materials;

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

(5) environmental concerns;

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

(7) minimization of probable construction costs;

(8) the location of and the opportunity to obtain access to identified natural resources that could contribute significantly to the economic development of the state and Canada;

(9) avoidance of possibly unstable ground due to thawing of frozen soils; and

(10) prior and established traditional uses.

* **Sec. 2.** AS 19.05.122 is repealed.

1/29/2004 7:16 AM
Prepared by the Alaska Railroad

Questions and Issues Explained

Subject: SB 31 establishing a transportation corridor to Canada

Summary statement: *Under SB 31 (RES), the Department of Natural Resources (DNR) will not convey all rights. It will reserve oil and gas mineral rights, the right to get people and commerce across the railroad, and the right to authorize a gas pipeline. DNR will have to consult with the Alaska Railroad Corporation (ARRC) on access issues to ensure applicable safety standards are met.*

Gas Pipeline Application: If the Railroad and gas pipeline are placed in the same corridor, which project is predominant? How will tariffs and crossing issues be handled?

The gas pipeline project takes first priority. SB 31 (RES) would require ARRC to coordinate with potential gas line developers to ensure optimal location for a pipeline. DNR will reserve the right to authorize the gas pipeline. DNR will also retain all tariffs and lease revenues related to the gas pipeline. The decision to cross the railroad right-of-way would be up to DNR but the crossing would have to comply with federal and other applicable safety standards. The crossing would have to maintain the integrity of the railroad and the crossing cost would have to be borne by the pipeline developers.

Surface vs subsurface rights: Would the Railroad receive subsurface rights to resources under SB 31 (RES)?

Under SB 31 (RES) ARRC would not receive subsurface rights other than sand and gravel. ARRC would receive these rights only to a 200-foot right-of-way within the larger 500-foot corridor. ARRC would also receive surface rights to additional rail lands needed to accommodate such needs as maintenance, yards, transfer facilities, crew housing etc.

Easement vs. Fee Simple Title: Why does ARRC need fee simple title to the land?

ARRC believes fee simple title to the lands it will receive is necessary for the following reasons:

> Safety/Control: Railroad exclusivity enhances safety to the required federal limits. Control of the land gives the Railroad the ability to properly establish crossings to account for safety, to protect interstate commerce, and to reduce risk. All these factors contribute to increased transit time.
>
> Revenue: Land revenue has been the key to the success of the Alaska Railroad. The revenue from real estate allows the Railroad to augment revenues from operations so the ARRC can support its operation and maintenance bills without having to seek state subsidies.

When would DNR transfer the land to ARRC? The concern was "What if the state prematurely transfers land to the railroad and the project is never built?"
The DNR would not convey any land to ARRC until an as-built survey of the centerline and 200-foot right-of-way (100 feet on either side of centerline) is provided to the Department. DNR would continue to manage the remaining 300 feet as a transportation corridor until and unless the Department determines it is no longer needed for that purpose.

Protecting Access for Alaskans:
Even though SB 31 (RES) would give ARRC fee simple title to the land, the DNR protects valid existing rights and maintains authority to identify future potential crossings.

How wide should the corridor be?
How close can you place a gas pipeline to a railroad? Is a 500-foot corridor too narrow to accommodate both projects? The Railroad currently has a 200-foot right-of-way and believes this is a sufficient width to protect its safety and commerce considerations. The width for the larger corridor should be decided in consultation with gas pipeline and other project developers and could, if necessary, be added later.

How do we minimize the impact a 500-foot corridor could have on a community?
SB 31 (RES) gives ARRC the ability to delineate a 500-foot wide transportation corridor UNLESS topographic obstacles, land and community ownership patterns prevent that width.

Fairbanks Daily News-Miner

Rail talk picks up steam

By TOM MORAN

Friday, January 16, 2004 - News-Miner Juneau Bureau

JUNEAU--The construction of a natural gas pipeline--along with political developments in both the United States and Canada--could help spur an extension of the Alaska Railroad to the Lower 48, according to Gov. Frank Murkowski and the other speakers at a Thursday railroad conference in Juneau.

"It's an extraordinary opportunity for both our governments," Murkowski told assembled officials from both countries. "It's a rare opportunity to do things right."

Murkowski was one of the keynote speakers at Thursday's "Connecting Resources, Building for the Future" conference on a railroad extension. He argued that construction of a gas pipeline running down the Alaska Highway would present the perfect opening for an extension of the Alaska Railroad--currently it terminates at Eielson Air Force Base--to the continental rail system in British Columbia, about 1,100 miles away.

Though there is no gas pipeline in the works, Murkowski is optimistic that market forces and legislation will lead to a pipeline project being announced in the near future.

Murkowski and other speakers called the railroad extension a way to provide access and transportation support for oil and gas, mining, tourism and other industries. The corridor also could include fiber optic and electric lines.

"What we're talking about is providing access to the northwest region in a way that's never been there before," Alaska Railroad president Pat Gamble said.

Alaska could get a head start on the railroad extension if the state's congressional delegation comes up with the $300 million or so to extend the railroad about 70 miles to the Fort Greely area for military purposes. Former North Pole Rep. Jeannette James, who now serves as a railroad adviser for Murkowski, said U.S. Sen. Ted Stevens supports the extension to provide support for the U.S. Army's new Stryker brigade.

Murkowski wasn't optimistic when asked whether that money might be coming this year. But he said the possibility is "much closer than it has been."

Where the money would come from for the whole route--James said one cost estimate is $2.75 million per mile, or about $3 billion for the whole project--is a large question mark, with many of the delegates to the conference arguing that private and public interests in both countries could work together to find funds once the project is proven feasible.

"I don't even think about where the money's coming from at this time," James said.

Murkowski noted that with U.S. Rep. Don Young, R-Alaska, as head of the House Transportation Committee, it is more likely that federal legislation could be crafted to finance the project--another reason Murkowski argued the time to act is now, before Young's chairmanship ends.

Young staffer Glenn Scammel told the crowd that a bill introduced by Young and working its way through committees would, in its current form, provide $35 billion in low-interest federal loans to railroads, which could be used for a rail link.

"(Young's) very interested in every effort that can be made to complete this rail connection," Scammel said.

Another development that could spur on the railroad is the takeover of British Columbia's rail system by the huge Canadian National Railway Corp., putting a more powerful company in charge of the rail that would link to an Alaska line.

"What this brings is a lot more equity, a lot more operating experience, a lot more interconnectivity with the railroads in British Columbia," said Greg Halsey-Brandt, B.C.'s minister of state for Intergovernmental Relations.

The biggest holdup for a rail link right now, speakers said, is in Ottawa. Back when he was a senator, Murkowski sponsored a bill to establish a joint U.S.-Canada commission to study a rail line. The bill was passed and $6 million appropriated for the group--but the Canadian side has yet to respond.

"They just haven't been enthusiastic" about the idea, said Larry Bagnell, Yukon representative to the Canadian Parliament.

But Bagnell and other Canadians said they have had positive responses from new Prime Minister Paul Martin, who was inaugurated last month.

"He is certainly a strong supporter of this project," he said. "It indicates, at the highest level, there is the political will to succeed."

Regional Canadian officials at the conference all promised support for the proposed link. Both they and many of the Americans urged everyone there to put pressure on central Canadian leadership to respond to the request to start a commission and get started on a feasibility study for the rail line. Such a study would be the key to finding funding for the project, they said.

"That's the first step," James said.

Murkowski said it would take both lobbying and international cooperation to get the project off the ground.

"We need to draw in our federal governments on this issue," he said. "Without them working in concert, we'll be spinning our wheels."

Reporter Tom Moran can be reached at tmoran@newsminer.com or (907) 463-4893.

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Anchorage Daily News

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Murkowski: Time to extend railroad is now

RESOURCES: Alaska governor meets with Canadians on projects.

The Associated Press

(Published: January 17, 2004)

Gov. Frank Murkowski, right, and Yukon Premier Dennis Fentie discussed a proposed Alaska-Canada transportation corridor and the development of an Alaska-Canada rail connection during a one-day summit on the issue Thursday in Juneau. *(Photo by Al Grillo / The Associated Press)*

Click on photo to enlarge

JUNEAU -- Gov. Frank Murkowski told a railroad conference that construction of a natural gas pipeline could help spur an extension of the Alaska Railroad to the Lower 48.

"It's an extraordinary opportunity for both our governments," Murkowski told assembled officials from the United States and Canada. "It's a rare opportunity to do things right."

Murkowski was one of the keynote speakers at Thursday's "Connecting Resources, Building for the Future" conference on a railroad extension.

Murkowski said construction of a gas pipeline running down the Alaska Highway would present the perfect opening for an extension of the Alaska Railroad, according to the Fairbanks Daily News-Miner.

The line currently ends at Eielson Air Force Base near Fairbanks. But it could be extended to the continental rail system in British Columbia, about 1,100 miles away.

Though there is no gas pipeline in the works, Murkowski is optimistic that market forces and legislation will lead to a pipeline project being announced in the near future.

Murkowski and other speakers called the railroad extension a way to provide access and transportation support for oil and gas, mining, tourism and other industries. The corridor also could include fiber optic and electric lines.

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Murkowski argued the time to act is now, before Young's chairmanship ends.

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The New York Times
8/12/2001

All Aboard, Vladivostok! A Dream Is Growing
By JAMES BROOKE

DATELINE: WHITEHORSE, Yukon Territory Aug. 10

The motorman of a tourist trolley near the Klondike-era train depot here dreams of a day when passengers and freight roll out of this old rail terminus destined for such places as Fairbanks, Shanghai and London.

"If the Panama Canal was physically feasible, this one would be a snap," said Mike LaForet, of the century-old dream to link Asia and North America by steel rail. "With the Soviet breakup, the Americans and the Russians are not enemies, they are customers."

Although the narrow-gauge gold rush line, the White Pass & Yukon Route, stopped running here from the Pacific Coast in 1982, railroading is again the talk of northern North America.

This week, a proposal to build 900 miles of track linking Canada and Alaska was debated in Calgary at a two-day meeting attended by business and political leaders from Alaska and western Canada. The meeting built on a bill, the Rails to Resources Act, signed into law in December by President Clinton. The bill authorized spending $6 million to study the creation of a northern rail link and called for establishing a binational commission to study establishing a line from northern British Columbia to Fairbanks.

"The rail link was very enthusiastically received here in Calgary," Jeannette James, an Alaskan State Representative, said by telephone today after the two days of talks. Now, Ms. James said, the idea is winning new momentum as engineers discuss using a railroad right of way to bury part of a natural gas pipeline that oil companies plan to run from Alaska to Alberta, tapping the gas reserves of the Prudhoe Bay region.

In Calgary this week economic development officials said that joining Yukon and Alaska with southern Canada and the lower 48 states would cut prices of goods sold in the north and would also open up certain mineral and energy deposits for development.

With railroad talk turning serious in this old rail town, conversation turns to what people here call "the second stage": drilling a tunnel below the Bering Strait to link Alaska and Russia by rail. The Yukon's lone member of Parliament and a backer of a Yukon-Alaska link, Larry Bagnell, cautioned against loose talk about a Russia link, saying, "It would get the guys who are against the railroad to Alaska to say you are dreaming in Technicolor."

But with Canadian newspapers publishing maps showing how a rail link could arc from British Columbia to Siberia, railroad people in Russia and North America are seriously mulling the idea.

On the Russian side, Viktor Razbegin, director of the state-run Center for Regional Transport Projects in Moscow, has endorsed the proposal in several interviews. Mr. Razbegin estimates that a Russia-North America rail link would cut trans-Pacific shipping times by up to two weeks and could carry 30 billion tons of cargo a year. He has estimated that the overall cost, including a tunnel under the Bering Strait, would cost $50 billion. On the Russian side, 2,000 miles of track would have to be laid from the Baikal-Amur Railroad to the Bering Strait. On the Alaskan side, about 750 miles of track would have to be laid from the strait to Fairbanks.

Overall, Russia's government increasingly sees its continental land mass as a lucrative transportation corridor.

In February, Russia embarked on a liberalized over-flight policy, hoping to garner $300 million annually by 2010 in fees for commercial jets on transpolar routes between North America and Asia. In

Provided by Sen. Cowdery

addition, Russia is promoting a summertime shortcut for ships through the Arctic that links the Barents Sea with the Bering Strait.

On the Alaskan side, caution is the official watchword.

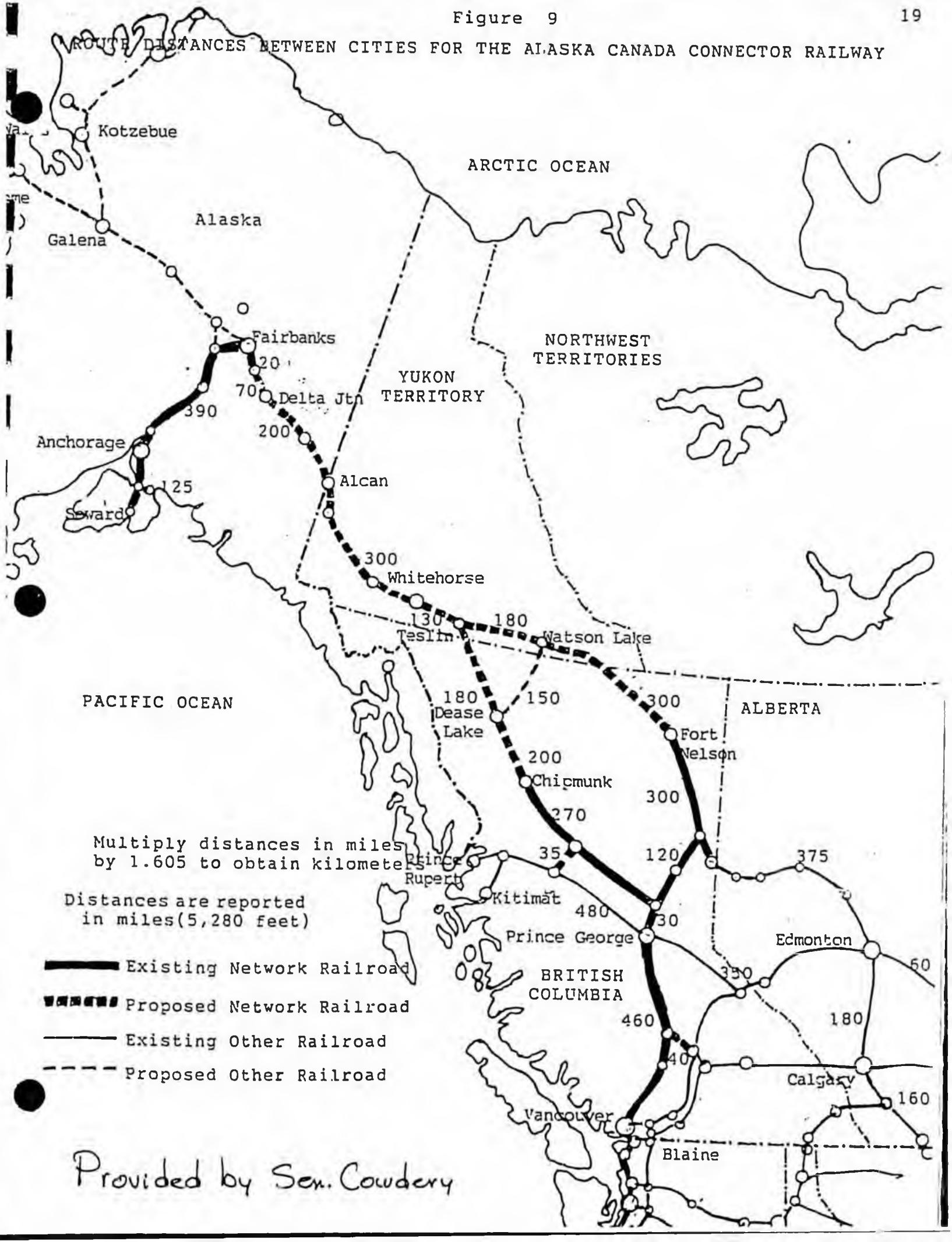
"Linking Asia and North America by a transportation route under the Bering Strait has tremendous appeal, but there is no infrastructure linking either side," said Robert King, spokesman for Alaska's governor, Tony Knowles, a Democrat. Recalling a visit to the Trans-Siberian Pacific terminus in Vladivostok, Mr. Knowles added, "One can sense the allure to such a link, but it's a lot of track to lay between Vladivostok and British Columbia."

action.

"We don't even want to talk about that at this point," said Robert Frontiero. "We're trying to get through the memorials. That's what on our mind."

Figure 9

ROUTE DISTANCES BETWEEN CITIES FOR THE ALASKA CANADA CONNECTOR RAILWAY



Provided by Sen. Cowdery

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CHAMBRE DES COMMUNES
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K1A 0A6

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March 25, 2003

Senator John Cowdery
State Capitol, Suite 101
Juneau, Alaska
99801-1182

Dear Senator Cowdery,

I would like to thank you for your letter of February 28 regarding the Canada/Alaska railway link. As you may know, I share your strong enthusiasm for this project, which will benefit the economy and the people of our two great lands.

I am delighted you are proceeding with the steps required to bring your railroad to the Yukon border. In my opinion, the sooner we can link this to the Canadian railroad system's northern terminus in B.C., the better. There is tremendous potential for resource and tourism development in both Yukon and Alaska.

I will certainly make sure you are up-to-date with any news or information I receive and/or distribute regarding the rail project.

Sincerely,

Larry Bagnell, M.P.
Yukon

c.c. The Hon Bill Graham
The Hon. Ralph Goodale
The Hon. Herb Dhaliwal
The Hon. Robert Nault

and Dale Hull

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Fairbanks Industrial Development Corporation

April 12, 2001

Representative Jeanette James
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Representative James:

Recently, the Board of Directors of Fairbanks Industrial Development Corporation voted to make the extension of the Alaska Railroad to the Canadian border one of our long-term goals. We feel this project is essential to the future of economic growth in Alaska.

We strongly support the legislation you have initiated regarding the railroad. When you return to Fairbanks and your schedule allows, we would certainly appreciate an opportunity to meet with you and discuss how FIDC can assist your efforts.

If our organization can be of any assistance to you in this matter please feel free to contact me at 452-2185.

Sincerely,

Dean M. Owen
Executive Director

515 Seventh Avenue, Suite 320, Fairbanks, Alaska 99701 (907) 452-2185 Fax: (907) 451-9534

PNWER

PNWER Resolution 2000 – 3

Re: Support for a U.S. – Canada Cooperative Feasibility Study of Extending the North American Rail System through British Columbia, the Yukon Territory, and to Alaska

Whereas PNWER was created in 1991 by statute by the states of Alaska, Idaho, Montana, Oregon, Washington and the Canadian provinces of British Columbia, Alberta, and the Yukon Territory for the purposes of enhancing trade and economic development throughout the Northwest; and,

Whereas, transportation linkages are vital to the economy of the entire region; and,

Whereas, rail transportation is the most cost effective long distance method of overland transportation; and,

Whereas, rail transportation is an essential component of the North American inter-modal transportation system; and,

Whereas, rail transportation is energy efficient, capable of moving goods three to nine times as far as highway transportation with a given amount of fuel; and,

Whereas, rail transportation systems allow controlled access and reduced overall impacts to environmentally sensitive regions; and,

Whereas, rail transportation remains an important component of national and continental defense planning; and,

Whereas, the continental rail system cannot be said to be complete until it includes all states, provinces and territories; and,

Whereas, the Government of Alaska recently enacted legislation to reauthorize the delineation and acquisition of a rail transportation corridor from the present terminus of the Alaska Railroad to the Alaska-Yukon border; and,

Whereas, Alaska, the Yukon Territory, and British Columbia contain extensive oil and gas, mineral and timber resource reserves that currently are inaccessible, and require bilateral cooperation in the development of freight transportation infrastructure to facilitate their utilization for the benefit of the United States and Canada; and,

Whereas, northern rail transportation may provide significant potential for the visitor industry by facilitating the comfortable movement of passengers over long distances while minimizing the impact of such movement on the surrounding environment; and,

Provided by Sen. Cowdery

PNWER Resolution 2000 – 3, continued

Whereas, ongoing research and advancement in rail technology continues to increase the efficiency of rail transportation, ensure rail safety, and decrease the impact of rail transportation on the environment,

Therefore, be it resolved, that the Pacific NorthWest Economic Region (PNWER) call upon the U.S. and Canada to engage in a cooperative feasibility study to examine the costs and benefits of constructing a rail connection to link both Alaska and the Yukon Territory via northern British Columbia with the existing North American rail system; and,

Be it further resolved that a bilateral commission representing local governments, business interests, and aboriginal stakeholders be created to define the goals and objectives for the cooperative feasibility study, and to report the results of the study to the appropriate governmental entities of Canada and the U.S., and,

Be it further resolved that funding for operation of the bilateral commission and for the conduct of the cooperative feasibility study should be considered a priority by the federal, state, provincial and territorial governments; and,

Be it further resolved that copies of this resolution shall be disseminated to local, provincial, territorial, state and federal governments in the PNWER region.

PNWER Annual Meeting, Post Falls, Idaho, June 27th, 2000

FORT NELSON, B.C.
CHAMBER of COMMERCE

FT. NELSON & DISTRICT CHAMBER OF COMMERCE

CERTIFIED RESOLUTION:
CANADA – ALASKA RAILROAD LINK

MOVED, SECONDED & CARRIED

WHEREAS, the State of Alaska is interested in pursuing development of a rail link between Alaska and the contiguous United States: and

WHEREAS rail transportation is a cost effective and energy efficient method of overland transportation: and

WHEREAS such a link would open new resource rich areas of both the Yukon Territory and Alaska, provide for new inexpensive freight options both into and out of the North, and allow for realization of new opportunities in the field of tourism in response to changing demand by visitors; and

WHEREAS past effort has succeeded in establishing right of way tenure to varying degrees along various route options, and these may be utilized to some degree for the delineation and acquisition of a rail transportation corridor:

THREFORE BE IT RESOLVED that the Fort Nelson & District Chamber of Commerce supports the establishment of Bilateral Commission of the United States and Canada to engage in a cooperative study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory with the existing North American rail system in British Columbia; and

BE IT FURTHER RESOLVED that the Bilateral Commission represent federal, state, territorial, provincial and local governments from the affected areas; business interests; and aboriginal stakeholders; and that its role be to define the goals and objectives for the cooperative study and to report its results to the appropriate entities in both Canada and the US; and

BE IT FURTHER RESOLVED that said study should fully and completely explore both possible points of connection (Fort Nelson, British Columbia and the location known as "Chipmunk", approximately 170 km south of Dease Lake, British Columbia) and all feasible route options for new rail.

CERTIFIED a true and correct copy of a resolution adopted by the Board of Directors of the Ft. Nelson & District Chamber of Commerce on the 25th day of April, 2000.

DATED this 25th day of April, 2000

Debbie Henderson

Debbie Henderson
Chamber Manager

TOWN OF
FARO, YUKON

CANADA - ALASKA RAILROAD LINK

WHEREAS the State of Alaska is interested in pursuing development of a rail link between Alaska and the contiguous United States; and

WHEREAS rail transportation is a cost effective and energy efficient method of overland transportation; and

WHEREAS such a link would open new resource rich areas of both the Yukon Territory and Alaska, provide for new inexpensive freight options both in and out of the North, and allow for realization of new opportunities in the field of tourism in response to changing demand by visitors; and

WHEREAS past effort has succeeded in establishing right of way tenure to varying degrees along various route options, and these may be utilized for the acquisition of a rail transportation corridor;

THEREFORE BE IT RESOLVED that the Town of Faro supports the establishment of a Bilateral Commission of the United States and Canada to engage in a cooperative study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory with the existing North American rail system in British Columbia; and

BE IT FURTHER RESOLVED that the Bilateral Commission represent federal, state, territorial, provincial, First Nation, and local governments from the affected areas; business interests; and other stakeholders; and that its role be to define the goals and objectives for the cooperative study and to report its results to the appropriate entities in both Canada and the United States; and

BE IT FURTHER RESOLVED that said study should fully and completely explore all feasible route options for new rail, including the proposed route through the Tintina Trench.

DATED at the Town of Faro, Yukon Territory, this 14th day of AUGUST, 2000.

Jim McLachlan - MAYOR
Jim McLachlan - Mayor

David Skidd
David Skidd - C.A.O.

TOWN OF
WATSON LAKE

CANADA-ALASKA RAILROAD LINK

WHEREAS the State of Alaska is interested in pursuing development of a rail link between Alaska and the contiguous United States ; and

WHEREAS, rail transportation is a cost effective and energy efficient method of overland transportation; and

WHEREAS such a link would open new resource rich areas of both the Yukon Territory and Alaska, provide for new inexpensive freight options both into and out of the North, and allow for realization of new opportunities in the field of tourism in response to changing demand by visitors; and

WHEREAS past effort has succeeded in establishing right of way tenure to varying degrees along various route options, and these may be utilized to some degree for the delination and acquisition of a rail transportation corridor;

THEREFORE BE IT RESOLVED that the Town of Watson Lake supports the establishment of Bilateral Commission of the United States and Canada to engage in a cooperative study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory with the existing North American rail system in British Columbia; and

BE IT FURTHER RESOLVED that the Bilateral Commission represent federal, state, territorial, provincial and local governments from the affected areas; business interests; and aboriginal stakeholders; and that its role be to define the goals and objectives for the cooperative study and to report its results to the appropriate entities in both Canada and the United States; and

BE IT FURTHER RESOLVED that said study should fully and completely explore both possible points of connection and all feasible route options for new rail.

DATED at the Town of Watson Lake, Yukon Territory, this 16th day of May, 2000.

D.Kalles - Mayor

H. Price - C.A.O.

Sponsored by: Councilman Doug Isaacson
Introduced and Adopted: February 19, 2002

CITY OF NORTH POLE
RESOLUTION 02-04

A RESOLUTION BY THE CITY OF NORTH POLE IN SUPPORT OF CS FOR HB 241 WHICH PROMOTES THE EXTENSION OF THE ALASKA RAILROAD TO WHITEHORSE, YUKON TERRITORY, CANADA, TO ENHANCE ECONOMIC DEVELOPMENT AND RESOURCE DEVELOPMENT

WHEREAS: CS FOR HOUSE BILL NO. 241(RES) "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, Canada," is before the Senate of the State of Alaska and,

WHEREAS: The creation of railroad utility corridor from Fairbanks in the interior of Alaska through North Pole to Whitehorse, Yukon Territory and thence continuing to a connection with the North American Railroad System will greatly enhance the potential for economic growth and resource development in the interior and along said corridor and,

WHEREAS: Fairbanks and the Interior of Alaska are already connected by rail to the seaports at Anchorage, Seward and Whittier and the vast resources which lay between and beyond and,

WHEREAS: The multi-modal Railroad Utility Corridor concept allows for the utilization of the corridor for other uses such as a high pressure gas line; fiber-optic communications infrastructure and transport materials and goods for developments along said corridor and,

WHEREAS: The construction of elements of the National Missile Defense System and the construction of a High Pressure Natural Gas Line will be aided greatly by the existence of said corridor and the extension of the railroad in such a corridor will be environmentally benign, greatly reducing the flow of heavy materials over the existing roadway; and,

WHEREAS: The creation and implementation of said corridor will create local opportunity in both the public and private sectors for new jobs, economic growth and an increased gross state product.

NOW THEREFORE BE IT RESOLVED that the City of North Pole supports proactive State and Federal legislation that promotes the extension of the Alaska Railroad and urges the passage of CS for HOUSE BILL NO. 241.

GIL CARMICHAEL
ADDRESS TO THE ALASKA/CANADA
RAIL LINK CONFERENCE
VANCOUVER, B.C., JANUARY 20, 2000

I welcome this opportunity. On several occasions I have accepted invitations to address audiences in Alaska concerning future options and opportunities as that state considers its 21st Century transportation needs. Strategies and intentions on the part of the people of British Columbia and the Yukon always have been important to any plans that Alaska might undertake, and I am pleased to know that opinion leaders in Canada have begun to consider what steps are appropriate for them.

As an outsider, it is not proper for me to come here and lecture you about what you should do. But I do have experience which I believe is worth sharing.

A North American Rail System Has Evolved

One of the developments that stimulated this meeting is the growing recognition that remarkable changes in recent years have transformed the main-line railroads of North America into a unified operating network. This North American rail system carries profound...and positive implications for the economies, societies, environmental concerns, and mobility needs of the people who live in Canada, Mexico and the United States.

There actually is a lengthy history of cross-border operations involving our railroad companies. For many decades tracks of the Canadian-owned Soo Line ranged throughout the United States midwest to destinations as far away as Cincinnati and Kansas City. The Grand Trunk, a long-time subsidiary of Canadian National, operated to Detroit and Chicago. United States railroads controlled routes in southern Ontario. Burlington Northern has served Vancouver and Winnipeg for many years. Amtrak operates to Montreal, Toronto and Vancouver. In the early decades of the 20th Century United States rail companies controlled affiliates within Mexico, and later Mexico's national railway system held interests in a key route in Texas.

One important legacy of cross-border ownership and operation is a continental rail system with common and standardized track, equipment, and operating practices. Locomotives, freight cars and passenger equipment can operate freely over routes in all three nations.

The basic pattern of a North American rail system has been in place for a century. Unfortunately, it suffered along with the fortunes of the rail industry in the post-World War II era,

when public policy in the United States favored transportation solutions involving highways and commercial aviation, and was content to allow rail transportation to languish. That finally changed in 1980 when Congress adopted the Staggers Act and conferred a greater degree of economic deregulation upon the industry.

The result of Staggers was "staggering." A sick industry was restored to health. During the past 20 years more than 60 billion dollars of private capital investment has flowed to new equipment, better track, and innovative technology. United States railroads are profitable again. Light-density lines have been spun off to hundreds of local and regional carriers who have preserved and improved freight service. Policy in Canada meanwhile allowed the nation's federally-chartered company, Canadian National, to divest itself of uneconomic lines and dramatically improve its balance sheet. Mexico restructured its rail system through a privatization plan that now stands as a world model. Private companies with joint Mexican-US ownership now operate routes throughout that nation and have developed improved high-performance corridors which link the interior of Mexico with freight customers as far away as Montreal and Vancouver.

Today, the North American Rail System serves 90 states and provinces--almost 400 million people--with 240,000 miles of routes. Main-line routes connecting major cities utilize heavy-duty welded rail and are in better operating condition than at any time in the industry's history.

A Global Intermodal Network Is in Place

Meanwhile, another innovation has taken place over the past 20 years, and it has profoundly altered transportation. Intermodal transportation has become the global standard for moving freight---using a system which is sharply focused on speed, safety, reliable scheduling, and economic efficiency. "Intermodal" is to transportation what the "internet" is to communications.

Today, the intermodal network emphasizes moving freight in North America and passengers in Europe and Asia. It is beginning to include passenger service in the United States.

The global high-speed intermodal freight system builds on the strengths of each mode--who have become partners in offering service. Key to its success is the versatility of the cargo container. Cargo ships and airplanes span the oceans. The freight railroad is the high-speed, long-distance, transportation artery for container movement on the land. The truck provides local feeder service at origins and destinations. Cargo airplanes deliver high-value and specialized freight. This

system works--but it urgently needs dramatic improvements to its land component in order to handle growing volumes of containers delivered by ship and airplane.

Modern, strategically located, high-efficiency, high-capacity intermodal terminals are key to the system, providing almost "seamless" interchange of containers. Secondary rail and highway routes support the intermodal system and connect cities, rural regions, and individual freight customers to the main-line corridors.

Today, a doublestack train leaving a coastal port like Vancouver can replace 280 trucks, run at speeds up to 90 miles an hour on the western railroads, and afford as much as nine times the fuel efficiency of an 18-wheel trailer rig on the highway. Overall, the operational and economic efficiency of freight's intermodal network conserves fuel, reduces other environmental impacts, and is significantly safer. It represents the most economically and environmentally "sustainable" approach to transportation services. These are especially critical elements for the pristine nature of Northwest Canada and Alaska.

A Rail Corridor Offers Many Advantages

The time has come, it seems to me, for the people of northwestern Canada and the state of Alaska to consider the benefits of being connected to the huge North American Rail System and the global intermodal network--whose long-distance land component is the railroad. Experience elsewhere demonstrates that efficient transportation service brings down the cost of transporting goods and passengers. The people of Alaska, British Columbia and the Yukon are consumers of goods and are far removed from the sources of manufacture.

Other important trends are in place which suggest to me the advantages of a British Columbia-to-Alaska rail linkage. I recognize that some people would argue that vast sections of this region be preserved in pristine condition. However, construction of the Alaskan Highway more than a half-century ago opened northwest Canada and Alaska to development. In retrospect, we would have been better off if a railroad line had been built instead. But that is a bit of history that we cannot erase.

During the post-World War II era, Alaska's population has grown by roughly 100,000 each decade. That trend is firmly in place. Northern British Columbia and the southern Yukon have been opened to mineral extraction. At the same time the entire area is attracting the interest of tourists. They are coming. They will continue to do so.

I am convinced that a policy of "selective expansion" of transportation connections, based upon the railroad, will be

preferable to annual invasions of sport utility vehicles rambling willy-nilly over environmentally-sensitive land--such as Alaska's Denali National Park.

The Unique Benefits of Railroads

For this part of the North American continent, rail service offers several advantages over highways.

The railroad operates over a narrower right-of-way, and leaves a smaller footprint upon the land. Construction activity is less disruptive of natural surroundings. Research undertaken in Russia suggests that a rail corridor has far less impact in regions of permanent frost because track ballast absorbs much less radiant heat from the sun than a highway surface. Research conducted by Alaska's Department of Transportation found that it actually raised the freeze line.

Railroad design allows heavier weights to be transported with little effect upon the land surface. This takes on special importance in regions of unstable soil conditions, and those climates subject to frequent freezing and thawing. By contrast, even the best-designed interstate highways built over stable terrain are being repaved at nearly twice the rate originally projected, because heavy trucks cause so much damage.

Railroad operations are more environmentally benign as well. Trains are more fuel efficient and emit lower levels of pollution. Pollution levels can be reduced even further through the use of locomotives powered by natural gas--or ultimately by electrification at some point in the future. The "occasional train" is less intrusive than a constant procession of highway vehicles. They also afford all-weather capabilities. I am told that one railroad track has capacity equal to eight lanes of highway.

Rail transportation offers a particular benefit in accommodating tourism business. Train travel by itself can be part of the tourism experience, and moving tourists by train permits controlled access to scenic areas, as the Alaska Railroad has proved for years. When people leave the train, they can move in groups via shuttle buses, which cause fewer problems than a herd of private vehicles operating independently. No matter how carefully we plan roadways to minimize environmental concerns, when people visit your scenic wonders by SUV, they will be inclined to roam wherever their personal fancies impel them.

I already have noted the lower-cost transportation that railroads can provide versus truck or air cargo. But a rail-based tourism system also will allow for the expansion of a jobs-producing tourist economy in an environmentally sustainable way.

It Is Time to be Visionary

I have presented my case for connecting northwest Canada and Alaska to the North American Rail System and the global intermodal transportation network. It is not my intent to recommend a particular route alignment, and I am aware that preliminary studies already have taken place. Obviously, a rail line through northwest Canada logically would connect with the Alaska Railroad. I also believe that consideration should be given to "multi-modal" rail corridors. It is an easy matter to establish a buried fiber optics cable in the process of building a railroad line. This would connect remote regions to the continent's main-line telecommunications system. Portions of the corridor may make sense for energy pipelines as well. Rail corridors can easily move freight, passengers, fuel and information.

The specific route--its components and capabilities--rightfully belongs as a decision to be made by the people of British Columbia, Alaska and the Yukon. Part of the decision process should include the feasibility of private investment to defray a portion of the costs. By working with its congressional delegation and the U.S. Department of Transportation, I believe that Alaska can make a strong case that segments of this rail project to be built in that state should qualify for funding under the recent surface transportation reauthorization law.

I recognize that Alaska, British Columbia and the Yukon represent special places whose priorities sometimes are different from those considered elsewhere. Distance. Remoteness. Climate. Environment. The status of native inhabitants. Natural resources. Scenery. Wilderness.

Growth is taking place, and will continue. Alaska's rate of population increase during the past 50 years is exceeded only by that of Arizona, Florida and Nevada. Tourists arrive in greater numbers each year to Alaska and northwest Canada. In the "lower 48" states, the 20th Century was a period in which we accomplished much in transportation, but the landscape is littered with the debris of our mistakes. We became over-reliant upon the highway and the airport. We allowed our railroads to founder for 80 years until the choices were stark ones--deregulation or nationalization. Many local and intercity rail passenger services were left to die. Our transportation policies led to the withering of small towns and the crowding of new suburbs. We brought smog and highway gridlock to our large cities.

You people have the opportunity to capture the benefits of the 21st Century's transportation system without repeating our mistakes of a century that has just passed into history. You have the freedom to design a system for your use that qualifies as "ethical." Ethics may seem to be a strange word to apply to

something as commonplace as transportation, but it is a concept that I have argued for more than a quarter-century. When I speak of an ethical transportation system, I mean one that is economically-efficient, safe, environmentally-benign, and energy-conserving, but also meets the mobility needs of the people who live here--or come to visit.

We now know that highways and airways cannot solve the transportation problems facing us. They cannot meet the freight and passenger growth that we confront. I encourage you be visionary. If you plan carefully, you can maintain the best possible quality of life for your citizens.

Thank you.

Gil Carmichael

INTERMODAL
Transportation Institute

People

Meet the Members of the ITI Board of Directors

Gilbert E. Carmichael
Chairman of the ITI Board

Vice Chairman
MotivePower Industries
Meridian, Mississippi

Chairman
Amtrak Reform Council

Gilbert E. (Gil) Carmichael is a leading international authority on railroad and intermodal transportation policy and is committed to a seamless, safe and secure, efficient and economical, freight and passenger transportation system for the 21st century. Carmichael served as the US Department of Transportation Federal Railroad Administrator (FRA) in the administration of President George Bush from 1989 to 1993 and is currently on the Amtrak Reform Council. He is vice chairman of the Board of MotivePower Industries, the leading independent manufacturer of after-market locomotive component parts and the leading independent locomotive remanufacturer in North America.

In addition to managing the nation's rail safety and research programs as FRA Administrator, Carmichael supervised international railway technical assistance programs and sponsored the first World Railways Congress in 1991, which brought together senior government and railway officials from 60 nations. He also helped develop the national transportation policy to permit intermodal transportation initiatives and to formulate new federal policy toward the rail mode and Amtrak, the United States rail passenger system. He chaired the three-year, $29 million, National Maglev Initiative and was one of many contributors to the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), proposing a network of regional high-speed rail passenger corridors, now under development.

A graduate of Texas A&M University and a former Fellow in the Kennedy School of Government at Harvard University, he presents and publishes papers on the transportation industry, promoting the need for a North American and global intermodal freight and passenger system, utilizing the world's rail network. He is a contributing editor to *Progressive Railroading*. On 20 May 1999 Carmichael delivered a speech before the Road Gang, Washington DC's highway transportation fraternity. His address is entitled "The Case for Interstate II "

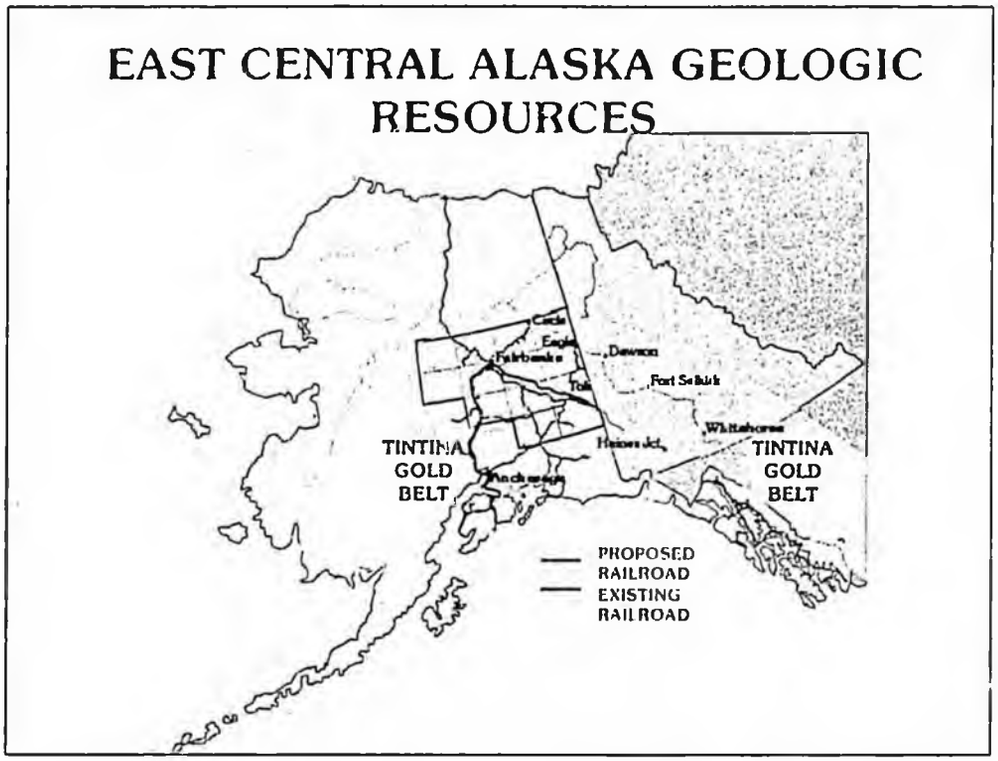
EAST CENTRAL ALASKA GEOLOGIC RESOURCES AND ACCESS CORRIDORS

ALASKA DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

JUNEAU, ALASKA

FEBRUARY 20, 2001

EAST CENTRAL ALASKA GEOLOGIC RESOURCES



East Central Alaska includes the central portion of a regional international United State - Canada mineral trend that informally has acquired the designation of "Tintina Gold Belt"

Gold is not the only mineral commodity within the "Gold Belt." This region also contains significant coal deposits, and copper, lead, zinc, nickel, and platinum group metal prospects.

The proposed extension of the Alaska Railroad is located within a highly mineralized portion of the Tintina Gold Belt.

ACCESS

The area shown in the following graphics represents about 78,000 square miles. As an indication of scale, it is about 100 miles (165 km) between Fairbanks and Delta Junction.

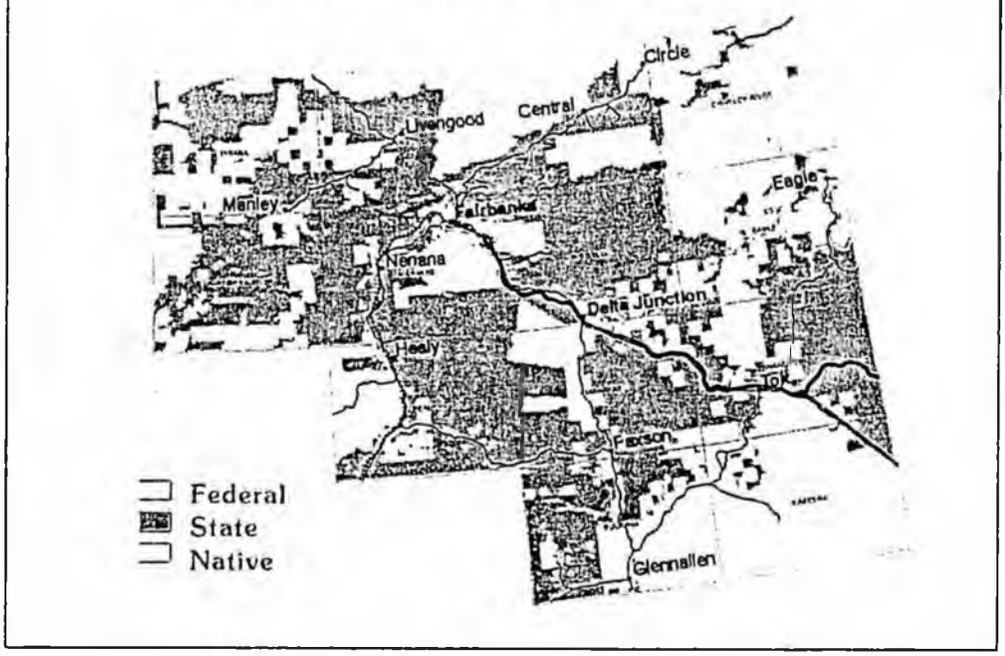
The existence of a road and railroad transportation network has been a significant positive factor in fostering mineral exploration and development in East-Central Alaska.

The Fairbanks commercial center; serviced by the Alaska Railroad, the Parks Highway, and the Alaska Highway; disburses equipment, supplies, and services to regional towns and villages that serve as staging areas for mineral exploration and development ventures.

Fairbanks is a world-scale mining center. Delta Junction is the terminal supply point for developing the recently discovered Pogo gold deposit. Tok serves the Fortymile and Delta mineral districts. The town of Healy supports the states largest active coal mine and is a local supply center for mineral exploration in the Bonnifield and Chulitna district.

A large percentage of East Central Alaska lies within fifty miles of an existing road.

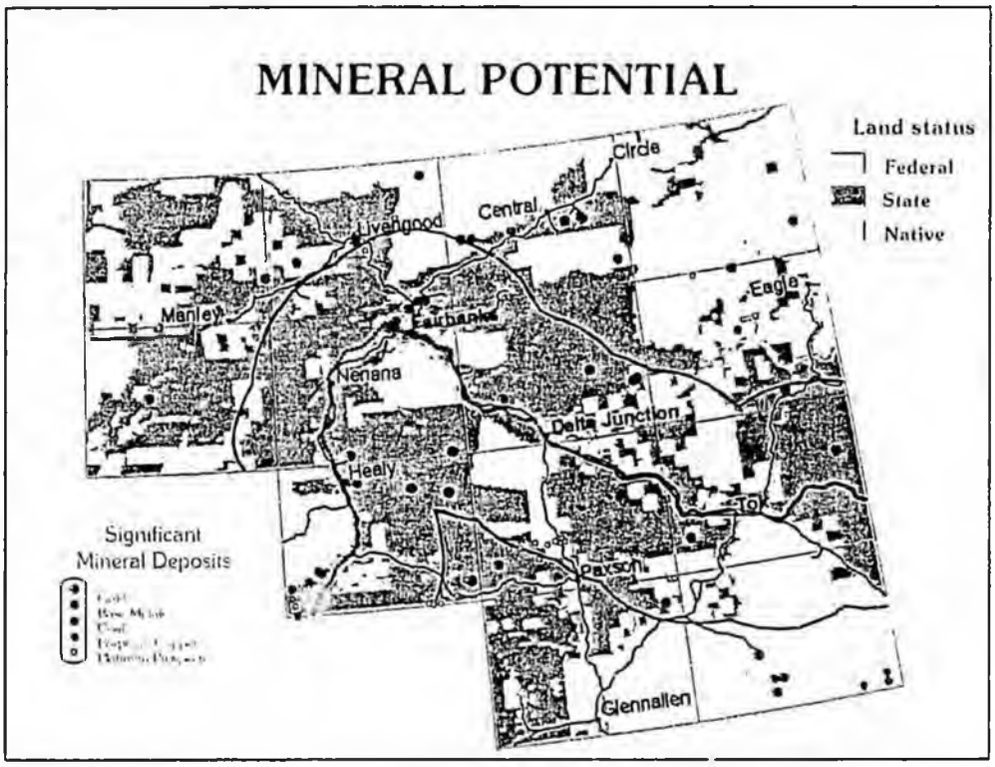
LAND OWNERSHIP



There are three major classes of land owners in Alaska: 1) the federal government; 2) the state of Alaska; and 3) Alaska Native Regional- and Village-Corporations. Other private land owners are a small minority when measured by acres in private fee-simple ownership.

The majority of known significant mineral deposits in East-Central Alaska are located on state or Native controlled land.

Much of the land selected by the state of Alaska and the Native Corporations was purposely chosen because of perceived high mineral potential. In spite of the existence of several known significant mineral deposits, these lands are under-explored. A fact amply demonstrated by the discovery of a gold deposit by sampling the road cuts of the Alaska Highway near Tetlin Junction last summer



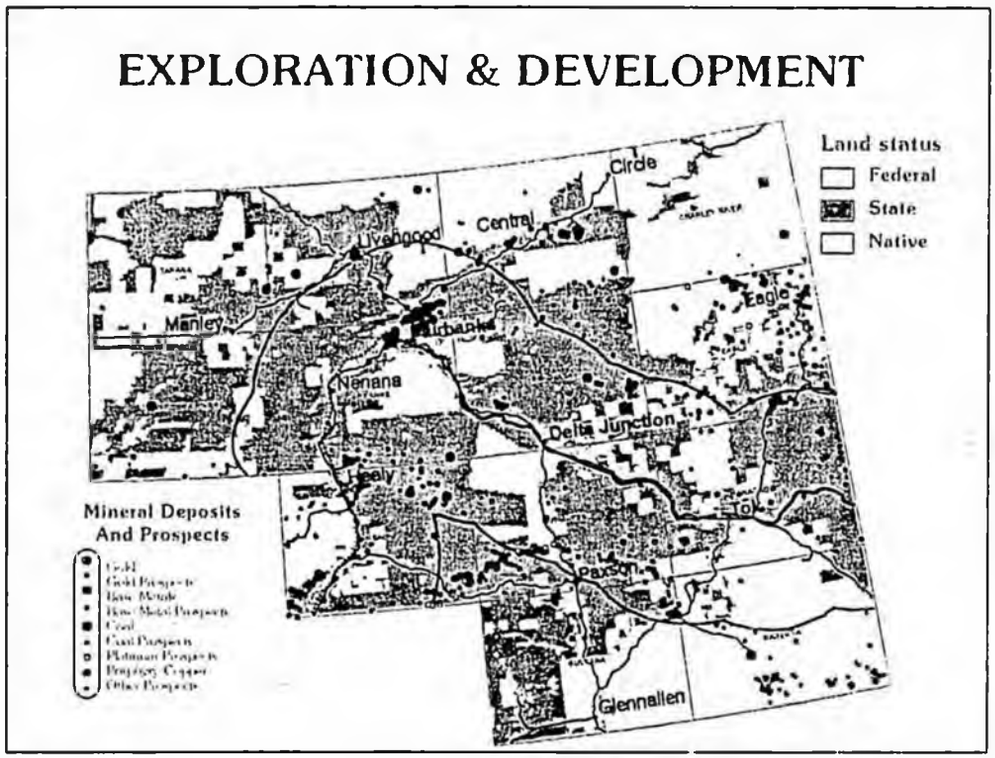
A majority of the most valuable known mineral deposits of East-Central Alaska are located within fifty miles of the proposed or existing Alaska Railroad, e.g., Usibelli Coal Mine (1.4 billion tons), Fort Knox Gold Mine (6 million ounces), Pogo Prospect (5.2 million + ounces), True North Prospect (1.3 million ounces), Ryan Lode (0.8 million ounces).

The region hosts several other significant prospects and mineral districts, e.g. the Bonnifield gold and massive sulfide copper-lead-zinc district east of Healy; the copper-lead-zinc Delta District southwest of Tok; the Richardson gold district northwest of Delta Junction.

There is growing interest in a series of nickel-copper-platinum group metal prospects north of Paxson.

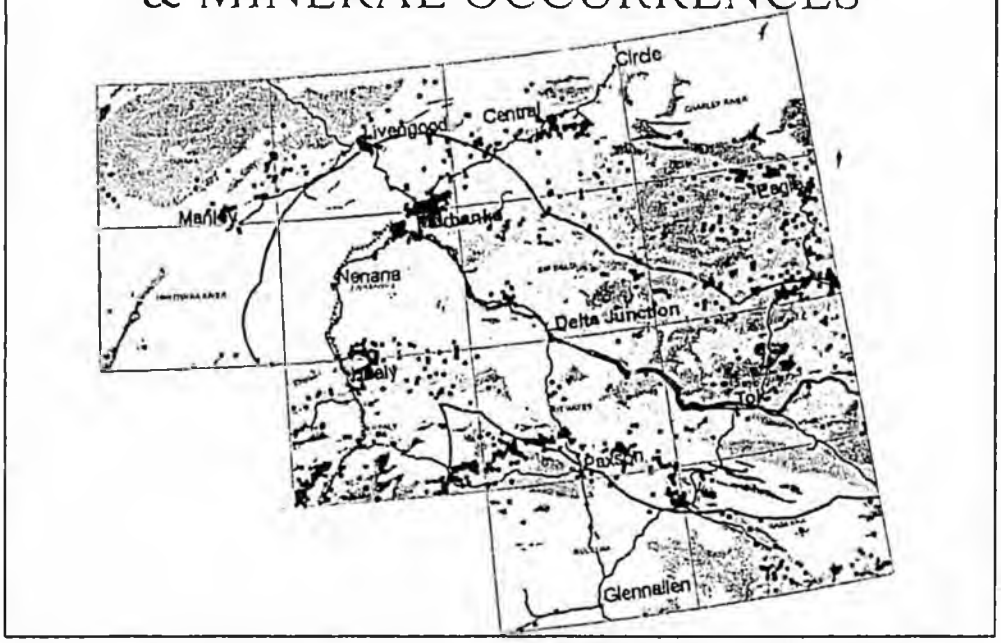
There are brief references for some of these deposits in the appendices of the *Alaska Mineral Industry –1999* annual report published by the Alaska Division of Geological and Geophysical Surveys.

Using a non-quantitative definition of "significant," there are about thirty significant mineral deposits or prospects within the existing and proposed 100-mile wide rail-belt corridor.



In addition to these "significant"deposits, there are scores of lode gold, base metal massive sulfide, copper porphyry, and nickel-copper-PGM, tungsten, and tin prospects within the rail-belt corridor and many others surrounding the corridor.

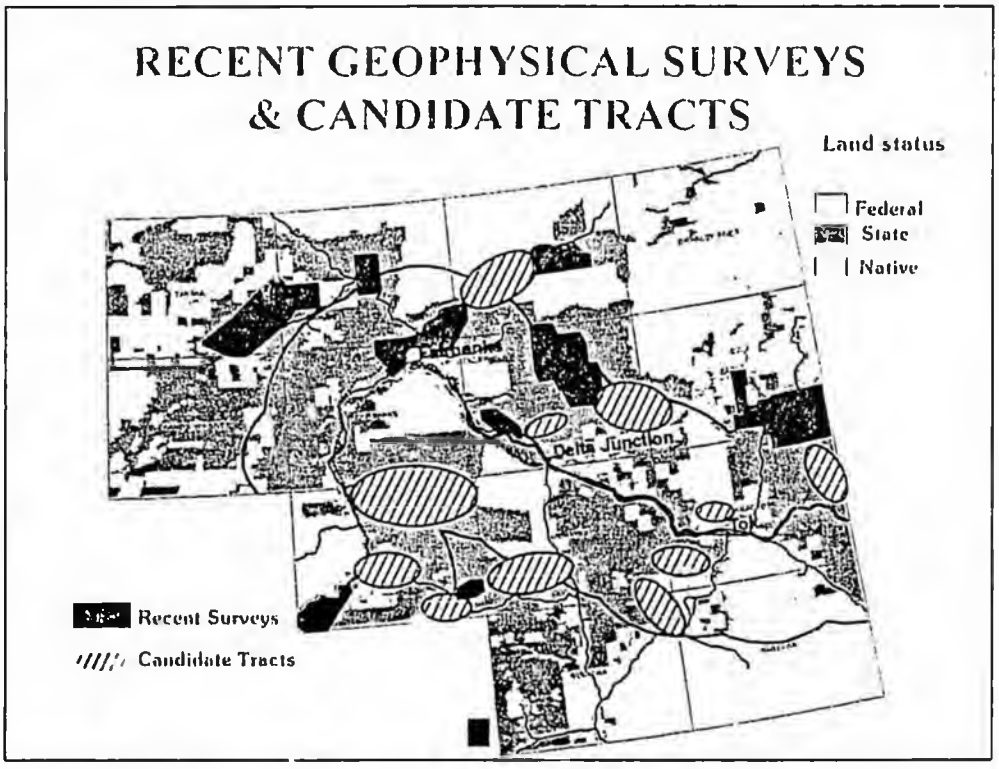
GEOLOGIC FRAMEWORK & MINERAL OCCURRENCES



Placer gold deposits and districts have proved effective in identifying areas hosting significant lode deposits of several mineral commodities. If placer gold occurrences are added to the lode occurrences already shown, one gets a feel for just how widespread indications of mineralization are within East-Central Alaska.

Both lode and placer occurrences exist within a framework of varied and complex geology. By world standards, this geology is very poorly understood. We really have only crude initial hypotheses for most of the East-Central Alaska area. Most of this country has not been geologically mapped at scales useful for detailed mineral exploration.

Much of the geologic mapping that does exist is derived from regional scale (4 mile to the inch) maps that were generated from field data collected between 1950 and 1975.



Beginning in 1993, the state of Alaska has sustained an annual airborne-geophysical/geological ground-truth geologic mapping program in an effort to improve the general knowledge of the geology and mineral resource potential of state lands.

The airborne-geophysical/geological mapping programs are centered on historical mining districts or on lands nominated by various members of the Alaska geological community because of their perceived high mineral potential.

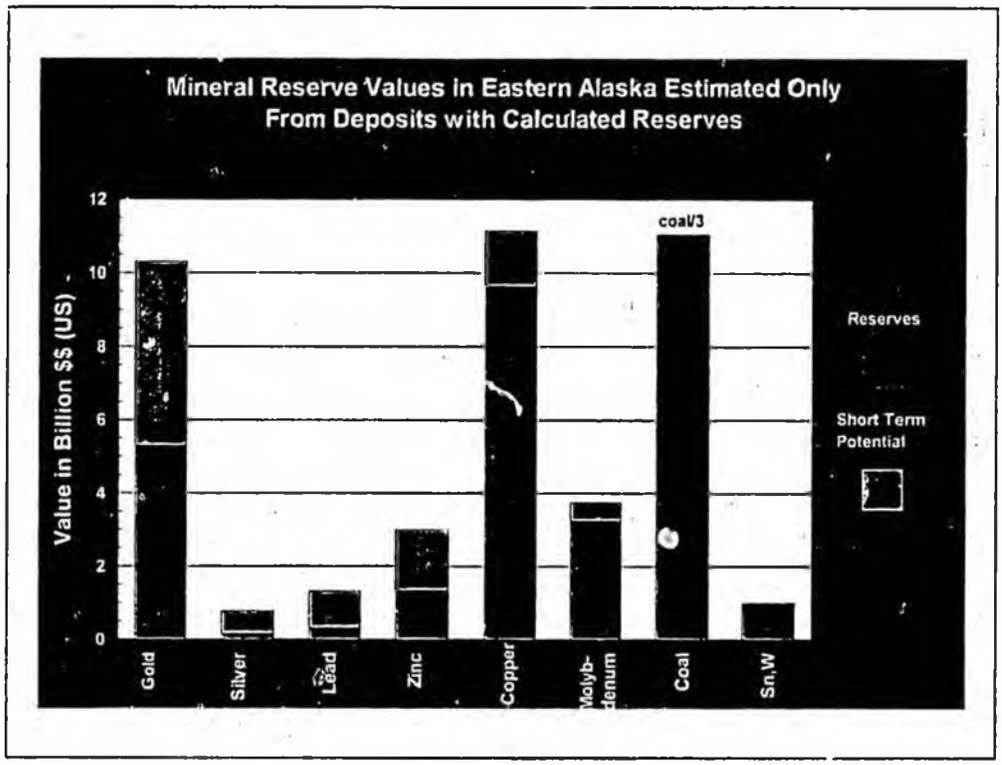
To date, nine tracts have been geophysically surveyed within East-Central Alaska. Modern ground-truth geologic maps at a scale of 1:63,360 (1 inch = 1 mile) are available for six of these tracts. The Fortymile mining district is currently being mapped.

There are 4441 square miles of airborne-geophysical surveys represented by the gray polygons shown in this figure

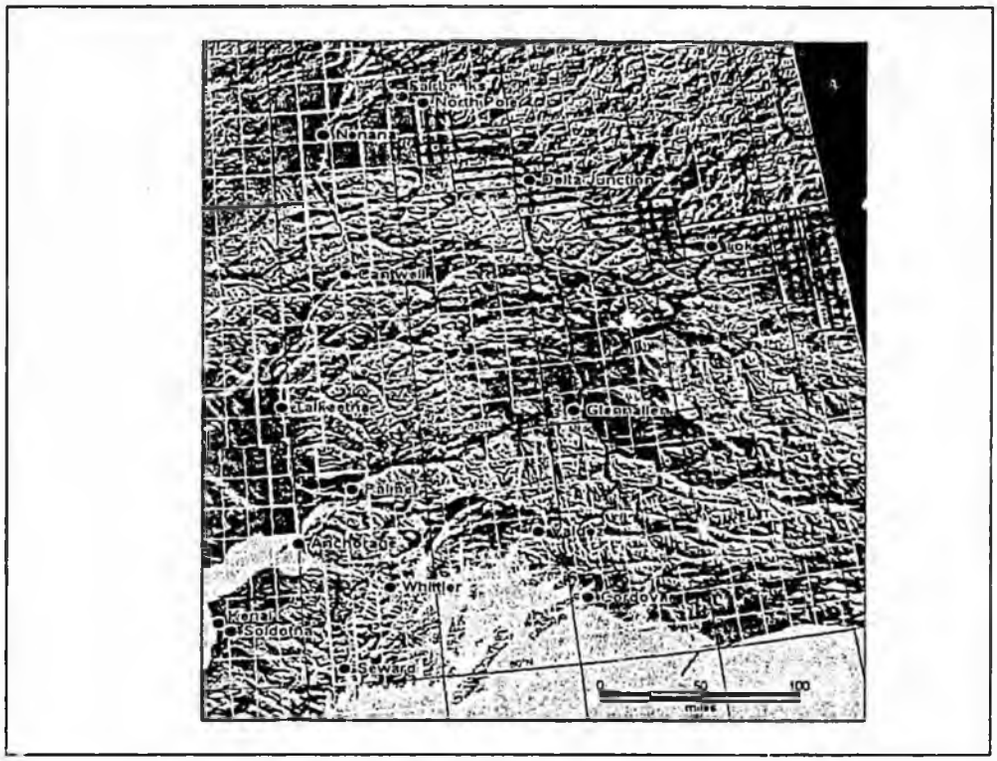
These new geophysical and geological data have catalyzed a tremendous private sector investment in mineral exploration and development within East-Central Alaska.

In addition to the nine tracts already surveyed, the proposed rail-belt corridor includes all or portions of eight additional candidate areas: Steese, Salcha, southeastern-Pogo, Sixty-mile Butte, Ladue River, Delta, Mentasta Pass, Broxson Gulch, and Bonnifield.

Completing the remaining surveys is contingent upon special annual appropriations.



From a global perspective, the Tintina Gold Belt has recently been recognized by the mineral industry as an "emergent district." That is, a region in which additions to reserves are expected to follow regularly with continued exploration. This is a young exploration region with a limited knowledge base. There is still a lot of room for success.



There is no doubt that the general corridor of the proposed extension of the Alaska Railroad passes within less than fifty miles of many significant mineral deposits. A useful and responsible next step in developing the railroad extension would be to conduct a full technical corridor analysis in order to optimize the alignment for the extension. Because the corridor for the railroad approximately coincides with the corridor for the proposed natural gas pipeline from Fairbanks to the Yukon border, one analysis could serve both projects for the Alaska portion of the railroad and pipeline.

DNR has submitted a proposed gas line supplemental project that includes some preliminary aspects of a true corridor analysis. DGGS has also worked with the NASA through the Alaska SAR Facility at the University of Alaska Geophysical Institute to acquire a detailed digital elevation terrain model for this corridor. That terrain model will probably be completed by next October. A true corridor analysis requires many layers of data beginning with corridor-wide engineering geology data at a scale of at least 1 inch=1 mile, definitive land status, geologic hazards assessment, and more information on construction materials and other geologic resources. Corridor analyses are routinely conducted for major construction projects in the Lower-48 to maximize project efficiency and minimize adverse impacts. We could benefit from following this strategy in Alaska.

The existing Alaska Railroad and railroad extension would intersect a road network providing access to about 78,000 square miles of land.

Much of that land is in nominal control of the state of Alaska or Native Corporations.

Much of the land within East-Central Alaska that is state or native corporate land was selected because of its perceived high mineral potential.

The validity of the perception of mineral wealth in East Central Alaska is being demonstrated by new discoveries resulting from an improving geologic database and private sector investment in mineral exploration.

Gold is currently the commodity of greatest interest, but East Central Alaska has potential for copper, lead, zinc, nickel, tungsten, tin, and platinum group elements.

A full technical corridor assessment of the region through which the Alaska Railroad extension would pass is a logical and beneficial next step to guide the development of this international project.

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A Rail Connection Across Canada

Building a railroad that links Alaska to the Lower 48 is a dream that just may become a reality.

BY RICHARD F. SCHMITZ

Less than a two day's drive separates the Alaska Railroad, at its easternmost, from the British Columbia railroad, at its northwesternmost, and closing that gap has, in the past year or so, caught the attention of a number of entrepreneurs, legislators and just plain dreamers in Alaska, Yukon and British Columbia.

Foremost among supporters of connecting Alaska with the Lower 48 by rail is North Pole Republican Representative Jeannette James. During the past legislative session James introduced and passed HB 12, which allows for delineation of a rail corridor from existing Alaska Railroad tracks to the Canadian border. Last summer James worked to pass resolutions of support by the state Chamber of Commerce, as well as chambers in Fairbanks, Delta Junction and Dease Lake, B.C.

James has long backed rail development in Alaska, and sees connecting the Alaska Railroad with the rest of the North American rail network as a huge key to insuring a bright–and diverse–future for the state's economy in the new millennium.

"The very first benefit to having surface transportation from the Lower 48 to Alaska will be a reduction in the cost of living. A railroad will allow us to open up resource development that's not possible now because of the high cost of transportation," James said. "A railroad will lead to value-added industries and increased cooperation between Alaska and the northern part of Canada."

Clark James Mishler

Another Transportation Option

The Alaska Railroad estimates construction cost for new track in Alaska at $2.5 million to $3 million per mile. With 270 miles separating Eielson Air Force Base from the border, the cost of building that part of the railroad is about $675 million to $810 million. An additional 900 miles of track would be needed to connect existing tracks in Canada to new track in Alaska.

James said tourism, agriculture and mining would get an immediate lift from a rail connection to the Lower 48. Using Delta Junction's agricultural area as an example, James said fertilizer and other supplies could be brought in to farmers while produce could be shipped directly to market–in and out of Alaska.

"I think the critical thing is that a railroad will allow Alaskan growers to supply Alaskan consumers. Alaska's economic future depends on our ability to have value-added industries, such as a freezing plant for produce," James continued. "The financial benefit a state gets from value-added industry is close to five times greater than what it gets from exporting a raw material."

One person who's convinced James is on the right track is U.S. Sen. Frank Murkowski, who's taking an active stand

Provided by Sen. Cowdery

in support of the issue. "We think it's well worth exploring," said Murkowski aide Bill Woolf.

The first step Murkowski's office is taking is to seat an informal committee, which James will chair, to identify potential users of a railroad to the Lower 48. "A project such as this is of tremendous magnitude. We need to do, what attorneys would call, 'due diligence,'" Woolf said. "We need to look at possible users; we need to look at resources; we need to look at engineering, possible routes and environmental factors."

The goal of this panel, James explained, is to write and pass a resolution and then present it to Murkowski at a meeting with British Columbia and Yukon officials and legislators in late January in Vancouver, B.C. If there is public support for this railroad project, Sen. Murkowski said he will introduce legislation to create a bilateral commission to further study the issue, Woolf said.

Not a New Idea

Opening a rail connection to Alaska has been considered since the first ties of the Alaska Railroad were laid. "Back in the 1970s there was a cursory review," said Alaska Railroad Vice President Jim Blasingame. "It was about a 15- to 20-page report. The province of British Columbia was quite supportive of the idea.

"Rail is still the best way to move bulk matter from point A to point B. It's a basic premise," Blasingame said.

About 270 miles separates the Alaska Railroad at Eielson from the Alaska-Canada border. The British Columbia railroad has a rail bed in place as far north as Dease Lake, less than 100 miles from the southern Yukon community of Watson Lake, although it has been abandoned a little north of Fort Saint James since the 1980s.

Reopening that line is a top priority for Canadian entrepreneur David Broadbent, CEO of the Canadian Arctic Railway. The Canadian Arctic Railway has no locomotives or rolling stock now–but it is betting it will in two or three years, Broadbent said.

"The grade and bridges are there. They're just sitting out there growing weeds," Broadbent said of the 172-mile stretch into Northern B.C. "Our

Sen. Frank Murkowski

If there is public support for this railroad project, Sen. Frank Murkowski said he will introduce legislation to create a bilateral commission to further study the issue.

intention is to open it up and possibly run it as a short line, and then extend it to Whitehorse in six years."

Broadbent gained his railroad experience working 29 years for the British Columbia Railroad. He began as a laborer and worked his way up to engineer of standards and project manager. Later, he founded the North American Rail and Steel Tie Corp., which supplies parts and equipment to railroads, including the Alaska Railroad. Broadbent said he recently sold the company in order to devote his energies full time to the Canadian Arctic Railway.

Broadbent said he has seen a surge of interest in building a railroad to Alaska. "Too many people see railroads as a thing of the past. But that's only true in North America. Elsewhere in the world railroads are expanding. China is committed to building 1,000 kilometers (620 miles) of new track a year.

"When I talk to business people, I get a 'what, are you crazy?' look–at first. But when I explain the good economic sense railroads make, I see a quick change in their attitude," Broadbent continued. "Highways will never open up Northern Canada or Alaska. The Alaska Highway was built 57 years ago, and very little has developed along it since."

Railroads, on the other hand, can attract development. "Traditionally, in the West, railroads would find entrepreneurs and help finance them because that development meant revenue for the railroad as raw materials were brought in and finished products shipped out," Broadbent explained.

Broadbent said two factors must be addressed before any rail connection can be made to Alaska: aboriginal land claims and environmental issues. "Native councils and corporations must be brought in as full partners from the start. I don't mean offering Natives a few jobs–I mean offering them a full and equal partnership," Broadbent said. "As for environmental concerns, railroads have a big advantage over other forms of development because access to sensitive areas can be tightly controlled."

Taking rivers as another example, Broadbent said piers and modular or pre-fab bridge spans can be put in place without ever touching the water flowing below. Railroad construction is relatively low impact, he added. "You could build the railroad to Alaska with 300 to 400 men. You won't need camps every few miles or access roads. That keeps costs down–and it also keeps the environmental impact low."

Expanding Alaska's Reach

Rep. James conceded barge and trucking firms might be less than enthusiastic about bringing a major competitor on board. But James said, "business generates business." Having a rail connection to the rest of North America will be good for all Alaska transportation sectors.

"Goods could come to Alaska by rail and be shipped to Asia from Seward or Anchorage. Having a railroad connection to the Lower 48 will provide an excellent opportunity for Alaska to become a shipping hub to Asian nations. There's tremendous potential there."

James points out that any railroad to the Lower 48 will particularly improve Alaska's connection with Midwest and East Coast states.

"But the overall goal is to develop our own resources. The way I see it, rail is way

ahead of roads or air on this issue. There's less cost; it's more environmentally sound; and rail is just a lot more dependable in bad weather," James said. "Snow, wind, sleet just doesn't affect a train the way it does an airplane or a truck.

"Transportation costs are basically front-loaded," James said. "The more something is handled, the more it costs to ship. That's why, over the long haul, railroad has a big advantage."

"The very first benefit to having surface transportation from the Lower 48 to Alaska will be a reduction in the cost of living. A railroad will allow us to open up resource development that's not possible now because of the high cost of transportation."

Jeannette James
North Pole Republican Representative

James said the Red Dog Mine is a good example of an Alaska enterprise that could benefit from a railroad. At present, ore must be taken from the mine site to the coast where it is put on a lighter and then transferred to a freighter anchored offshore. "Sixty percent of that ore is refined in Alberta. Imagine how much easier–and more cost-effective–it would be to take that ore by rail directly to the refiner."

"If it proves out ... if we someday have that rail connection, Alaska's economy will benefit in a very different way than it did from the pipeline," said Woolf of Murkowski's office. "It will be more than construction. A rail system can go through parts of Alaska where there is no transportation option, and that could give the state a big economic boost. A mine that wasn't feasible will suddenly become feasible."

Rep. James said railroads pay for their own maintenance, while roads and airports are maintained by taxpayers. "With rail, the cost of maintenance is borne by rail users. In comparison, the public pays for maintenance for roads and airports. Rail takes care of its own."

James also points to great potential for growth in tourism that a rail connection will bring. "A railroad will open up Alaska to a whole new group of folks, and it could also greatly increase winter tourism. It certainly will help the tourism industry in Alaska."

The military is yet another sector that could benefit from a rail connection. Of immediate interest is the new missile defense system, which if eventually approved, could be set up at Clear Air Force Station, near Healy, or at Fort Greeley, near Delta Junction. "Certainly if Alaska is chosen (as a missile site), rail transportation is one of the options for moving material. Since such construction would require a great deal of material, obviously a rail component will be looked at," Woolf said.

The last time a new rail line was opened in Alaska was the 1950s when a 180-mile spur was completed from Fairbanks to Eielson. Today that spur carries out products of the North Pole refinery. If Rep. James sees her vision fulfilled, the trains rumbling past her North Pole home will be headed for points much further south than an Air Force base a few miles away. ❑

RAILROAD CONNECTION: SOMETIMES BIGGER IS BETTER

By SENATOR JOHN COWDERY

Sometimes, bigger is better. The proposed Alaska Highway natural gas pipeline is a big project. Building a railroad to connect Alaska with the rest of North America is equally ambitious.

Quite possibly, the only way to get the pipeline built is to complete the thousand or so mile railroad connection to British Columbia first, or perhaps construct both projects at the same time. This would be a mega-project all right – but one that is certainly feasible and, over the long run, will prove a forward thinking, wise investment for Alaska, western Canada and the two nations as a whole.

A few simple math calculations brought me to this conclusion. Alaskan natural gas must compete in the world marketplace, which means the yes or no decision to go ahead with pipeline construction will come down to fractions of a penny on the dollar.

Every possible efficiency will be needed in order to reduce construction costs, while at the same time meeting high environmental standards.

This is why the pipeline will demand use of 80-foot joints (or sections) because, when compared with 40-foot joints, half the welds will be needed over the length of the line. Fewer welds means lower cost and greater pipeline strength.

Trucks can carry a 60-foot joint, and can also handle an 80-foot joint with special equipment. However, when you consider the load-bearing ability of many bridges as well as older sections of highway, it seems unlikely our highway system can hold up to the kind of demands pipeline construction will bring.

The pipeline will be constructed of high tensile steel pipe that is 54 inches in diameter and 1¼ inch thick. Total weight of each of these segments of pipe is right around 65,000 pounds, or 32½ tons.

A railroad can move these 80-foot joints efficiently. One extended-length flatcar can carry around 100 tons, which allows three 80-foot joints of pipe stacked in a pyramid.

Momentum is starting to build. The Alaska Railroad is diligently straightening and double-tracking their line in and around Anchorage, and studies are underway to do the same through Wasilla and Fairbanks.

Senator Lisa Murkowski is working to find funds to extend the railroad from Eielson to Fort Greeley, in order to support the military, as well as the agriculture sector in Delta Junction. (With interest rates as low as they are, now would be a great time to begin to finance this project.)

I have introduced legislation (SB31) to keep this momentum growing. This bill is designed to authorize the Alaska Railroad to determine a corridor from Eielson to the Canadian Border, and then receive state land fee simple once a survey is complete.

The width of the corridor is still being worked out, but it must be wide enough to allow the railroad to construct sidings, depots and loading facilities. This bill appropriates no money, but it will permit the railroad to use any funds it can raise to survey and obtain other lands along the corridor route.

True to his promise to fight hard for new economic development, Governor Murkowski and his commissioners have been working closely with the Alaska Railroad and myself in order to make certain the best possible language is included in this bill.

A University of Alaska report figures it would take one million trips for trucks to haul 40' lengths of pipe in order to construct a 4,000-mile pipeline between the North Slope and Chicago.

Could the independent traveler – upon whom many Alaskan businesses depend – share the Alaska Highway with such a level of use? Could our roads stand up, considering the same report estimates each truck haul would equal the road use of 3,000 automobiles?

A rail connection from Alaska to the rest of North America – its been called the Last Transcontinental Railroad – has been spoken of since early territorial days.

It's interesting to note, I think, that the original transcontinental railway thrived at first on transshipping goods from Asia to Europe. By the time the Panama Canal was open, the railroad had long since grown into serving domestic markets.

Today, the Panama Canal is obsolete when it comes to serving the newest generation of freighters and tankers. Could a rail connection allow Alaskan ports to compete with the canal for billions of dollars in business?

Anchorage to Halifax by rail saves days off a Panama Canal transit. The canal's owners are looking at a multi-billion dollar upgrade. With those figures in mind, a rail connection makes even more sense for Alaska's future.

Now it's time to get this project underway.

John Cowdery, an Anchorage Republican, chairs the Senate Transportation and World Trade Committees.

SITE: Offnets	SUBJECT OF MEETING:
COMMITTEE: SFIN	BILL# SB31
DATE: 4/22/04	UPDATE #:

PRINT YOUR NAME	COMMUNITY	REPRESENTING/AFFILIATION	DO YOU WANT TESTIFY Y or N
Joe Joyner		DNR, Mining, Land & Water	Ans. ?'s
Phillis Johnson		Alaska RR	Ans. ?'s
Janette James		RR Advisor	LO

SENATE FINANCE COMMITTEE

S I G N - I N

SB 31-RAILROAD UTILITY CORRIDOR TO & IN CANADA

NAME: Wendy Lindskoog Subject/Bill No: SB 31

Co./Dept./Title: Dir External Affairs ARRC Phone: 265-2498, 240-9571

Address: PO Box 107500 Zip: 99510

Do you wish to testify? X Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

SITE: FAIRBANKS LIO	SUBJECT OF MEETING:
COMMITTEE: (S) FIN	BILL # SB 31
DATE: 01/29/04	UPDATE #: 1

PRINT YOUR NAME	COMMUNITY	REPRESENTING/AFFILIATION	DO YOU WANT TESTIFY Y or N
Jeannette James	Fbks	To answer questions	????

SITE: Offnets	SUBJECT OF MEETING:
COMMITTEE: SFIN	BILL #SB 31
DATE: 1/29/04	UPDATE #:

PRINT YOUR NAME	COMMUNITY	REPRESENTING/AFFILIATION	DO YOU WANT TESTIFY Y or N
Bob Loeffler			Ans. ?
- Kathleen Johnson			

SENATE FINANCE COMMITTEE

SIGN-IN

SB 31-RAILROAD UTILITY CORRIDOR TO & IN CANADA

NAME: Wendy Lindskoog Subject/Bill No: SB 31

Co./Dept./Title: Alaska Railroad Phone: 240-9571

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No X Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

SITE: **OFFNETS** ***COMMITTEE:*** ***Senate Finance*** ***DATE:*** *5/7/03*	***SUBJECT OF MEETING:*** *SB31 & SB112* ***UPDATE #:*** ***1***

PLEASE SIGN IN

PLEASE PRINT:

NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
Phyllis Johnson		AK Railroad SB 31	Answer Questions

Nnn

SITE: **OFFNETS** ***COMMITTEE: Senate Finance*** ***DATE:*** *5/7/03*	***SUBJECT OF MEETING:*** *SB31* ***UPDATE #: 1***

PLEASE SIGN IN

PLEASE PRINT:

NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
John Binkley		**AK Railroad**	**Y SB31**

Nnn

SENATE COMMITTEE REPORT

DATE: 3/31/03

FURTHER: Finance

DATE TURNED IN TO OFFICE: 4-24-03

Resources Committee considered SENATE BILL NO. 31

SB 31 RAILROAD UTILITY CORRIDOR TO & IN CANADA

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

and recommends:

Senate Bill:
[X] same title
[ ] new title

House Bill:
[ ] same title
[ ] technical title
[ ] new: SCR #____

[ ] be **replaced** with ____ **CS** SB 31 (RES)

[ ] adopt **previous** ____ **CS** ____ (____)

[ ] attached amendment(s)

[ ] adopt Letter of Intent by ____ Committee

[ ] further referral to ____ Committee

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	2/7/03		✓	1

[ ] **APPROPRIATION - no fiscal note**

	SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Seekins	Ralph Seekins	✓			
B. Stevens	Ben Stevens	✓			
Wagoner		✓			
Dyson		✓			
Elton				✓	
Lincoln				✓	
Ogan	CHAIR: Scott Ogan			✓	

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/21/03

FURTHER: Resources
Finance

Date of 5-Day Notice: 1/23/03
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 3/28/03

Transportation Committee considered SENATE BILL NO. 31

SB 31 RAILROAD UTILITY CORRIDOR TO & IN CANADA

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

and recommends:

[✓] be **replaced** with ___ CS ___ SB 31 (TRA)

[ ] adopt **previous** ___ CS ___ (___)

[ ] attached amendment(s)

[ ] adopt Letter of Intent by ___ Committee

[ ] further referral to ___ Committee

Senate Bill:
[ ] same title
[X] new title
House Bill:
[ ] same title
[ ] technical title
[ ] new: SCR #___

NEW FISCAL NOTE(S):

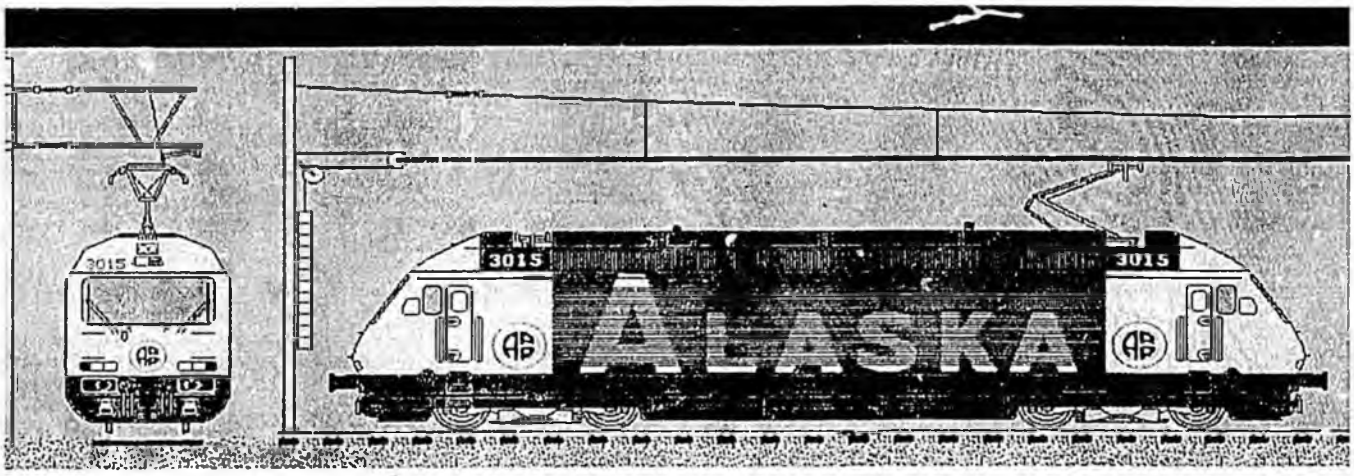
Department	Date	Fiscal	Zero	FN#
CED	2/7/03		✓	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Therriault	✓			
Olson			✓	
Wagoner			✓	
Lincoln				✓
Cowdery — CHAIR:	✓			



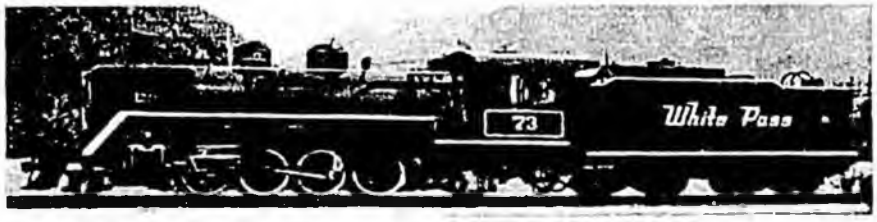
Alaska-Canada Rail Connection

From the office of

SENATOR JOHN J. COWDERY

INFORMATION PROFILE on a RAILROAD AND TRANSPORTATION and UTILITY CORRIDOR TO CONNECT ALASKA WITH THE REST OF THE NORTH AMERICAN RAIL SYSTEM

Published by the office of Sen. John J. Cowdery
Room 101, Alaska State Capital
Juneau, Alaska 99801
Richard F. Schmitz, editor



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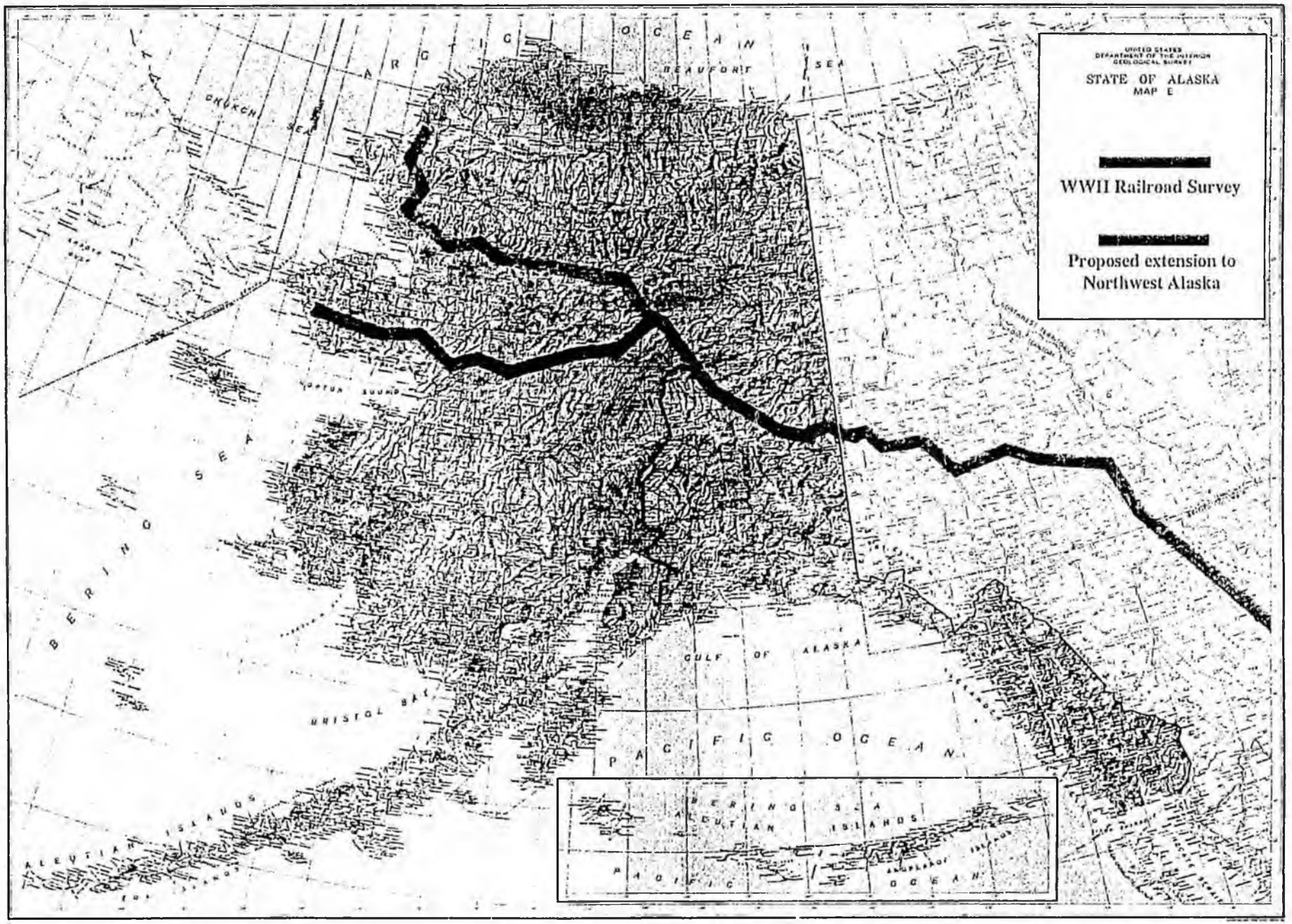
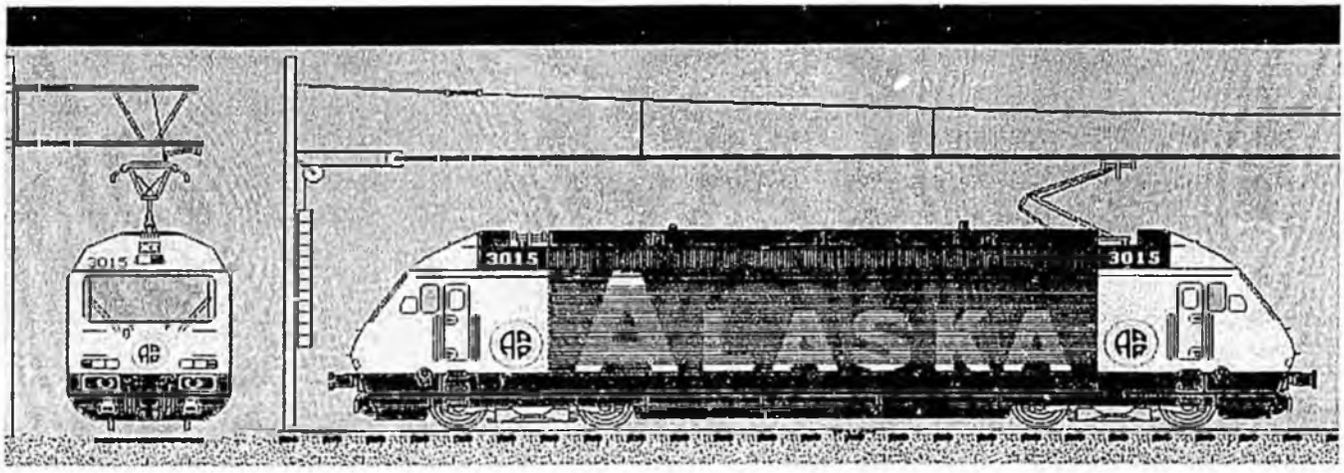

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
STATE OF ALASKA
MAP E
WWII Railroad Survey
Proposed extension to
Northwest Alaska
ARCTIC OCEAN
BEAUFORT SEA
CHUKCHI SEA
BERING SEA
GULF OF ALASKA
BRISTOL BAY
PACIFIC OCEAN
ALEUTIAN ISLANDS
BERING SEA
ALEUTIAN ISLANDS
PACIFIC OCEAN



Alaska-Canada Rail Connection

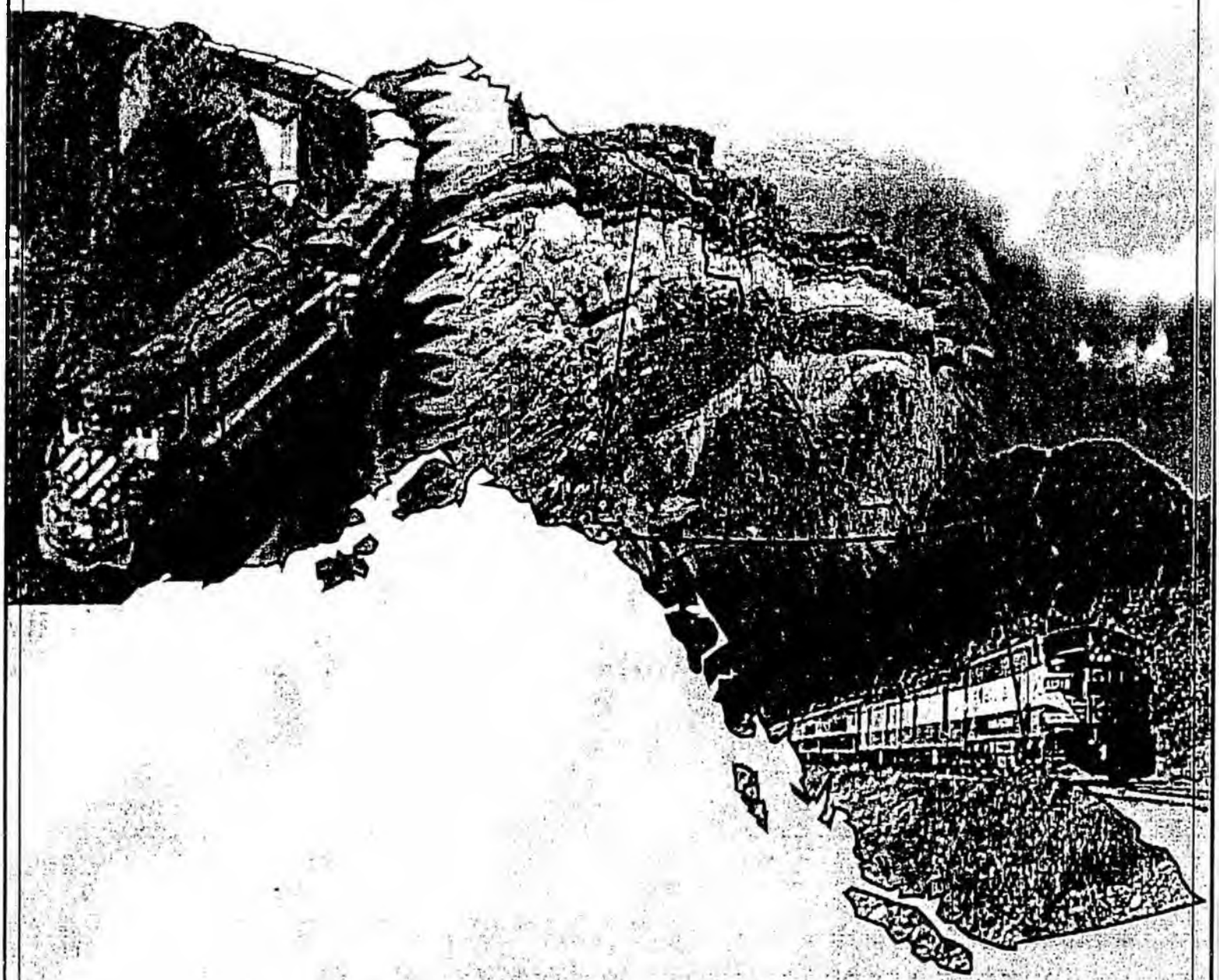
SECTION 1

'Rails to Resources' packet

Published by the office of Sen. John J. Cowdery
Room 101, Alaska State Capital
Juneau, Alaska 99801
Richard F. Schmitz, editor

Rails to Resources

Bringing Alaska and the Yukon closer to the world



United States Senator Frank H. Murkowski

Informational Packet on S. 2253
Introduced during the 106th Congress of the United States Senate
June, 2000

Here is an Op-Ed on the Senator's view on expanding railroads in Alaska. It was put into the public domain on March 15, 2000, just prior to the introduction of S. 2253, the Rails to Resources Act of 2000.

Let's Get Alaska's Economy Back on Track by Extending Railroads

By Senator Frank Murkowski

Back in April 1915, President Woodrow Wilson decided that construction of a railroad to Alaska's Interior was the single greatest step he could take to unlock the then territory's great promise and to get the region's economy on track.

Some eighty-five years later times have *not* changed.

Alaska and the neighboring Yukon Territory in Canada are still North America's last uptapped storehouse of mineral and natural resource wealth. We now know where much of that treasure lies — economic transportation to get the materials to market being the chief impediment to its development.

Over the years one thing has changed: We now know how to develop our mineral, energy and timber resources in an environmentally sensitive manner, so we can protect the beauty and the wildlife of the North, while producing jobs to sustain the region's human inhabitants.

We know there is a mineral zone that extends throughout the Yukon-Tanana uplands near Faro, Y.T., north to Fairbanks. The zone, home already to the Fort Knox gold mine in Alaska and the future home of mines working the huge Pogo gold deposit, contains large amounts of silver, tungsten, copper, lead, zinc and other ores. On the Alaska side of the border there are already more than 14 major hardrock deposits identified, while in the Yukon there are more than 10 major mineral deposits known. This does not include the Alaska coal deposits a line could move to Lower 48 or East Asian markets.

The same zone is also filled with timber. Within just 15 miles of a likely 1,200-mile railroad corridor through Canada into Alaska, there are 1.4 billion board feet of hardwood pole timber and almost 1.7 billion board feet of mixed pole timber.

Further to the North lies a second developmental target that another railroad could help get on track. That is the huge low-pollution, high-quality coal deposits at Point Lay and also the vast minerals of the Amber mining district farther to the southeast.

Senator Frank H. Murkowski of Alaska

It would take just a 90-mile line to carry the coal from Point Lay to the Red Dog mine where a 60-mile line along the existing mine haul road would carry it to tidewater. Such a railroad could bring energy, in the form of coal, to the mine where it could be used to power a new electro-refining technology that would add tremendous value to the zinc-lead ore being shipped from Alaska, and most importantly provide additional jobs to the region. It also would finally allow some of the North Slope's 6 trillion tons of coal to be exported.

It would take just a 150-mile line to access the vast hard-rock resources of the Ambler Mining District and bring them to the coast, or about a 350-

mile line to tie into the Alaska Railroad heading south.

Some would say talk of railroad extension is nothing more than "pie-in-thesky" rhetoric. But railroads offer a host of benefits. They are the most energy efficient form of transportation. More importantly, they are one of the most environmentally sensitive forms of transportation. Railroads offer controlled access that removes the environmental threat of uncontrolled development. They emit the lowest levels of air pollution and usually cause the least disruption to the land.

And a rail corridor would encourage the co-location of all pipelines and power transmission lines — a process that makes especially good environmental sense.

I propose a public/private alliance to conduct a comprehensive feasibility study. Let's join forces to make a modest investment to examine this carefully.

- US Senator Frank H. Murkowski, speaking to the CAN/AM Border Trade Alliance in September of 1999

Last year, after talks with Canadian Parliamentarians during the Canada-U.S. Interparliamentary Conference, I held discussions with Canadian Ambassador Raymond Chretien and Canadian Minister of Transport David Collinette, and later with the Canadian-American Border Trade Alliance. In January I was further encouraged by estimates that their might be 120 million tons of freight a year from new mines and timber development along the Alaska-Canada rail corridor that would utilize such a new railroad link.

Thus I am introducing legislation in Congress to advance consideration of that railroad project. My bill will create an impartial bilateral commission to study the economic, environmental and engineering feasibility of completing the transcontinental railroad linking Canada with Alaska.

A joint commission should have the funding — I'm proposing $6 million — and the authority to oversee a comprehensive feasibility study of a line from where the Canadian rail system ends at either Fort Nelson or near Fort St. James, about 900 miles from the Alaska border, northward to link up with the Alaska Railroad, 270 miles from the border near Fairbanks.

My bill would create an 18-member commission, half being appointed by each country. The commission would be fully representative of the residents of the area and also include scientific expertise to make sure that the difficult issues surrounding a railroad will be thoughtfully considered.

Quick action to set up the commission is particularly timely since a decision is likely within the next year on whether the United States should proceed with construction of an anti-missile defense system. And perhaps the best site for an initial 100-missile intercepter base is at Delta. That decision might justify extending the railroad to Fort Greeley, 80 miles closer to the borde: than Eielson Air Force Base — reducing the amount of additional track needed in Alaska to about 190 miles.

We should not be afraid to think seriously about big projects. Just because they're daunting, doesn't make them impossible. In this day and age of great concern for the environment: if one assumes — as I do — that the resources of the Yukon and Alaska inevitably will be developed, then rail looks like a very healthy way to make that possible.

All the commission will do is bring about debate. It will consider and explore new ideas. If a railroad connection is economically, environmentally and socially sound, then we should move ahead with it. If it is not, then it should be dropped. But at the very least, let's give the idea an honest hearing, now before any more decades pass.

-30-

The North American Rail System

From Real Horses to Real Horsepower

The first primitive "railroad" in the United States used horse-drawn cars on wooden rails, but experiments with steam locomotion began in the early 1800s, and in 1831, regular steam powered service began in South Carolina. Rapid expansion followed. Four years later, over 1,000 miles of track had been laid, and there were 200 railroad charters in eleven states.

Western development in the United States spurred even greater growth. By 1860, there were 11,000 miles of track. The westward expansion also prompted the first Congressional land grants to railroads. Government leaders felt that railroads would spur settlement, and the grants allowed companies not only to retain the rights of way for rail lines but to have saleable land to offset construction costs.

In the United States, four of the first five transcontinental railroads were largely made possible by such grants, along with a considerable number of smaller lines in the western United States. A total of '31 million acres of public land was appropriated to dozens of rail-lines. A receiving company was given the right-of-way along with alternate sections of land, with the Federal Government generally raising the price of the sections it kept. In return, all rates were reduced by 50% for Federal traffic. From 1850 until the practice was ended in 1946, it is estimated that the government saved $900 million; a considerable deal considering that the land was only worth a total of $500 million at the time it was granted. After the Civil War ended, trackage grew from 35,000 miles to an all-time high of 254,000 miles in 1916.

Canada's first railroad began operations in 1836, but by the middle of the century, although some 40 companies had been granted government permission to build rail lines, only six had actually laid any track, totaling only 80 miles. In 1849, the government stepped in to help, offering to lend enough money to cover half the construction costs of any line longer than 74 miles (120 kilometers).

Companies proved eager to take Canada's offer. By 1860, Canada's rail lines reached more than 2,000 miles. The first east-west link was achieved in 1885 when the last spike in the Canadian Pacific Railway was driven. That set the tone, and in just 50 years, from 1850 to 1900, the miles of track available to Canada's railroads grew from 80 miles to 19,000.

Today, Canadian National operates about 17,000 miles of track in Canada and another 950 miles in the United States. The CN network serves all five of Canada's major ports: Halifax, Montreal, Prince Rupert, Thunder Bay, and Vancouver.

Meanwhile, Canadian Pacific operates a 15,000 mile network extending from Montreal to Vancouver and into the U.S. midwest and northeast. It serves ports on the east coasts of Canada and the U.S. and the Port of Vancouver.

Technological developments for rail lines rode the swelling tide of industrial change. Larger, more powerful locomotives, cars with larger capacities, improved couplers, the application of air-brakes, as well as adoption of standard gauge rail and standard time resulted in huge gains of efficiency and economic rail service. The development of national, rather than regional, economies in North America is owed in no small way to the influence of our railroads.

The Alaska Railroad

The history of the Alaska Railroad begins in 1903 with the Alaska Central Railway; a failed venture that managed to lay only 71 miles of track out of Seward, in an unsuccessful attempt to reach Anchorage.

But Congress still felt it was wrong that a territory twice the size of Texas had no rail system. The Alaska Railroad Organic Act of March 12, 1914 required incoming President Woodrow Wilson to construct a rail not to exceed 1,000 miles and, among other things, to "...best aid in the development of the agricultural and mineral or other resources of Alaska...and so as to provide transportation of coal for the Army and Navy, transportation of troops, arms, munitions of war, the mails, and for other governmental and public uses." The act gave the President broad powers to acquire land, operate terminals, or anything else that could help make the railroad a reality.

In 1915, the government purchased the remains of the Alaska Central for $1.2 million, and selected the current route northward. In 1917, it also bought the Tanana Valley Railroad, a narrow-gauge miners' line northwest of Fairbanks, for $300,000. These acquisitions formed the nucleus of the present system.

By the end of 1920, the Alaska Engineering Commission completed 382 miles of new track, and rebuilt the original 71 miles out of Seward and 32 miles in the Tanana Valley. The main obstacle for completion were bridges to span the Tanana River and Hurricane Gulch. The Tanana bridge had a 701 foot span, which at the time was the longest such in the United States. The Hurricane Gulch bridge spanned a total of 918 feet with a height of 296 feet.

Just before his untimely death, on July 15, 1923, President Warren G. Harding drove the golden spike officially completing the Alaska Railroad.

Military bases and construction projects starting in the 1930s spurred continued refinements to accommodate heavier loads and straighter hauls, and a large "picture postcard" terminal was built in Fairbanks. The assumption was that the latter would become the terminus for a railroad across British Columbia and the Yukon Territory to link Alaska with the railways of the lower 48 states.

World War II provided another influx of new equipment. Post-war rehabilitation encouraged passenger service and in 1946, a blue and gold streamliner, the AuRoRa, made its first run between Anchorage and Fairbanks. For military purposes, a spur to Whittier had been established by tunneling next to Portage Glacier in 1944.

Also during World War II, in 1942, U.S. Army Engineers surveyed a route that would have taken the railroad all the way from Fairbanks to Prince George, British Columbia, connection to the North American rail system there, and extended the Alaska portion of the line all the way to Teller, on the northwest coast.

Although the latter parts of the once-planned system have not yet been built, the U.S. Department of Defense has consistently maintained that Alaska's strategic location remains critical, and that rail is an essential element of a comprehensive defense transportation system.

The Alaska Railroad was transferred from the Federal Government to the State of Alaska in 1983, and today it remains a great asset.

Proposed Railroad Corridor Resources

The Tanana uplands, which stretch over 250 miles from the Yukon Territory into Fairbanks, Alaska, appears to be rich in base metal potential (gold, silver, copper, lead, zinc, molybdenum, and tin). Because of the lack of infrastructure, there has been little detailed exploration for base metals other than gold in this region. With rail access, there is no question that significant new base metal deposits will be identified.

The Uplands have a history of incredible resource potential dating back to the gold rush days along the Yukon River. Today the area still remains mostly as it was then: inaccessible. In spite of this, one of the most productive gold mines in the United States, Fort Knox, operates just outside of Fairbanks and produces over 1,000 ounces of gold per day. Access is currently being worked out to reach the Pogo deposit, further to the east, which contains an estimated 5.2 million ounces of gold. Although gold is still a draw, the uplands contain tremendous amounts of silver, tungsten, copper, lead, zinc, and other minerals in identified deposits.

Silver/gold prospect in the Chulitna mining district. -photo by K. H. Clautice

Further to the northwest lies the largest coal field in the United States near Point Lay. Not only is this coal very near the surface, but it is of exceptional quality averaging 12,000 BTUs and an extremely low sulfur content of less than 0.02%. Not far south from Point Lay is the Red Dog zinc mine, which last summer announced new finds. Unfortunately, the mine can only ship product for a few months of the year when pack ice retreats enough to allow barge traffic. The Matanuska-Susitna Valley region to the south hides yet another large, high quality coal deposit that already sits on the Alaska Railroad line. With the development of a connection, this would be available for shipment to the rest of the continent.

Claim staking activity in Alaska also has a traditional fall-off curve, but recent years have not seen that tradition followed. 1998 was the third $1 billion year for mining in Alaska. Staking continued strong through the summer of 1999 with results still being processed. Figure 1 shows a select list of Alaska mines near the railroad corridor.

On the other side of the border in the Yukon, active mining, approvals, and exploration are all ongoing, but with similar access problems as occur in Alaska. 1998 mineral production exceeded $100 million (Canadian), and the industry continues to play the largest role in the private sector economy of the territory. Recent exploration and development activity has reached a peak not seen since the Klondike Gold Rush. With a government committed to seeing a healthy investment climate for the mining industry combined with citizen support, mining potential for the Yukon has far to go. Figure 2 shows a few mines in the Yukon Territory near the proposed corridor.

Forestry information along the proposed corridor is similarly bright, but yet again with similar access problems. Within 15 miles of the corridor from the Yukon to Fairbanks lies 117 million cubic feet of hardwood pole timber and 141 million cubic feet of mixed pole timber. The Ladue River valley alone has the potential to create a chipping industry in Alaska even with its low-value fiber.

The forest products industry is still a fledgling in the Yukon Territory, but activity has developed throughout the last couple of decades in the Watson Lake area. Other potential areas include Mayo, Dawson City, Teslin, and Haines Junction. Timber supply shortages in the northwest combined with increased demand in Asian markets keep the future of this industry positive, but much of the territory has yet to be surveyed.

figure 1, mining data in Alaska

Alaska Mines	Ownership	Resource Information
Koyukuk-Huges mining district	production mostly from Alaska Gold Co.	231,000 oz Au produced 1930-1995
Innoko-Tolstoi mining district		Placer Au district; significant Au-Sb-Hg potential 706,267 oz Au produced through 1995
Hot Springs mining district	(numerous)	Placer Au-Sn district; 568,632 oz Au and 720,000 lb cassiterite produced through 1995
Fairbanks mining district	(numerous)	8,022,434 oz placer Au 1902-1995; 304,548 oz Au and over 4 million lbs Sb from veins and shear zones produced through 1990
Fort Knox	Kinross Gold Corp.	3,745,000 oz Au proven and probable reserves open at depth; 702,295 oz Au produced between 1996 and 1998
Ryan Lode	reclaimation by La Teko Resources Inc.	822,200 oz Au and 2.4 million oz Au in two shear zones
Grant Mine		212,000 tons of 0.36 oz/ton Au
True North	La Teko Resources Inc.	Estimated 1,314,000 oz Au
Gil Claims	Kinross Gold Corp./ Teryl Resources Corp.	Resource of 433,000 oz Au
Delta massive sulfide belt		40 million ton reserve containing percentages of: Cu, Zn, Pb, Ag,Au
Taurus		Cu-Au prospect; 140 million ton reserve containing percentages of: Cu, Au, Mo
Big Creek/Ladue		Pb-An-Ag massive sulfide prospects
Slate Creek	Slate Creek	55 million tons of 6.3% high quality chrysotile asbestos
Fortymile mining district	Kennecott Exploration Co.	Placer Au district; 534,974 oz Au produced 1883-1995
Pogo	Teck Corp./Sumitomo Metal Mining America Inc.	5.2 million oz Au reserves; exploration and development on-going
Red Dog Mine*	Cominco Alaska Inc.	157,8 million tons proven and probable reserves containing percentages of Zn, Pb, Ag; production and exploration on-going; over 1 million tons of concentrate produced in 1998

*Red Dog Mine, in Northwest Alaska, could become the terminus for a spur from Fairbanks to the Ambler mining district.

figure 2, mining data in the Yukon Territory

Yukon Mines	Ownership	Resource information
Brewery Creek Mine	Viceroy Resouce Corp.	613,000 contained oz Au; 1997-1998 production of 125,025 oz Au
Kudz Ze Kayah Property	Cominco Ltd.	13 million ton reserve containing percentages of: Cu, Pb, Zn, Ag, Au; final approvals expected in 1999
Sa Dena Hes Property	Cominco Ltd.	3.2 million ton reserve containing percentages of: Pb, Zn, Ag; opened in 1991 but closed in 1992 due to low prices
Wolverine Property	Boliden Ltd./Atna Resources Ltd.	6.237 million ton reserve containing percentages of: Cu, Pb, Zn, Ag, Au; further delineation planned
Minto	Asarco Inc./Minto Explorations Ltd.	7.2 million ton reserve containing percentages of: Cu, Ag, Au; production planned for late 2000
Carmacks Copper	Western Copper Holdings Ltd.	14.1 million ton reserve containing percentages of: Cu, Au; undergoing final stages of environmental assesment
Division Mt. Coal	Cash Resources	52.9 million ton resource at 9,328 BTU/lb and 0.43% Sulfer; under study with environmental assesement to begin next year
Wolverine	Atna Resources/ Expatriate Resources	6.2 million ton reserve containing percentages of: Zn, Cu, Pb, Ag, Au; metallurgical work planned
Wolf	Atna Resources/YGC Resources	4.1 million ton inferred resource containing percentages of: Zn, Pb, Ag; further exploration planned
Fyre Lake	Pacific Ridge Exploration	15.4 million tons preliminary resource containing percentages of: Cu, Co, Au; still in exploration

figure 1, mining data in Alaska

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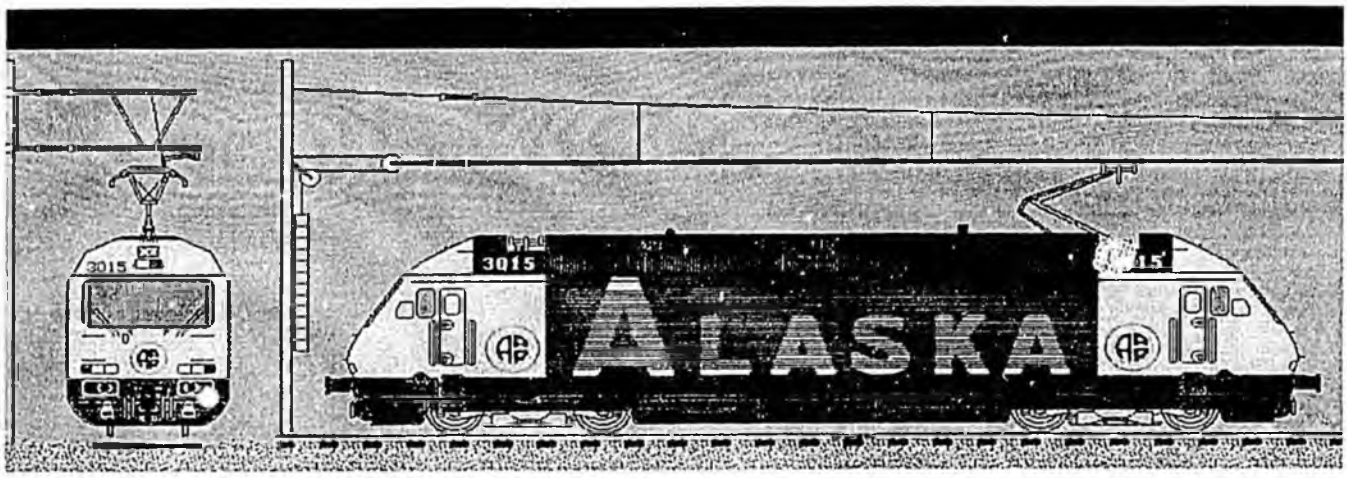

SECTION 2

Legislation

Alaska-Canada Rail Connection

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Richard F. Schmitz, editor

SENATOR
JOHN J. COWDERY
Anchorage

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Chair: Transportation
Chair: World Trade &
State/Federal Relations
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SPONSOR STATEMENT FOR SB 31

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

Growing Alaska's economy and ending a history of boom-and-bust cycles depends on improving our state's transportation infrastructure. The purpose of SB 31 is to advance the inclusion of Alaska in the contiguous North American rail system.

Without appropriating funds, SB 31 authorizes the Alaska Railroad Corp. to delineate a transportation and utility corridor from its terminus at Eielson AFB to the Alaska-Canada border. After survey and full delineation is achieved, state land would be transferred to the railroad fee simple title.

SB 31 also authorizes and encourages the railroad to obtain ownership or a right of way through any other lands, whether federal or private. A separate section authorizes the railroad to investigate further extension in order to make a connection with the North American rail system, logically in British Columbia.

This legislation mandates a 500-foot wide corridor that could allow for other uses such as fiber optic cable or power transmission lines. In addition, the corridor allows for specific railroad-related uses such as sidings, depots and materials storage.

Completing this last transcontinental railroad will benefit the mining, agriculture, tourism, food processing and oil and gas sectors of Alaska's economy. For example, the corridor between Eielson AFB and the border with Canada bisects a proven range of rich mineral potential, including the Pogo Project near Delta Junction.

SB 31 allows the Alaska Railroad to use funds it can obtain – such as from federal appropriations or sale of bonds – to survey and obtain a right of way to the Canadian border.

As world trade grows, this rail connection can only increase Alaska's economic ties with the rest of the nation and North America as a whole.

1-24-2003
rfs

CS FOR SENATE BILL NO. 31(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 4/24/03
Referred: Finance

Sponsor(s): SENATORS COWDERY, Wilken

A BILL

FOR AN ACT ENTITLED

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

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

*** Section 1.** AS 42.40 is amended by adding new sections to article 5 to read:

Sec. 42.40.460. Extension of the Alaska Railroad. (a) The corporation may delineate a proposed transportation corridor between the existing railroad utility corridor of the Alaska Railroad and the border of Alaska and Canada. The transportation corridor shall be 500 feet wide except where, in the corporation's discretion, physical obstacles or private land ownership patterns make a narrower transportation corridor appropriate. The transportation corridor may be designated for a use identified under AS 38.35.020(a) or AS 42.40.350(b), and, subject to this section, other transportation and utility uses. The corporation may also identify land for use as rail land that can be developed for terminal, station, and maintenance

facilities, switching yards, and other purposes associated with the transportation corridor. The corporation shall prepare a complete legal description of the proposed transportation corridor and the rail land identified under this subsection.

(b) In performing the work authorized by (a) of this section, the corporation in consultation with interested parties shall consider the following factors:

(1) safety;

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

(3) availability of construction materials;

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

(5) environmental concerns;

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

(7) minimization of probable construction costs;

(8) the location of and the opportunity to obtain access to identified natural resources that could contribute significantly to the economic development of the state and Canada;

(9) avoidance of possibly unstable ground due to thawing of frozen soils; and

(10) prior and established traditional uses.

(c) If the corporation identifies all or a portion of the proposed transportation corridor or associated rail land and if the Department of Natural Resources, after consultation with the corporation and potentially affected parties, finds that the location of the proposed transportation corridor and associated rail land minimizes adverse effects on existing and potential rights-of-way and land uses associated with the location, construction, and operation of a gas pipeline in a manner that is in the best interest of the state,

(1) the Department of Natural Resources shall reserve the transportation corridor and associated rail land across state land identified by the corporation, subject to valid existing rights and provisions of this section;

(2) the department shall continue to manage the land reserved under (1) of this subsection; the department shall consult with the corporation before disposing of an interest in land within the transportation corridor and associated rail land; the department shall condition authorizations for activities on the reserved land to protect the right of the corporation to construct the railroad or other uses identified for the land;

(3) the department and the corporation shall cooperate to identify, on a continuing basis and to the extent practicable, the potential crossings for economic development and public access along the land reserved for the transportation corridor and associated rail land; and

(4) while the land is reserved for the transportation corridor and associated rail land under this subsection, the department may retain money received from disposal or third-party use of the land.

(d) If the corporation notifies the Department of Natural Resources that the corpora ion will begin construction of a railroad improvement on a segment of the transportation corridor or associated rail land and the corporation has identified a source of funding for the construction, then, as of the beginning of construction of that segment, the department shall delegate authority to manage land within that segment of the transportation corridor and associated rail land to the corporation, including the authority to authorize or permit use of the land by third parties under the provisions of this chapter, subject to

(1) valid existing rights; and

(2) the authority of the department to

(A) identify and reserve rights-of-way for potential future crossings under (g) of this section; and

(B) after consultation with the corporation, identify, reserve, authorize, and manage land within the transportation corridor and associated rail land for future right-of-way leases and uses under AS 38.35.

(e) Upon completion of construction of the railroad improvement on all or a portion of the reserved transportation corridor or associated rail land,

(1) the corporation shall, without cost to the Department of Natural

Resources, provide the department with a survey of the state land within a 200-foot corridor, 100 feet on each side of the as-built centerline of track, and the associated rail land;

(2) the Department of Natural Resources shall convey the state's entire interest in the land within the boundaries of the survey to the corporation, subject to valid existing rights, and reserving to the state (A) the interests required by AS 38.05.125; (B) the right of the department to identify and reserve rights-of-way for potential future crossings under (g) of this section; and (C) the authority of the department to identify, reserve, authorize, and manage land within the transportation corridor and associated rail land for future right-of-way leases and uses under AS 38.35; the conveyance of land under this paragraph shall be without cost to the corporation except for the direct administrative costs of the department;

(3) the Department of Natural Resources shall assign any existing contracts within that segment of the transportation corridor and associated rail land to the corporation; the corporation may thereafter retain the revenue from the conveyed land; the department shall prorate revenue from contracts affecting both conveyed and unconveyed land;

(4) the remaining state land in a segment of the transportation corridor in which the corporation has received a conveyance under this section shall be managed by the Department of Natural Resources as a transportation corridor unless the department determines the land is no longer needed for that purpose; and

(5) the remaining segments of the transportation corridor in which the corporation has not completed construction and any associated state land designated as rail land shall continue to be managed by the Department of Natural Resources as a transportation corridor and associated rail land under (c) and (d) of this section.

(f) Notwithstanding other provisions of this section, before the Department of Natural Resources grants a gas pipeline right-of-way lease under AS 38.35.020(a) across a transportation corridor or associated rail land delineated, identified, reserved, or conveyed under this section, the department shall consult with the corporation; if a railroad improvement has not been constructed on a segment of the transportation corridor or associated rail land that is crossed by the proposed gas pipeline right-of-

way, the department may adjust the location of the transportation corridor or associated rail land if the department finds that relocation of the transportation corridor or associated rail land to accommodate the proposed gas pipeline right-of-way is in the best interest of the state.

(g) In delegating management authority over or conveying all or a portion of state land to the corporation, the Department of Natural Resources shall reserve the right to authorize, by lease, permit, or other method, a person to cross or construct access across the transportation corridor and associated rail land; however, before authorizing a crossing or construction of access, the department shall obtain concurrence from the corporation that the proposed crossing or construction is consistent with applicable safety standards and, to the extent practical, minimizes effects on railroad operating efficiency. Neither the corporation nor the state is liable for claims arising from public use of the transportation corridor and associated rail land, except to the extent the claims arise from the gross negligence of the state, the corporation, their employees, or their contractors, respectively. The department shall indemnify the corporation consistent with AS 42.40.420(1) - (3) for claims or related litigation arising from an authorization issued by the department under this section, except to the extent the claims arise from the gross negligence of the corporation, its employees, or its contractors.

(h) The corporation shall,

(1) as the corporation considers appropriate, exercise its authority under this chapter to acquire rights-of-way across land within the transportation corridor and associated rail land that is subject to the corporation's power of eminent domain;

(2) upon delineation of the transportation corridor and identification of associated rail land, expeditiously work with federal officials to secure reclassification and withdrawal of federal land for reservations and rights-of-way across the federal land for use as transportation corridor and rail land; and

(3) before undertaking acquisition of federal land or expending federal funds, prepare a report evaluating the effects of construction of an extension of the Alaska Railroad across federal land; the statement must satisfy the requirements for an

environmental impact statement under 42 U.S.C. 4332.

(i) The requirements of AS 38.04.065 and 38.05.300, relating to classification and reclassification of land, are inapplicable to actions taken by the Department of Natural Resources under this section.

(j) The Department of Natural Resources shall retain the classifications and reservations of land identified for use as a proposed utility corridor and railroad right-of-way under former AS 19.05.122 until the corporation informs the department in writing that the land is not needed by the corporation for a utility corridor. If, under (a) of this section, the corporation includes land identified under former AS 19.05.122 as part of the proposed transportation corridor, the department shall manage that land under provisions of this section.

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

Sec. 42.40.465. Extension of the Alaska Railroad to connect with the North American railroad system. (a) The corporation may investigate extension of the Alaska Railroad from the border of Alaska and Canada to connect with the North American railroad system. The corporation may acquire land or interests in land in Canada as the corporation considers appropriate for the development, construction, and operation of an extension of the Alaska Railroad to connect with the North American railroad system.

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

(1) safety;

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

(3) availability of construction materials;

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

(5) environmental concerns;

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

(7) minimization of probable construction costs;

(8) the location of and the opportunity to obtain access to identified natural resources that could contribute significantly to the economic development of the state and Canada;

(9) avoidance of possibly unstable ground due to thawing of frozen soils; and

(10) prior and established traditional uses.

*** Sec. 2.** AS 19.05.122 is repealed.

POINTS ON SB 31

- SECTION 1: 2 new sections are added to AS 42.40
- SECTION 1(a) authorizes AKRR to designate 500-foot-wide corridor
- SECTION 1(b) factors the RR must consider
- SECTION 1(c) steps that unfold once AKRR is ready to delineate corridor
- SECTION 1(d) steps that unfold once AKRR is ready begin construction
- SECTION 1(e) steps that unfold once construction is completed
- SECTION 1(f) deals with possibility that gas pipeline may be ready to begin construction first
- SECTION 1(g) deals with railroad crossings
- SECTION 1(h) addresses other issues related to extending the railroad
- SECTION 1(i) removes some DNR control over affected state land
- SECTION 1(j) addresses other issue relating to DNR
- SECTION 1(k) Allows AKRR to enter into contracts with other entities.
- SECTION 2 repeals previous language relating to AKRR, which new language replaces.

SECTION 1(a)

- AKRR is authorized to designate a 500-foot-wide corridor.
- AKRR is told to prepare a legal description of these lands.

SECTION 1(b)

Factors AKRR must consider:

- Safety
- Grade and alignment
- Availability of materials
- Effects to nearby communities and roads, etc.
- Environment
- Use of public land
- Construction costs
- Location to natural resources
- Traditional use

Sen. John J. Cowdery, Chair
Senate Transportation Committee
Call: 465-4921 Fax: 465-2069

SECTIONAL ANALYSIS

Section 1 of this bill amends **AS 42.40** by adding two new sections.

Sec. 42.40.460 authorizes the Alaska Railroad Corp. to delineate a proposed railroad utility corridor between the Alaska Railroad where its present corridor ends (at Eielson AFB) and the Alaska-Canada border.

The criteria for the railroad to use in delineating the corridor are set as follows:

- If the corporation delineates all or a portion of the proposed utility corridor, and associated rail land, the Department of Natural Resources shall convey the state land within the corridor to the corporation without cost. [Subsection (a)]
- The railroad will consult with potential gasline developers or others to make certain the corridor is in the best location for all uses. [Subsection (b)]
- The corporation shall, as it considers appropriate, exercise the power of eminent domain to acquire rights-of-way across land within the corridor.
- The corporation shall work with federal officials to secure reclassification and withdrawal of federal land for use as the corridor.
- The corporation shall prepare a report evaluating the effects of construction of an extension across federal land.
- Subsection (c)

The requirements of **AS 38.05** regarding classification of state land do not apply to actions of DNR under this section.

DNR shall retain the classifications and reservations of any land previously identified for use as a proposed utility corridor and railroad right-of-way under **AS 19.05.122** until the corporation determines that land is no longer needed for a utility corridor.

The corporation may enter into agreements with federal and state agencies, municipalities and private land owners as necessary to implement this section.

Sec. 42.40.465 authorizes the corporation to investigate extending the Alaska Railroad from the Alaska-Canada border to connect with the North American rail system.

Section 2 of this bill repeals **AS 19.05.122** which presently provides that the Department of Transportation (DOT-PF) delineate a corridor for the extension of the Alaska Railroad to the Canadian Border.

106th CONGRESS
2d Session

S. 2253

To authorize the establishment of a joint United States-Canada commission to study the feasibility of connecting the rail system in Alaska to the North American continental rail system; and for other purposes.

IN THE SENATE OF THE UNITED STATES

March 20, 2000

Mr. MURKOWSKI introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

---

A BILL

To authorize the establishment of a joint United States-Canada commission to study the feasibility of connecting the rail system in Alaska to the North American continental rail system; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Rails to Resources Act of 2000'.

SEC. 2. FINDINGS.

Congress finds that--

(1) rail transportation is an essential component of the North American intermodal transportation system;

(2) the development of economically strong and socially stable communities in the western United States and Canada was encouraged significantly by government policies promoting the development of integrated transcontinental, interstate and interprovincial rail systems in the states, territories and provinces of the two countries;

(3) United States and Canadian federal support for the completion of new elements of the transcontinental, interstate and interprovincial rail systems was halted before rail connections were established to the state of Alaska and the Yukon Territory;

(4) both public and private lands in Alaska, the Yukon Territory and northern British Columbia, including lands held by aboriginal peoples, contain extensive deposits of oil, gas, coal and other minerals as well as valuable forest products which presently are inaccessible, but which could provide significant economic benefit to local communities and to both nations if an economically efficient transportation system was available;

(5) per ton of freight moved, rail transportation systems emit lower levels of carbon monoxide, nitrogen oxides and volatile organic compounds than other modes of freight transportation;

(D) Proximity to mineral, timber and other resources.

(E) Market outlook.

(F) Environmental considera'i ns.

(G) Social effects, including changes in the use or availability of natural resources.

(H) Potential financing mechanisms.

(3) ROUTE- The Agreement should provide for the Commission, upon finding that it is technologically and economically feasible to link the rail system in Alaska as described in paragraph (1), to determine one or more recommended routes for the rail segment that establishes the linkage, taking into consideration cost, distance, access to potential freight markets, environmental matters, and such other factors as the Commission determines relevant.

(4) COMBINED CORRIDOR EVALUATION- The Agreement should also provide for the Commission to consider whether it would be useful and technologically and economically feasible to combine the power transmission infrastructure and petroleum product pipelines of other utilities into one corridor with a rail extension of the rail system of Alaska.

(b) REPORT- The Agreement should require the Commission to submit to Congress and the Secretary of Transportation and to the Minister of Transport of the government of Canada, not later than 5 years after the Commission commencement date, a report on the results of the study, including the following:

(1) FEASIBILITY- The Commission's findings regarding the technological and economical feasibility of linking the rail system in Alaska as described in subsection (a)(1).

(2) ROUTE- If such an action is determined technologically and economically feasible, the Commission's recommendations regarding the preferred route and any alternative routes for the rail segment establishing the linkage.

SEC. 7. COMMENCEMENT AND TERMINATION OF COMMISSION.

(a) COMMENCEMENT- The Agreement should provide for the Commission to begin to function on the date on which all members are appointed to the Commission as provided for in the Agreement.

(b) TERMINATION- The Commission shall terminate 90 days after the date on which the Commission submits its report under section 6.

SEC. 8. FUNDING.

(a) RAILS TO RESOURCES FUND- The Agreement should provide for the following:

(1) ESTABLISHMENT- The establishment of an interest-bearing account to be known as the `Rails to Resources Fund'.

(2) CONTRIBUTIONS- The contribution by the United States and the government of Canada to the Fund of amounts that are sufficient for the Commission to carry out its duties.

(3) AVAILABILITY- The availability of amounts in the Fund to pay the costs of Commission activities.

(4) DISSOLUTION- Dissolution of the Fund upon the termination of the Commission and distribution of the amounts in the Fund between the United States and the government of Canada.

(b) AUTHORIZATION OF APPROPRIATIONS- Funds are hereby authorized to be appropriated to any Fund established as described in subsection (a)(1) in the total amount of $6,000,000, to remain available until expended.

SEC. 9. DEFINITIONS.

In this section:

(1) AGREEMENT- The term `Agreement means an agreement described in section 2.

(2) COMMISSION- The term `Commission' means a commission established pursuant to any Agreement.

(3) COMMISSION COMMENCEMENT DATE- The date determined under section 6(a).

SEC. 5. GOVERNANCE AND STAFFING OF COMMISSION

(a) CHAIRMAN- The Agreement should provide for the Chairman of the Commission to be elected from among the members of the Commission by a majority vote of the members.

(b) COMPENSATION AND EXPENSES OF UNITED STATES MEMBERS-

(1) COMPENSATION- Each member of the Commission appointed by the President who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. Each such member who is an officer or employee of the United States shall serve without compensation in addition to that received for services as an officer or employee of the United States.

(2) TRAVEL EXPENSES- The members of the Commission appointed by the President shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) Staff-

(1) IN GENERAL- The Agreement should provide for the appointment of a staff and an executive director to be the head of the staff.

(2) COMPENSATION- Funds made available for the Commission by the United States may be used to pay the compensation of the executive director and other personnel at rates fixed by the Commission that are not in excess of the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(d) OFFICE- The Agreement should provide for the office of the Commission to be located in a mutually agreed location within the impacted areas of Alaska, the Yukon Territory, and northern British Columbia.

(e) MEETINGS- The Agreement should provide for the Commission to meet at least biannually to review progress and to provide guidance to staff and others, and to hold, in locations within the affected areas of Alaska, the Yukon Territory and northern British Columbia, such additional informational or public meetings as the Commission deems necessary to the conduct of its business.

(f) PROCUREMENT OF SERVICES- The Agreement should authorize and encourage the Commission to procure by contract, to the maximum extent practicable, the services (including any temporary and intermittent services) that the Commission determines necessary for carrying out the duties of the Commission. In the case of any contract for the services of an individual, funds made available for the Commission by the United States may not be used to pay for the services of the individual at a rate that exceeds the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code.

SEC. 6. DUTIES.

(a) Study-

(1) IN GENERAL- The Agreement should provide for the Commission to study and assess, on the basis of all available relevant information, the technological and economic feasibility of linking the rail system in Alaska to the North American continental rail system through the continuation of the rail system in Alaska from its northeastern terminus to a connection with the continental rail system in Canada.

(2) SPECIFIC ISSUES- The Agreement should provide for the study and assessment to include the consideration of the following issues:

(A) Railroad engineering.

(B) Land ownership.

(C) Geology.

(6) rail transportation systems are capable of moving cargo with up to nine times the energy efficiency of highway transportation;

(7) rail transportation in otherwise isolated areas facilitates controlled access and reduced overall impact to environmentally sensitive areas;

(8) the extension of the continental rail system through northern British Columbia and the Yukon Territory to the current terminus of the Alaska Railroad would significantly benefit the U.S. and Canadian visitor industries by facilitating the comfortable movement of passengers over long distances while minimizing effects on the surrounding areas;

(9) extension of the Alaska Railroad system to the Canadian border is consistent with the intent of Congress as expressed in the Alaska Railroad Organic Act of 1914, which called for a system of up to 1,000 miles in length; and

(10) ongoing research and development efforts in the rail industry continue to increase the efficiency of rail transportation, ensure safety, and decrease the impact of rail service on the environment.

SEC. 3. AGREEMENT FOR A UNITED STATES-CANADA BILATERAL COMMISSION.

The President is authorized and urged to enter into an agreement with the government of Canada to establish a joint commission to study the technological and economic feasibility of linking the rail system in Alaska to the nearest appropriate point on the North American continental rail system.

SEC. 4. COMPOSITION OF COMMISSION.

(a) MEMBERSHIP-

(1) TOTAL MEMBERSHIP- The Agreement should provide for the Commission to be composed of 18 members, of which 9 members are appointed by the President and 9 members are appointed by the government of Canada.

(2) GENERAL QUALIFICATIONS- The Agreement should provide for the membership of the Commission, to the maximum extent practicable, to be representative of--

(A) the interests of the local communities (including the governments of the communities), aboriginal peoples, and businesses that would be affected by the connection of the rail system in Alaska to the North American continental rail system; and

(B) a broad range of expertise in areas of knowledge that are relevant to the significant issues to be considered by the Commission, including economics, engineering, management of resources (such as minerals and timber), social sciences, fish and game management, environmental sciences, and transportation.

(b) UNITED STATES MEMBERSHIP- Under the Agreement, the President shall appoint the United States members of the Commission as follows:

(1) Two members from among persons who are qualified to represent the interests of communities and local governments of Alaska.

(2) One member representing the State of Alaska, to be nominated by the Governor of Alaska.

(3) One member from among persons who are qualified to represent the interests of Native Alaskans residing in the area of Alaska that would be affected by the extension of rail service.

(4) Four members from among persons involved in commercial activities in Alaska who are qualified to represent commercial interests in Alaska, of which one shall be a representative of the Alaska Railroad Corporation.

(5) Two members from among scholars employed in institutions of higher education in Alaska, at least one of whom must be an engineer with expertise in subarctic transportation.

(c) CANADIAN MEMBERSHIP- The Agreement should provide for the Canadian membership of the Commission to be representative of broad categories of interests of Canada as the government of Canada determines appropriate, consistent with subsection (a)(2).

Introduced: 1/13/77
Referred: State Affairs and Finance

BY SWANSON, BRADLEY, CHATTERTON, HAYES, KELLY, MCKINNON, MEEKINS, MILES, PARR AND PHILLIPS

IN THE HOUSE

HOUSE BILL NO. 47

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to creation of a utility corridor for extension of the Alaska Railroad; and providing for an effective date."

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

* Section 1. AS 19.05 is amended by adding a new section to read:

Sec. 19.05.122. UTILITY CORRIDOR FOR EXTENSION OF THE ALASKA RAILROAD. (a) The interior division of the department shall delineate a proposed utility corridor for the extension of the Alaska Railroad to the Canadian border. The proposed utility corridor shall include a delineation of a proposed railroad right-of-way.

(b) The commissioner shall, in conformity with the Administrative Procedure Act (AS 44.62), adopt a regulation approving, modifying, or rejecting the proposed utility corridor and railroad right-of-way.

(c) If the commissioner approves or modifies the proposed utility corridor and railroad right-of-way,

(1) the Department of Natural Resources shall classify, or reclassify, and reserve any state land within the utility corridor for use as a utility corridor and railroad right-of-way; and

(2) the department shall exercise its authority under sec. 40 of this chapter to acquire rights-of-way across land within the utility corridor which is subject to the state's power of condemnation.

(d) The requirements of the Alaska Land Act (AS 38.05) relating to classification and reclassification of land are inapplicable to actions taken under this section.

Introduced: 1/13/77
Referred: State Affairs and Finance

BY SWANSON, BRADLEY, CHATTERTON, HAYES, KELLY, MCKINNON, MEEKINS, PARR AND PHILLIPS

IN THE HOUSE

HOUSE BILL NO. 48 am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the Department of Transportation and Public Facilities, interior division, for delineation of a utility corridor and railroad right-of-way for extension of the Alaska Railroad; and providing for an effective date."

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

* Section 1. The sum of $865,000 is appropriated from the general fund to the Department of Transportation and Public Facilities, interior division, for the purpose of reconnaissance photography and studies, field surveys, mapping, engineering work, cost comparisons, and office work to delineate a utility corridor and railroad right-of-way for extension of the Alaska Railroad to the Canadian border.

* Sec. 2. The unexpended and unobligated portion of this appropriation lapses into the general fund June 30, 1979.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Bill Text

H

BILL ID: HB 183

SENATE CS FOR CS FOR HOUSE BILL NO. 183(TRA)(efd fld S)
"An Act directing the identification and delineation of a transportation and utilit
corridor between Fairbanks and the Seward Peninsula."
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
* Section 1. AS 19.25 is amended by adding a new section to read:
Sec. 19.25.123. FAIRBANKS - SEWARD PENINSULA TRANSPORTATION
AND UTILITY CORRIDOR. (a) Subject to legislative appropriation, the department
shall identify and delineate a proposed transportation and utility corridor betwee
Fairbanks and the western end of the Seward Peninsula.
(b) In performing the work required by (a) of this section,
(1) the railroad alignment and identification of a railroad right-of-w
of not less than 500 feet, together with adjacent sites that can be developed for
necessary construction materials, shall guide the identification and delineation of
corridor; and
(2) the department shall consider the following factors:
(A) grade and alignment standards that are commensurate with
rail and road construction standards;
(B) availability of construction materials;
(C) safety;
(D) impacts on and service to adjacent communities;
(E) environmental concerns;
(F) use of public land to the maximum degree possible;
(G) minimization of probable construction costs;
(H) the location of, and the opportunity to obtain access to
identified natural resources that could contribute significantly to the state's
economic development; and
(I) prior and established traditional uses.
(c) Within 90 days after receiving a report transmitting the work of th
department under (a) of this section, the commissioner shall, in conformity with
AS 44.62 (Administrative Procedure Act), if necessary, adopt a regulation approving
modifying, or rejecting the proposed corridor.
(d) If the commissioner approves or modifies the proposed corridor wher
presented under (c) of this section,
(1) the Department of Natural Resources shall promptly classify, or
reclassify, and reserve any state land within the corridor and at adjacent sites th
be developed for necessary construction materials for use as a corridor; and
(2) the department shall
(A) subject to legislative appropriation, exercise its autho
under AS 19.05.040 to acquire rights-of-way across land within the corridor
that is subject to the state's power of condemnation; and
(B) work with federal officials to secure reclassification a
withdrawal of federal land in the corridor for reservations and rights-of-way
across the federal land for use as a corridor.
(e) The requirements of AS 38.05 (Alaska Land Act) relating to classifi
and reclassification of land are inapplicable to actions taken under this section.
(f) To complete the work required by this section, the commissioner may
accept any legal gifts and grants and may enter into contracts or other transactior
agreements relating to it with the federal government, an agency or instrumentality
the state, a municipality, or a private organization.
(g) In this section, "corridor" means the transportation and utility co
required to be identified and delineated by (a) of this section.
* Sec. 2. AS 19.25.123, added by sec. 1 of this Act, is repealed July 1, 2055.

Bill Text

H

BILL ID: HB 184

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 184(FIN)
"An Act making a special appropriation to the Department of Transportation and Public Facilities to determine the cost of acquiring real property within the right proposed extension of the Alaska Railroad from Eielson Air Force Base to the Alaska-Canada border; and providing for an effective date."
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
* Section 1. The sum of $10,000 is appropriated from the general fund to the De of Transportation and Public Facilities for the fiscal year ending June 30, 1995, t the cost of acquiring private land, and private interests in land, sufficient to ac construction of an extension of the Alaska Railroad or construction of a transporta communication, or transmission facility within the right-of-way described in the Ap updated report of the Department of Transportation and Public Facilities on Route S for the Alaska Railroad Extension from Eielson to Canadian Border.
* Sec. 2. This Act takes effect July 1, 1994.

Bill Root: Display Bill Root

TO REPORT PROBLEMS WITH BASIS INQUIRY

LIVE KTOO STREAMS

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CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 12(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 3/5/99
Offered: 2/19/99

Sponsor(s): REPRESENTATIVES JAMES, Therriault, Dyson, Harris, Kemplen

SENATORS Wilken, Pete Kelly

A BILL

FOR AN ACT ENTITLED

"An Act relating to a utility corridor and railroad right-of-way between the Alaska Railroad and the Alaska-Canada border."

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

* **Section 1.** AS 19.05.122(a) is amended to read:

(a) Subject to legislative appropriation, [NOT LATER THAN APRIL 1, 1982, THE INTERIOR DIVISION OF] the department shall delineate a proposed utility corridor, including a railroad right-of-way between the right-of-way [FOR THE EXTENSION] of the Alaska Railroad and [TO] the Canadian border. The proposed utility corridor shall include a complete legal description of the proposed railroad right-of-way.

* **Sec. 2.** AS 19.05.122(b) is amended to read:

(b) Within 90 days after receiving a report transmitting the work [OF THE INTERIOR DIVISION] of the department under (a) of this section, the commissioner shall, in conformity with AS 44.62 (Administrative Procedure Act), if necessary, adopt

a regulation approving, modifying, or rejecting the proposed utility corridor and railroad right-of-way.

* Sec. 3. AS 19.05.122(c) is amended to read:

(c) If the commissioner approves or modifies the proposed utility corridor and railroad right-of-way,

(1) the Department of Natural Resources shall promptly

(A) classify, or reclassify, and reserve any state land within the utility corridor for use as a utility corridor and railroad right-of-way; and

(B) delineate the route of the utility corridor and railroad right-of-way in any system of land records maintained by the Department of Natural Resources under AS 38.05.035; and

(2) the department shall

(A) exercise its authority under AS 19.05.040 to acquire rights-of-way across land within the utility corridor which is subject to the state's power of condemnation;

(B) work with federal officials to secure reclassification and withdrawal of federal land in the utility corridor for reservations and rights-of-way across the federal land for use as a utility corridor and railroad right-of-way; and

(C) prepare a report evaluating the impact of construction of an extension of the Alaska Railroad across federal land within the railroad right-of-way; the statement shall satisfy the requirements for an "environmental impact statement" under 42 U.S.C. 4332.

* Sec. 4. AS 19.05.122 is amended by adding new subsections to read:

(e) In performing the work required by (a) of this section, the railroad alignment and identification of a railroad right-of-way of not less than 500 feet, together with adjacent sites that can be developed for necessary construction materials, shall guide the identification and delineation of the corridor.

(f) To complete the work required by this section, the commissioner may accept and, subject to legislative appropriation, expend any legal gifts and grants relating to the work and may enter into agreements relating to the work with the

federal government, an agency or instrumentality of the state, a municipality, or a private organization.

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Alaska State Legislature

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House Of Representatives

House District 34

SPONSOR STATEMENT

House Bill 12

1/28/99

"An Act relating to an easement for the extension of the Alaska Railroad to the Alaska-Canada Border"

Why is this bill necessary?

1982 A corridor was delineated by statute, connecting Alaska's existing railroad with the Canadian Border.

1994 I sponsored and passed HB 184 authorizing $10,000.00 for a study determining the cost of acquiring this right-of-way.

1995 D.O.T. reached a cost estimate of $6,363,000.00 to acquire the right-of-way. Of the $10,000.00 appropriated by HB 184 for this study, a total of $7876.00 was expended.

1996 On May 5, the 1982 application to B.L.M. for this project was withdrawn by order of D.O.T. due to "lack of interest," in spite of my 1994 legislation which certainly indicated a continuing interest!

1999 HB 12 reauthorizes delineation of the corridor, subject to legislative appropriation. Thus this bill carries no fiscal impact. It merely reauthorizes and updates the 1982 statute.

Both the Canadian and Russian governments, as well as our own, are increasingly interested in a U.S.-Asian link via rail through Alaska. HB 12 allows eventual funding from any source, private or governmental, and I want the authorization on the books now so we aren't scrambling for it when project funds become available.

Advantages to Alaska are obvious: resource development, tourism, job opportunities for ALL areas of Alaska, with controlled access - and without the expensive maintenance problems of other modes of transportation.

federal government, an agency or instrumentality of the state, a municipality, or a private organization.

Fiscal Analysis for SSHB 12

Listed below are the tasks, including estimated timeframes and costs, which House Bill 12 would require the Department of Transportation to complete upon legislative appropriation.

1. Review of route in original 1982 study, to determine and note changes in land status and other land use conflicts/3 months/$30,000
2. Interagency review, comment and compilation assessment and determination of most appropriate route/2 months/$20,000
3. Map revised route 1 month/$7,500
4. Submit application to DNR for record notation 0.5 month/$4,000.

These estimates are based on using the 1982 study with no major route changes. A quick review of the 1982 study indicates a high probability of necessary route changes due to land status changes

Should the legislature wish to acquire the right-of-way, a 1995 estimate of acquisition cost was $6,363,000. It is safe to assume that a new estimate would be substantially higher due to increased land values and land status changes, and due to the fact that the original estimate included no permitting fees.

Prepared by Frank Mielke, Chief, Right of Way & Utilities, SE Region, D&ES, DOTPF
2/1/99

HOUSE JOINT RESOLUTION NO. 51

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES JAMES, Dyson, Harris, Whitaker, Foster, Masek, Kott, Coghill, Davies, Croft, Murkowski, Hudson, Therriault, Ogan, Austerman, Kemplen, Cowdery

Introduced: 1/31/00
Referred: House Special Committee on World Trade and State/Federal Relations, Transportation

A RESOLUTION

Expressing support for a cooperative United States-Canada feasibility study on extending the North American rail system through British Columbia and the Yukon Territory to Alaska.

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

WHEREAS rail transportation is the most cost-effective long distance method of overland transportation; and

WHEREAS rail transportation is an essential component of the North American inter-modal transportation system; and

WHEREAS rail transportation is energy efficient, capable of moving goods three to nine times farther per unit of fuel than highway transportation; and

WHEREAS rail transportation emits lower levels of carbon monoxide, carbon dioxide, nitrogen oxides, and volatile organic compounds per ton of freight moved than other modes of freight transportation; and

WHEREAS rail transportation systems allow controlled access to and reduced overall effects on environmentally sensitive regions; and

WHEREAS rail transportation remains an important component of national and

continental defense planning; and

WHEREAS the North American rail transportation system will not be complete until it extends to all states, provinces, and territories on the continent; and

WHEREAS the State of Alaska recently enacted legislation to reauthorize the delineation and acquisition of a rail transportation corridor from the present terminus of the Alaska Railroad to the border between Alaska and the Yukon Territory; and

WHEREAS Alaska, the Yukon Territory, and British Columbia contain extensive oil and gas, mineral, and timber resource reserves that currently are inaccessible, and bilateral cooperation in the development of a freight transportation infrastructure would facilitate the utilization of these resources for the benefit of the United States and Canada; and

WHEREAS a northern rail system may significantly benefit the visitor industry by facilitating the comfortable movement of passengers over long distances while minimizing the effect of such movement on the surrounding environment; and

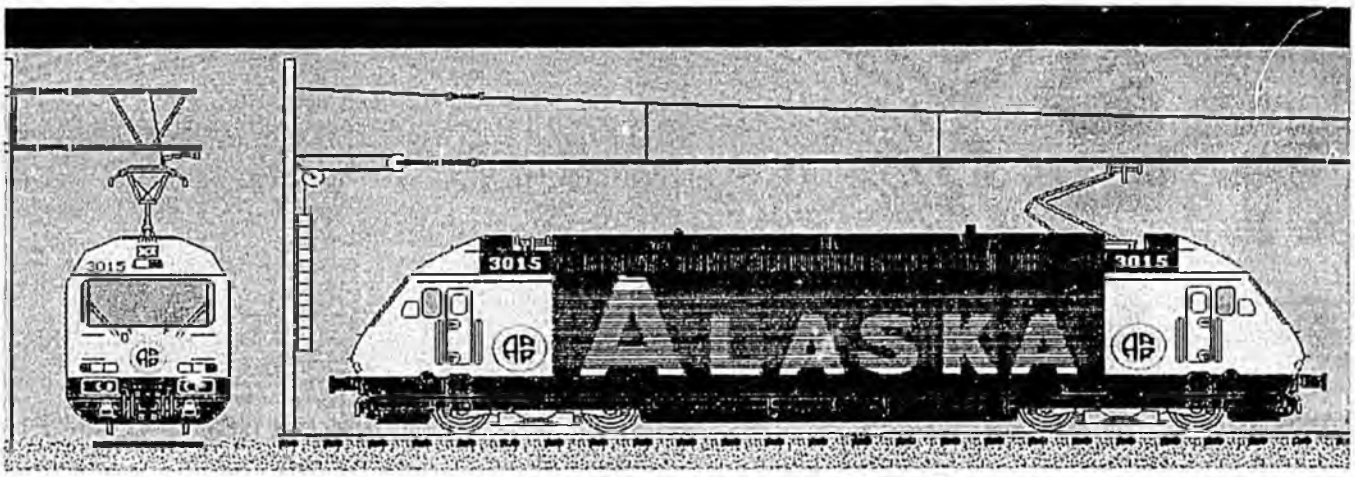
WHEREAS ongoing research and advancements in rail technology continue to increase the efficiency of rail transportation and ensure rail safety and decrease the effect of rail transportation on the environment;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the government of the United States and the government of Canada to engage in a cooperative feasibility study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory by way of northern British Columbia with the existing North American rail transportation system; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the government of the United States and the government of Canada to establish a bilateral commission representing local governments, business interests, and aboriginal stakeholders to define the goals and objectives for the cooperative feasibility study and to report the results of the study to the appropriate governmental entities of the United States and Canada; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests that funding for operation of the bilateral commission and for the conduct of the cooperative feasibility study be considered a priority for the governments of the United States, Canada, British Columbia, the Yukon Territory, and the State of Alaska.

COPIES of this resolution shall be sent to the Honorable Jean Chretien, Prime Minister of Canada; the Honorable David Collenette. Minister of Transport, Transport Canada; the Honorable Dan Miller, Premier of the Province of British Columbia; the Honorable Piers McDonald, Government Leader, Yukon Territory; the Honorable Bill Clinton, President of the United States; the Honorable Madeleine K. Albright, United States Secretary of State; the Honorable Rodney E. Slater, United States Secretary of Transportation; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; the Honorable Jesse Helms, Chair of the Committee on Foreign Relations of the U.S. Senate; the Honorable John McCain, Chair of the Committee on Commerce, Science, and Transportation of the U.S. Senate; the Honorable J. Dennis Hastert, Speaker of the U.S. House of Representatives; the Honorable Benjamin A. Gilman, Chair of the Committee on International Relations of the U.S. House of Representatives; the Honorable Bud Shuster, Chair of the Committee on Transportation and Infrastructure of the U.S. House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.



Alaska-Canada Rail Connection

SECTION 3

Correspondence

Published by the office of Sen. John J. Cowdery
Room 101, Alaska State Capital
Juneau, Alaska 99801
Richard F. Schmitz, editor

ALASKA RAILROAD CORPORATION

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January 24, 2003

The Honorable John Cowdery
State Senate
Alaska State Capitol, Room 101
Juneau, Alaska 99801

Dear Senator Cowdery:

Thank you for offering the Alaska Railroad the opportunity to provide a letter of support on Senate Bill 31 relating to the extension of the Alaska Railroad to Canada and the North American railroad system. We believe it is appropriate to extend the railroad to Canada and have been supportive of recent legislative and congressional efforts to study such a project.

We will take our lead from state and federal policy makers regarding rail extension initiatives. We certainly support extending or building new railroad lines and believe this falls under our mission to foster state and community economic development. We also want you to know that we stand ready to provide technical, engineering and operating expertise to help with planning.

While we support expanding Alaska's rail infrastructure, the additional maintenance and operations expense is an issue. An extension to Canada would increase the current Alaska Railroad mainline by a third – perhaps more if the Alaska Railroad were to extend beyond the border to Whitehorse or another Canadian destination. We would depend on added revenue to pay those bills.

Land ownership is also an important consideration. The Alaska Railroad believes the current model – allowing the railroad to support its capital budget through real estate earnings – has allowed the Railroad to operate without the use of state subsidies. We support the approach Senate Bill 31 takes which would transfer new right of way and necessary land for rail operations to the Railroad fee simple title.

Again, we appreciate the opportunity to express our support and look forward to participating in legislative hearings as the issue unfolds this year.

Regards,

Patrick K. Gamble
President & CEO

Yukon
Office of the Premier
Box 2703, Whitehorse, Yukon Y1A 2C6

4254-01
4126-02

April 2, 2003

The Right Honourable Jean Chrétien, P.C., M.P.
Prime Minister of Canada
House of Commons
Ottawa, Ontario K1A 0A6

Dear Prime Minister:

On behalf of all Yukoners, I would like to express my government's strong support for the establishment of a US-Canada Joint Commission on the Canada-Alaska Rail Link.

The Yukon has more than 80 identified mineral deposits with defined reserves, many of which are of world-class size, that could be developed if a rail link provided efficient transportation of supplies and minerals. In addition, there are eight virtually unexplored oil and gas basins and vast forestry resources that could also benefit from a railroad.

The large mining, forestry and oil and gas development opportunities that a rail link might make feasible need to be further explored and detailed, as do the potential benefits of identifying new transportation corridors in Canada's northwest.

I believe the proposed Commission should be established as soon as possible in order to fully consider the enormous opportunities a rail link could create for Alaska, Yukon, British Columbia and western Canada. Given that the Commission will offer so many excellent opportunities for collaboration and cooperation among policy makers, First Nation leaders, industry and high level technical professionals, both in Canada and the United States, I can't imagine a better time for Canada to announce its decision to participate.

I understand that Alaska Governor Murkowski recently wrote you to express his government's support for the Commission and to suggest locating the offices of the Commission in Whitehorse and Juneau. I fully support the governor's suggestions and look forward to working with our Alaska neighbours and various Canadian and American partners in the months to come.

.../2

As you make your formal decision regarding the Bilateral Commission, I want to assure you that my government, and all Yukoners, are ready and eager to participate.

Yours sincerely,

Dennis Fentie
Premier

cc Honourable Bill Graham, Minister of Foreign Affairs
Honourable David Collenette, Minister of Transport
Honourable Pierre Pettigrew, Minister, International Trade
Honourable Herb Dhaliwal, Minister of Natural Resources
Honourable Ione Christensen, Senator, Yukon
Mr. Larry Bagnell, MP, Yukon
Honourable Stephen Kakfwi, Premier, Northwest Territories
Honourable Ralph Klein, Premier, Alberta
Honourable Gordon Campbell, Premier, British Columbia
Honourable Roger Simmons, P.C
Honourable Frank Murkowski, Governor
Honourable Ted Stevens, United States Senate
Honourable Doug Young, United States House of Representatives
Honourable Lisa Murkowski, United States Senate
Honourable Fred Dyson, United States Senate
Honourable John Cowdery, United States Senate

Yukon
Office of the Premier
Box 2703, Whitehorse, Yukon Y1A 2C6

March 17, 2003

John J. Cowdery
Senator
State Capitol, Suite 101
Juneau, Alaska 99801-1182

Dear Senator Cowdery:

Thank you for your letter of February 28, 2003 and enclosed copy of Bill SB 31 relating to a railway corridor for the extension of the Alaska Railroad.

The Government of Alaska and the Government of Yukon have a long tradition of sharing approaches to common issues. Working together on a rail link proposal will build on this relationship.

Our Government's position is to promote the establishment of an International Canada - U.S. Joint Commission to conduct a feasibility study of constructing a railroad from Alaska through Yukon to connect with railroads in the south. As we enter our first Term of Office, I am planning changes in the administration, which will provide support to promote this kind of initiative.

We are very interested in the progress of your bill and related activities. Likewise, my office will keep you apprised of developments from the Yukon perspective. We look forward to continued progress on this project.

Yours sincerely,

DES

Dennis Fentie
Premier of Yukon

Yukon
Office of the Premier
Box 2703, Whitehorse, Yukon Y1A 2C6

#4251-01
#4251-01-01

March 18, 2003

Senator John Cowdery
Senator of Alaska
State of Alaska
State Capitol, Room 101
Juneau, AK 99801-1182

Dear Senator Cowdery:

Thank you for your letter of February 28, 2003 and the copy of Bill SB 31 relating to a railway corridor for the extension of the Alaska Railroad.

My government is committed to working with Alaska to ensure the success of the railroad initiative. The Government of Alaska and the Government of Yukon have a long tradition of working together to achieve common ends. I believe that together we can prompt our respective federal governments to raise the profile of this initiative.

It is for that reason that we will watch the progress of your bill with keen interest. I will also be working closely on this issue with Governor Murkowski.

We look forward to continued progress on this project.

Yours sincerely,

Dennis Fentie
Premier of Yukon

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FEB
FEV 19 2003

Mr. Donald Taylor
P.O. Box 53
Watson Lake Yukon
Y0A 1C0

Dear Mr. Taylor,

Thank you for your recent letter.

I very much appreciate your input and the input of all Canadians on the issues that matter to our country and party.

Your views on a possible rail link connecting the State of Alaska are of great interest to me, and will certainly be taken into account as we go forward.

I have already outlined some of the ideas I believe will build on Canada's new confidence and make this a decade of historic possibility for our country. You can review them at my website located at the following link: www.paulmartintimes.ca. Please feel free to continue checking this location as we will update it from time to time.

Again, thank you for your input.

The Honourable Paul Martin, P.C., M.P.

Donald E. Taylor
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CANADA
(867) 536 7575

March 21, 2003

Senator John J. Cowdery
State Capital
Suite #101
Juneau, Alaska, 99801-1182
U.S.A.

Dear John,

Thank you so much for your letter and information which arrived here yesterday. Please be assured that you are now included on my distribution list for occasional information relative to the Alaska-Canada railway proposal. I am pleased to enclose a copy of a communication from the Hon. Paul Martin, P.C., M.P. which is self explanatory. It's very widely anticipated that he will win an upcomming leadership convention to lead the Liberal Party of Canada, replacing the Right Hon. Jean Chretien as Prime Minister of Canada. Hopefully this will bode well for our projected railway endeavors.

I have spent a great deal of time and interest over past years, passing along useful information to all the parties listed on my distribution list, in the hope that this will assist in nuturing a meaningful dialogue between our two countries respecting the railway proposal.

I have been informed today that Premier Herb Klein of Alberta, and Premier Gordon Campell of British Columbia, will be writing to the Prime Minister, encouraging him to reconsider his indicated disinterest in the Alaska-Canada Railway proposal. Hopefully, this will result in the Government of Canada undertaking an early review of it's position relative to Canada's participation and funding the proposed Joint Commission.

In closing, may I complement you on your great interest and efforts in helping formulate the important developments refered to in your correspondence. Please don't hesitate to get in touch with any of the parties listed on the distribution list should you wish further information regarding related matters.

Sincerely,

Don Taylor

YUKON CHAMBER OF COMMERCE

Suite 201 - 208 Main Street
Whitehorse, Yukon Y1A 2A9
Website: http://chamber.yukon.net

Tel: (867) 667-2000
Toll-free: 1-800-661-0543
Fax: (867) 667-2001
e-mail: chamber@yukon.net

September 22, 2001

Senator Frank Murkowski
United States Senate
US Congress
Washington, DC

Dear Senator Murkowski:

Subject: **Strategic Assistance to the United States of America -- Railways, Roads, Energy and Communications**

The State of Alaska and the Yukon Territory are able to contribute an enormous amount to continental security for both the American and Canadian people. The Yukon business community feels it is critical that both Canada and the United States become more energy self-sufficient in the very near future. Public commentary out of Washington and New York over the last ten days appears to support this view.

It is because of this belief that I am writing to you on behalf of the business community in the Yukon to request your support in helping us to raise the profile of the potential links between our two jurisdictions and the Lower 48 States.

There are several ways in which Alaska and the Yukon can contribute at this time in North American history.

One, we need to proceed as quickly as possible with the construction of the Alaska natural gas pipeline from Fairbanks, Alaska, through the Yukon to link with the pipeline system in British Columbia and Alberta to provide gas to the United States and to the communities along the route. The greater the energy development in our part of the continent, the less dependence on overseas sources of gas and oil and other strategic requirements.

Two, we need to continue to work together on improving the Alcan Highway through North Eastern British Columbia, Yukon and into Alaska. The construction of the missile base at Ft Greeley; the developments of the two mines -- Fort Knox and Pogo; the natural gas pipeline and several other major activities, make the improvement and maintenance of the Alcan critical

Third, the maintenance and up grading of the Alcan highway would be an ideal opportunity to lay fibre optic cable for communications purposes along the highway right of way. There are many reasons why this makes sense, not the least of which is the opportunity to vastly improve communications between the far north west and the rest of the continent.

Fourth, and most significantly, another essential element for the development of the State of Alaska and the Yukon Territory is the construction of a railway so that goods can be shipped to Alaska and the Yukon quickly and efficiently and products – required for commercial and strategic purposes – can be moved out of Alaska and Yukon quickly and cheaply.

In this regard, I have had the opportunity to work with Dr. Charles Jurasz, the Vice President of Faro Sustainable Development Corporation from Faro, Yukon, and have had the opportunity as well to review their plans for railway development and access to Alaska. I understand that Charles has also addressed this issue at some length with State Representative Jeanette James of North Pole, Alaska – a strong proponent of the construction of the railway.

The Yukon business community is increasingly convinced that it is vital to our growth and vital to our continental security that a rail line be developed in the very near future that would tie Alaska and the Yukon to the Lower 48 I understand that it was at your urging that the United States Congress approved $6 million USD for a feasibility study in December of 2000. We understand from talking to our representatives in the Canadian government that this is not yet a priority for the Canadian government.

Although our representatives, Member of Parliament Larry Bagnell and Senator Ione Christianson have been attempting to raise the profile of this issue, they have been unsuccessful to date We strongly support rail, road, communications and energy development in our two jurisdictions.

This is where we need your help. I am writing to ask for your assistance in having President Bush request of Prime Minister Chretien when he is in Washington this week that he make these four issues -- rail, roads, energy and communications development (in particular in the Yukon and Alaska) -- a priority area where Canada can help the United States in its war on terrorism.

We feel it is in our mutual best interests that Alaska and the Yukon be placed on the list of requests Mr. Bush makes of the Canadian Prime Minister and we also feel it is in the best strategic interests of Canada and the United States.

Following, the Bush-Chretien meetings, the Yukon Chamber of Commerce would like to arrange to have you lead a small delegation that would include Senator Ted Stevens, Representative Don Young, Jeanette James and Bill Hudson to Ottawa to join with a Yukon delegation to follow up on the Bush-Chretien meeting.

We would do this to impress upon the Members of the Canadian Federal Cabinet and Liberal Caucus just how important it is for continental security that these initiatives go forward and how seriously these initiatives of the United States Government and the State of Alaska should be taken. We count on your support and assistance.

Although the sorrow and sadness of the past two weeks will never be forgotten, please accept our expression of continued support for the United States of America from our membership. Your cause is our cause; your need is our need for we are good neighbors and best friends.

God Bless America

Respectfully,

(Mr) R Lynn Ogden
President

Copies to:

Senator Ted Stevens
United States Senate

Representative Don Young
United States House of Representatives

Representative Jeanette James
Alaska State Legislature

Representative Bill Hudson
Alaska State Legislature

Senator Ione Christianson
Senate of Canada

Larry Bagnell, MP
House of Commons Canada

Fairbanks Industrial Development Corporation

February 22, 2000

Representative Jeannette James
Room 102
Alaska State Capitol
Juneau 99801-1182

Dear Representative James:

I wish to provide testimony to Senate Joint Resolution No. 38 expressing support for a cooperative United States-Canada feasibility study on extending the North American rail system through British Columbia and the Yukon Territory to Alaska. Fairbanks Industrial Development Corporation supports and encourages initiatives to expand rail transportation within the State of Alaska and to achieve the rail connective link with Canada and the North American rail system.

This initiative will afford tremendous opportunities for economic growth and development, create new employment opportunities, enhance military defense, and allow responsible utilization of significant natural resources. There are enormous amounts of unrealized resources including: forest products, minerals, and agriculture; as well as tremendous opportunities for all season tourism.

Railroad expansion will enhance and facilitate an intermodal transportation network for Interior Alaska. Sea, air, over-the-road, and rail transportation are crucial to economic development in the Interior.

Rail transportation is the most efficient and environmentally sound mode of transportation of bulk materials into and out of Interior Alaska. Speed of movement, safety of operations, and environmental efficiencies can be achieved by rail transportation.

515 Seventh Avenue, Suite 320, Fairbanks, Alaska 99701 (907) 452-2185 Fax: (907) 451-9534

Fairbanks and Interior Alaska are great places to live, work, and recreate. We must move forward with the feasibility study to make the connective link a reality.

Thank you for the opportunity to provide testimony.

Best regards,

BILL

William S. Brophy
Executive Director

WSB: kjf

CC: Representative Ramona Barnes
Representative Tom Brice
Representative John Coghill
Representative John Davies
Representative Pete Kelly
Senator Georgianna Lincoln
Senator Mike Miller
Representative Carl Morgan
Representative Gene Therriault
Senator Jerry Ward
Representative Jim Whitaker

BILL SHEFFIELD, GOVERNOR

Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER

Pouch Z
Juneau, Alaska, 99811
(Telex 45-328)

March 8, 1983

Mr. Charles H. Parr
S.R. Box 50599
Fairbanks, AK 99701

Dear Mr. Parr:

Re: Alaska Railroad Extension Project

I have reviewed your letter to me dated December 23, 1982 and the subsequent reply from Acting Commissioner Ron Lind dated January 12, 1983. I am very concerned about the point you made regarding the responsiveness of the Department and I wish to assure you that this instance will not reflect the attitude of the Department under my administration. I hope that future inquires will be accorded the prompt attention they deserve.

Your calls to the Division of Planning and Programming office in Anchorage should have been referred to the Interior Region Design & Construction office in Fairbanks, who have responsibility for the subject project.

As you have previously been informed, the railroad corridor has been deliniated and an environmental assessment of the route is nearing completion. A title search of lands along the route is also complete and application has been made for right-of-way across state and federal lands. Final right-of-way acquisition for the entire corridor is now estimated to require another year to complete. Even this schedule could be jeopardized if condemnation is required.

It appears that completion of right-of-way plans and incidental field surveys which are required prior to appraisal and acquisition of private lands cannot be completed due to the lapsing of available funding. Although the current funding available for this project appears sufficient, work on this project will be forced to cease when the current funding expires on June 30, 1983 unless a new appropriation is received from the Legislature. The current funding cannot be extended.

ALASKA STATE LEGISLATURE

INTERIM OFFICE:
P.O. BOX 81435
FAIRBANKS, ALASKA 99708

IN SESSION:
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4630/4641

CHAIRMAN
1983 INTERIOR DELEGATION

MEMBER
TRANSPORTATION
HEALTH, EDUCATION AND SOCIAL SERVICES
LABOR SUBCOMMITTEE
JOINT OIL AND GAS
RURAL EDUCATION ATTENDANCE AREAS

Representative Mike Davis
House District 19

February 13, 1983

Senator Charlie Parr
SR Box 40286
Fairbanks, Alaska 99701

Dear Sen. Parr Charlie

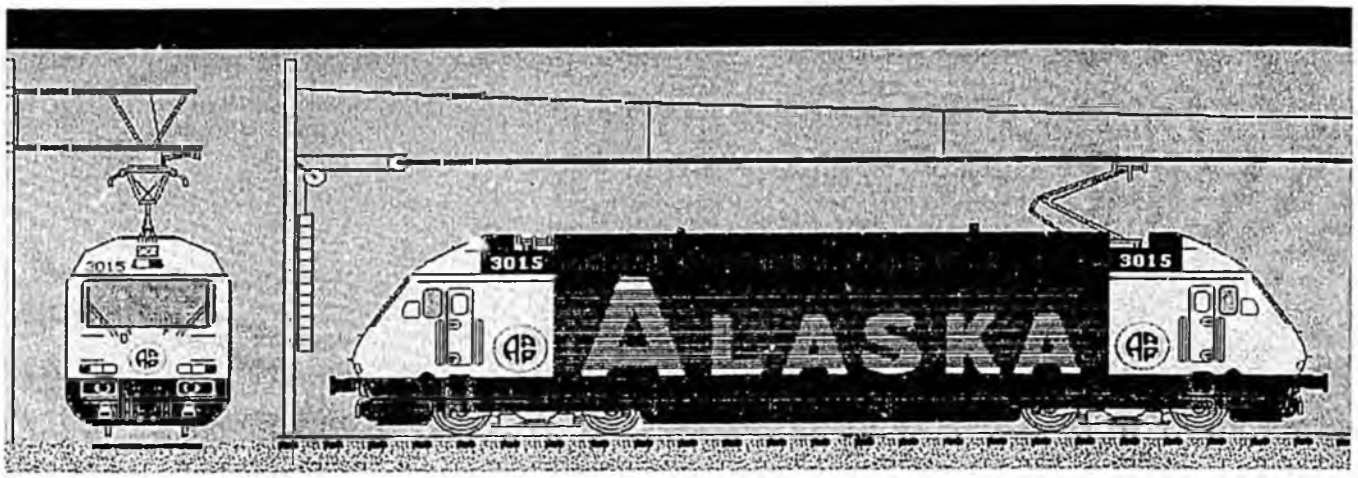
Enclosed is a copy of another letter received from the Department of Transportation and Public Facilities regarding the status of rights-of-way acquisitions.

Please let me know if you require any additional information in regard to this matter.

Sincerely,

Mike

Rep. Mike Davis



Alaska-Canada Rail Connection

SECTION 4

Resolutions of Support

Published by the office of Sen. John J. Cowdery
Room 101, Alaska State Capitol
Juneau, Alaska 99801
Richard F. Schmitz, editor

WHEREAS oil cannot be relied upon as the major industry of Alaska;

WHEREAS there is incredible unrealized potential in the economic development of other Alaskan industries due to the lack of infrastructure;

WHEREAS the lack of infrastructure in Rural Alaska has inhibited the growth of these Alaskan industries and such a railway would bring unprecedented growth and opportunities to these regions;

WHEREAS diversifying our statewide economy will reduce Alaska's risk of extensive budgetary short falls;

WHEREAS a railway to Canada would serve as ratification of the United States intent to our closest trading ally with regard to NAFTA;

WHEREAS the Department of Defense is considering expansion of its ballistic missile deployment in Alaska and such a railway would serve our country's National Defense interests;

WHEREAS intermodal capability will benefit all of Alaska and compliment others in the transportation industry;

WHEREAS a railroad will provide the most controlled and environmentally sound form of access to rural and remote regions;

WHEREAS the maintenance cost savings realized by constructing a railway are significantly greater than that of a highway;

WHEREAS House Bill 12, signed into law during the 1999 Legislative Session authorizes the identification, purchase and development of a railway corridor from the existing railroad at Eielson AFB to the Canadian border;

WHEREAS House Bill 12 indicates that funding can be obtained from any combination of public, private and governmental sources;

WHEREAS Canadian private industries have put the "first foot forward" by meeting with Alaskan governmental officials to try and make this project a reality;

WHEREAS the Delta Region will be experiencing severe economic trauma with the Realignment of Ft. Greely in July of 2001 and such a rail system would serve to augment the emerging industries in the area;

BE IT THEREFORE RESOLVED by the Delta Chamber of Commerce wholeheartedly supports the expansion of the Alaska Railroad from Eielson AFB to the Canadian Border. Further, such action would create many opportunities for all Alaskans that would result in a strong statewide economy, providing for the future of our great state.

By: Mike Young
Dan LaSota
Guy Sattley
Cole Sonafrank
Eileen Cummings
Tim Beck
Rick Solie
Nancy Webb
Karen Parr
Mike Prax

Introduced: 07/22/99
Amended: 07/22/99
Adopted: 07/22/99

RESOLUTION NO. 99-045

A RESOLUTION SUPPORTING EXPANSION OF THE ALASKA RAILROAD TO THE CANADIAN BORDER

WHEREAS, Alaska has enormous unrealized potential in resource development, tourism, and other industries;

WHEREAS, this potential remains largely undeveloped due to inaccessibility of vast regions of our state and high costs of transportation;

WHEREAS, railroads offer the most environmentally sound and most controlled access without expensive maintenance problems incurred by other modes of transportation;

WHEREAS, rather than detracting from industries which use existing modes of transportation, the establishment of more rail access in Alaska would greatly expand opportunities for all industries and in all areas;

WHEREAS, House Bill 12, which was signed into law during the 1999 Alaskan Legislative Session and becomes effective August 4, reauthorizes delineation of the transportation corridor connecting Alaska's existing railroad with the Canadian border;

WHEREAS, House Bill 12 allows eventual funding to come from any source, private or governmental;

WHEREAS, the Canadian government, as well as the United States Government, are increasingly interested in establishing this rail link, both for economic development as well as national defense;

WHEREAS, both the Canadian government and private industry in Canada are holding meetings this year with Alaskan government officials and private industry to pursue development of a rail link between Alaska and Canada;

NOW THEREFORE BE IT RESOLVED that the Fairbanks North Star Borough Assembly and Mayor Hank Hove support the expansion of the railroad system in Alaska to link with a Canadian railroad at the Canadian border.

BE IT FURTHER RESOLVED that copies of this resolution be sent to the Chairman of the Alaska Railroad, Governor of the Yukon Territory, Governor of the British of Columbia; Governor of the State of Alaska, Congressional Delegation and the Interior Delegation.

PASSED AND APPROVED THIS 22nd DAY OF JULY, 1999.

Dan LaSota
Presiding Officer

ATTEST:

Mona Lisa Drexler, CMC/AAE
Municipal Borough Clerk

Ayes: Solie, Parr, Webb, Young, Prax, Beck, Cummings, Sonafrank, Sattley, LaSota
Noes: None

GFCC TRANSPORTATION COMMITTEE RESOLUTION
AUGUST 12, 1999

A RESOLUTION OF SUPPORT FOR THE DEVELOPMENT OF A RAILROAD CORRIDOR FROM FAIRBANKS, ALASKA TO THE CANADIAN BORDER

The Greater Fairbanks Chamber of Commerce is dedicated to strengthening and expanding the Fairbanks North Star Borough economy, creating new employment opportunities and thus improving the quality of life for interior residents; and

WHEREAS, Alaska has enormous unrealized potential in resource development, tourism and, other industries, and;

WHEREAS, this potential remains largely undeveloped due to the inaccessibility of vast regions of Alaska and the high costs of transportation, and;

WHEREAS, railroads offer the most environmentally sound and most controlled access without expensive maintenance problems incurred by other modes of transportation, and;

WHEREAS, additional intermodal capability has been proven to enhance existing modes of transportation, the establishment of more rail access in Alaska would greatly expand opportunities for all industries in all areas, and;

WHEREAS, House Bill 12, which was signed into law in the 1999 Alaska Legislative Session and became effective August 4, 1999, reauthorizes the delineation of the transportation corridor connecting Alaska's existing railroad with the Canadian Border, and;

WHEREAS, House Bill 12 allows funding to come from any source, private or governmental, and;

WHEREAS, the Canadian Government, Alaska's national delegation and the United States Government are increasingly interested in establishing this rail link, both for economic and development purposes as well as for national defense, and;

BE IT THEREFORE RESOLVED that the Greater Fairbanks Chamber of Commerce supports the extension of the railroad system in Alaska from the Fairbanks/ Eielson area to link with the Canadian Railroad system at the Canadian Border.

BE IT FURTHER RESOLVED that Alaska's Governor and the Alaska Legislature make provision for funding or assisting in the funding of a complete and detailed feasibility study to assess the industries and economic development which would potentially be spawned by the railroad corridor extension.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to:

Governor Tony Knowles
The Alaska State Legislature
Commissioner Joseph Perkins, AKDOT&PF
The Alaska National Delegation
Honorable Piers McDonald, Yukon Territory
Premier Glen Clark, British Columbia

BE IT RESOLVED BY THE ALASKA STATE CHAMBER OF COMMERCE

WHEREAS Dependable transportation is the cornerstone of an economy, and;

WHEREAS Alaska's harsh weather conditions and temperature extremes leave the state's highways expensive to construct and maintain, and;

WHEREAS Railroads are a proven alternative to highways; and

WHEREAS Railroads can be constructed quickly, are dependable and less-expensive to maintain than roads, and;

WHEREAS Railroads uniquely allow for controlled access and ~~has~~ HAVE a light environmental footprint, and;

WHEREAS A rail connection between Alaska and the North American rail system would reduce the cost of importing goods and exporting raw materials, creating new markets, and improving access in general, and;

WHEREAS A rail connection would boost tourism, and open new areas to visitors, and;

WHEREAS A rail connection could open the way for export of North Slope natural gas, and lower the cost for construction of a·y missile defense system;

WHEREAS A rail corridor to the Alaska-Yukon border is provided for in statute, and there is also a utility corridor established in the Yukon Territory, and the British Columbia Railroad has a railbed extending as far North as Dease Lake, therefore

BE IT RESOLVED The Alaska Chamber of Commerce enthusiastically supports extension of the Alaska Railroad to, first, Delta Junction, and then, to the Yukon border.

BE IT FURTHER RESOLVED The Alaska Chamber of Commerce supports efforts by – and urges support of -- Alaska's congressional delegation; Alaska's Governor and Legislature; the government of the Yukon and Canada; Native Regional and Village Corporations; and business interests for this project.

Sponsored by: Councilman Doug Isaacson
Introduced and Adopted: February 19, 2002

CITY OF NORTH POLE
RESOLUTION 02-04

A RESOLUTION BY THE CITY OF NORTH POLE IN SUPPORT OF CS FOR HB 241 WHICH PROMOTES THE EXTENSION OF THE ALASKA RAILROAD TO WHITEHORSE, YUKON TERRITORY, CANADA, TO ENHANCE ECONOMIC DEVELOPMENT AND RESOURCE DEVELOPMENT

WHEREAS: CS FOR HOUSE BILL NO. 241(RES) "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, Canada," is before the Senate of the State of Alaska and,

WHEREAS: The creation of railroad utility corridor from Fairbanks in the interior of Alaska through North Pole to Whitehorse, Yukon Territory and thence continuing to a connection with the North American Railroad System will greatly enhance the potential for economic growth and resource development in the interior and along said corridor and,

WHEREAS: Fairbanks and the Interior of Alaska are already connected by rail to the seaports at Anchorage, Seward and Whittier and the vast resources which lay between and beyond and,

WHEREAS: The multi-modal Railroad Utility Corridor concept allows for the utilization of the corridor for other uses such as a high pressure gas line; fiber-optic communications infrastructure and transport materials and goods for developments along said corridor and,

WHEREAS: The construction of elements of the National Missile Defense System and the construction of a High Pressure Natural Gas Line will be aided greatly by the existence of said corridor and the extension of the railroad in such a corridor will be environmentally benign, greatly reducing the flow of heavy materials over the existing roadway; and,

WHEREAS: The creation and implementation of said corridor will create local opportunity in both the public and private sectors for new jobs, economic growth and an increased gross state product.

NOW THEREFORE BE IT RESOLVED that the City of North Pole supports proactive State and Federal legislation that promotes the extension of the Alaska Railroad and urges the passage of CS for HOUSE BILL NO. 241.

BE IT FURTHER RESOLVED that this resolution be distributed to:
Alaska State Legislators
United States Senator Ted Stevens
United States Senator Frank Murkowski
United States Congressman Young
Governor Tony Knowles
Mayor Rhonda Boyles, Fairbanks North Star Borough
Fairbanks North Star Borough Assembly
North Pole Community Chamber of Commerce
Greater Fairbanks Chamber of Commerce
Mayor Steve Thompson, City of Fairbanks
Fairbanks City Council

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of North Pole, Alaska, this 19th day of February, 2002.

Jeffrey Jacobson, Mayor

ATTEST:

Kathy Weber, City Clerk

PNWER

PNWER Resolution 2000 – 3

Re: Support for a U.S. – Canada Cooperative Feasibility Study of Extending the North American Rail System through British Columbia, the Yukon Territory, and to Alaska

Whereas PNWER was created in 1991 by statute by the states of Alaska, Idaho, Montana, Oregon, Washington and the Canadian provinces of British Columbia, Alberta, and the Yukon Territory for the purposes of enhancing trade and economic development throughout the Northwest; and,

Whereas, transportation linkages are vital to the economy of the entire region; and,

Whereas, rail transportation is the most cost effective long distance method of overland transportation; and,

Whereas, rail transportation is an essential component of the North American inter-modal transportation system; and,

Whereas, rail transportation is energy efficient, capable of moving goods three to nine times as far as highway transportation with a given amount of fuel; and,

Whereas, rail transportation systems allow controlled access and reduced overall impacts to environmentally sensitive regions; and,

Whereas, rail transportation remains an important component of national and continental defense planning; and,

Whereas, the continental rail system cannot be said to be complete until it includes all states, provinces and territories; and,

Whereas, the Government of Alaska recently enacted legislation to reauthorize the delineation and acquisition of a rail transportation corridor from the present terminus of the Alaska Railroad to the Alaska-Yukon border; and,

Whereas, Alaska, the Yukon Territory, and British Columbia contain extensive oil and gas, mineral and timber resource reserves that currently are inaccessible, and require bilateral cooperation in the development of freight transportation infrastructure to facilitate their utilization for the benefit of the United States and Canada; and,

Whereas, northern rail transportation may provide significant potential for the visitor industry by facilitating the comfortable movement of passengers over long distances while minimizing the impact of such movement on the surrounding environment; and,

PNWER Resolution 2000 – 3, continued

Whereas, ongoing research and advancement in rail technology continues to increase the efficiency of rail transportation, ensure rail safety, and decrease the impact of rail transportation on the environment,

Therefore, be it resolved, that the Pacific NorthWest Economic Region (PNWER) call upon the U.S. and Canada to engage in a cooperative feasibility study to examine the costs and benefits of constructing a rail connection to link both Alaska and the Yukon Territory via northern British Columbia with the existing North American rail system; and,

Be it further resolved that a bilateral commission representing local governments, business interests, and aboriginal stakeholders be created to define the goals and objectives for the cooperative feasibility study, and to report the results of the study to the appropriate governmental entities of Canada and the U.S., and,

Be it further resolved that funding for operation of the bilateral commission and for the conduct of the cooperative feasibility study should be considered a priority by the federal, state, provincial and territorial governments; and.

Be it further resolved that copies of this resolution shall be disseminated to local, provincial, territorial, state and federal governments in the PNWER region.

PNWER Annual Meeting, Post Falls, Idaho, June 27th, 2000

TOWN OF FORT NELSON
NORTHERN ROCKIES REGIONAL DISTRICT

CERTIFIED RESOLUTION:
CANADA - ALASKA RAILROAD LINK

MOVED, SECONDED & CARRIED

WHEREAS, the State of Alaska is interested in pursuing development of a rail link between Alaska and the contiguous United States; and

WHEREAS rail transportation is a cost effective and energy efficient method of overland transportation; and

WHEREAS such a link would open new resource rich areas of both the Yukon Territory and Alaska, provide for new inexpensive freight options both into and out of the North, and allow for realization of new opportunities in the field of tourism in response to changing demand by visitors; and

WHEREAS past effort has succeeded in establishing right of way tenure to varying degrees along various route options, and these may be utilized to some degree for the delination and acquisition of a rail transportation corridor;

THEREFORE BE IT RESOLVED that the Northern Rockies Regional District supports the establishment of Bilateral Commission of the United States and Canada to engage in a cooperative study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory with the existing North American rail system in British Columbia; and

BE IT FURTHER RESOLVED that the Bilateral Commission represent federal, state, territorial, provincial and local governments from the affected areas; business interests; and aboriginal stakeholders; and that its role be to define the goals and objectives for the cooperative study and to report

its results to the appropriate entities in both Canada and the US; and

BE IT FURTHER RESOLVED that said study should fully and completely explore both possible points of connection (Fort Nelson, British Columbia and the location known as "Chipmunk", approximately 170 km south of Dease Lake, British Columbia) and all feasible route options for new rail.

CERTIFIED a true and correct copy of a resolution adopted by the Council of the Town of Fort Nelson and the Board of the Northern Rockies Regional District on the 10th day of April, 2000.

DATED this 12th day of April, 2000.

Debbie M. Walker
Corporate Administrator/Regional Secretary

TOWN OF
FARO, YUKON

CANADA - ALASKA RAILROAD LINK

WHEREAS the State of Alaska is interested in pursuing development of a rail link between Alaska and the contiguous United States; and

WHEREAS rail transportation is a cost effective and energy efficient method of overland transportation; and

WHEREAS such a link would open new resource rich areas of both the Yukon Territory and Alaska, provide for new inexpensive freight options both in and out of the North, and allow for realization of new opportunities in the field of tourism in response to changing demand by visitors; and

WHEREAS past effort has succeeded in establishing right of way tenure to varying degrees along various route options, and these may be utilized for the acquisition of a rail transportation corridor;

THEREFORE BE IT RESOLVED that the Town of Faro supports the establishment of a Bilateral Commission of the United States and Canada to engage in a cooperative study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory with the existing North American rail system in British Columbia; and

BE IT FURTHER RESOLVED that the Bilateral Commission represent federal, state, territorial, provincial, First Nation, and local governments from the affected areas; business interests; and other stakeholders; and that its role be to define the goals and objectives for the cooperative study and to report its results to the appropriate entities in both Canada and the United States; and

BE IT FURTHER RESOLVED that said study should fully and completely explore all feasible route options for new rail, including the proposed route through the Tintina Trench.

DATED at the Town of Faro, Yukon Territory, this 14th day of AUGUST, 2000.

Jim McLachlan - MAYOR
Jim McLachlan - Mayor

David Skidd
David Skidd - C.A.O.

TOWN OF
WATSON LAKE

CANADA-ALASKA RAILROAD LINK

WHEREAS the State of Alaska is interested in pursuing development of a rail link between Alaska and the contiguous United States ; and

WHEREAS, rail transportation is a cost effective and energy efficient method of overland transportation; and

WHEREAS such a link would open new resource rich areas of both the Yukon Territory and Alaska, provide for new inexpensive freight options both into and out of the North, and allow for realization of new opportunities in the field of tourism in response to changing demand by visitors; and

WHEREAS past effort has succeeded in establishing right of way tenure to varying degrees along various route options, and these may be utilized to some degree for the delination and acquisition of a rail transportation corridor;

THEREFORE BE IT RESOLVED that the Town of Watson Lake supports the establishment of Bilateral Commission of the United States and Canada to engage in a cooperative study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory with the existing North American rail system in British Columbia; and

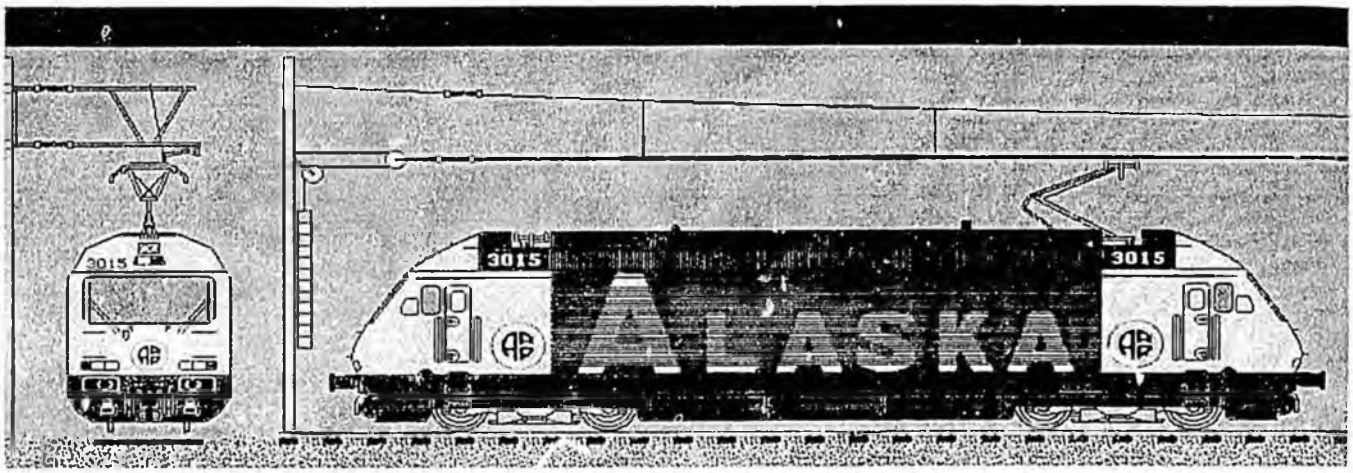
BE IT FURTHER RESOLVED that the Bilateral Commission represent federal, state, territorial, provincial and local governments from the affected areas; business interests; and aboriginal stakeholders; and that its role be to define the goals and objectives for the cooperative study and to report its results to the appropriate entities in both Canada and the United States; and

BE IT FURTHER RESOLVED that said study should fully and completely explore both possible points of connection and all feasible route options for new rail.

DATED at the Town of Watson Lake, Yukon Territory, this 16th day of May, 2000.

D.Kalles - Mayor

H. Price - C.A.O.

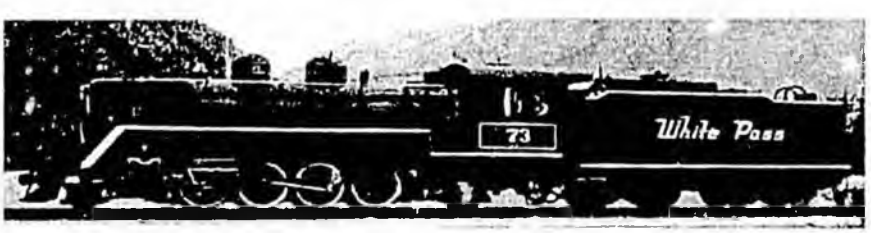


Alaska-Canada Rail Connection

SECTION 5

Media Reporting

Published by the office of Sen. John J. Cowdery
Room 101, Alaska State Capital
Juneau, Alaska 99301
Richard F. Schmitz, editor



01/19/00 Fairbanks Daily News Miner

Rails from trails—the dream continues

Trans-Alaska route still inspires visionaries

William R. Wood

The recent Alaska Railroad status report before the Fairbanks Chamber of Commerce drew sustained applause. The presentation was timely, informative, concise, and upbeat, a positive contribution to understanding the mission of the railroad, its current usage, its successes and limitations.

Of particular interest was the presentation of planning for the future improvement of equipment, and services, elimination of hazards, and possible extension of the rail line itself.

Planning is under way to reroute the extension from Fairbanks to the North Pole Refinery and Eielson Air Force Base. The intent is to eliminate the hazards of the existing 14 rail crossings in 22 miles or so, probably using overpasses for highway traffic at key points.

A second thrust, it was announced, will be to extend the railroad from Eielson AFB to Fort Greely/Delta Junction should the pending national missile defense site be authorized for that area.

All members of our Alaska congressional delegation have indicated this to be a likely prospect. Word released from Washington this week suggests that the president now considers the national missile defense project to be in the urgent necessity category.

Also mentioned by Johne Binkley, a railroad board member, was the long-held hope to extend the railway to Whitehorse and beyond ultimately to link with the Canadian rail system.

For me this triggered open the gate to a train of memories. I recalled the time in the early '60s when Charles Sargent, dean of engineering at the University of Alaska, showed me a copy of a U.S. Corps of Engineers report on the Defense of Alaska: Trans-Canada and Alaska Western Railroad Survey 1942. Sargent, a professional civil engineer, and Lee Linck, well-known Fairbanks architect, both participated in doing the field work on that report. A copy is on file at the Rasmuson Library complex, according to one of its able and helpful archivists, Gretchen Lake.

When I talked by phone with Dean Sargent, now retired in Coeur d'Alene, Idaho, he told me of working on field studies for four segments of the proposed trans-Canada/trans-Alaska route: (A) Wood River to Delta; (B) Mouth of the White River to Whitehorse; (C) Stikine Pass area, British Columbia; (D) the Seward Peninsula.

The survey covered a proposed rail route from Teller, Alaska, on the Bering Sea coast to Prince George, British Columbia, and a Pacific ocean port, at Prince Rupert.

But the survey was only a part of the big dream of linking continents together by highway and rail as well as by sea and air.

I recalled Gov. Walter Hickel's North Commission (Northern Operation: Rail Transportation and Highway) created to study Alaska's transportation needs in the mid-'60s.

I have a great recollection of coming from Anchorage to Fairbanks by train with the commission at the beginning of the Great Flood of '67. By chance my seat partner was Bill Lear, inventor and builder of the Lear Jet aircraft, main plant at Reno, Nev. Lear was a visionary with a very practical down-to-earth twist. He could dream, dare, and do. He got the good things done. I found him a most stimulating, thought-provoking conversationalist.

Gov. Hickel brought along to show the commission the silver punch bowl commemorating the Harriman Expedition to Alaska, 1899. I was told by the governor the famous memento is now in the state museum at Juneau.

While there is no mention of trans-Alaska in the expedition's report, the originator and host of the expedition, one of the turn-of-the-century world's wealthiest people, owner of some 20,000 miles the U.S. transcontinental rail system, was an early and strong advocate of the big dream of joining continents together by rail to promote development of resources and bringing diverse peoples together in peace.

The concept of a trans-continental USA system joined to a trans-Canada, including the trans-Yukon-Territory and trans-Alaska, segments to join with the trans-Siberian and on to the trans-Eurasian segment, the Orient Express route was the big dream.

Donald MacDonald of Fairbanks, head of the Alaska Road Commission and called by many "the father of the Alaska Highway," was a strong voice in advocacy of the big dream. A splendid account of this is Kay Kennedy's article in Alaska Life, volume I, No. 7, August 1938. So also was the czar of Russia.

But the vision did not begin with Harriman, the czar of Russia, Donald MacDonald, Dean Sargent or Lee Linck. Its origin is credited to William Gilpin, first territorial governor of Colorado. The concept was featured in his book published in 1891, "The Cosmopolitan Railway, Compacting and Fusing Together All The Worlds Continents."

John Gilpin was not only a visionary, but at thinker with an extraordinary range of experience, a strong executive and innovator in handling public affairs. He was insightful, personable, courteous, and effective.

Terrence Cole, head of the UAF History Department and noted author, tells much more of the story of William Gilpin and his dream of an around-the-world rail system in a well illustrated article, "Bridging the Strait," appearing in the Nov. 19, 1989, issue of Heartland, the magazine section of the Fairbanks Daily News-Miner. "The vision William Gilpin and others, that somehow bridging the Bering Strait can be a sign and even a cause of world peace, is still alive today."

And now you have a bit of the rest of the story of a dream that does not die but runs on and on generation after generation. Bringing people and their products together not only by sea and by air but also by land.

The proposed extension of the Alaska Railroad to the east and to the west is a small but real part of a dream that persists.

William R. Wood is a retired president of the University of Alaska now volunteering his time as executive director of Festival Fairbanks. His columns appear every other Wednesday on the Opinion page.

3/11/99

An Alaska pipedream

No big transportation project has ever 'been a bad idea'

By Charlie Anderson
Staff Reporter

Alaskan politician Jeannette James has a twinkle of a railway in her eye — from Fairbanks to Washington state, through B.C.

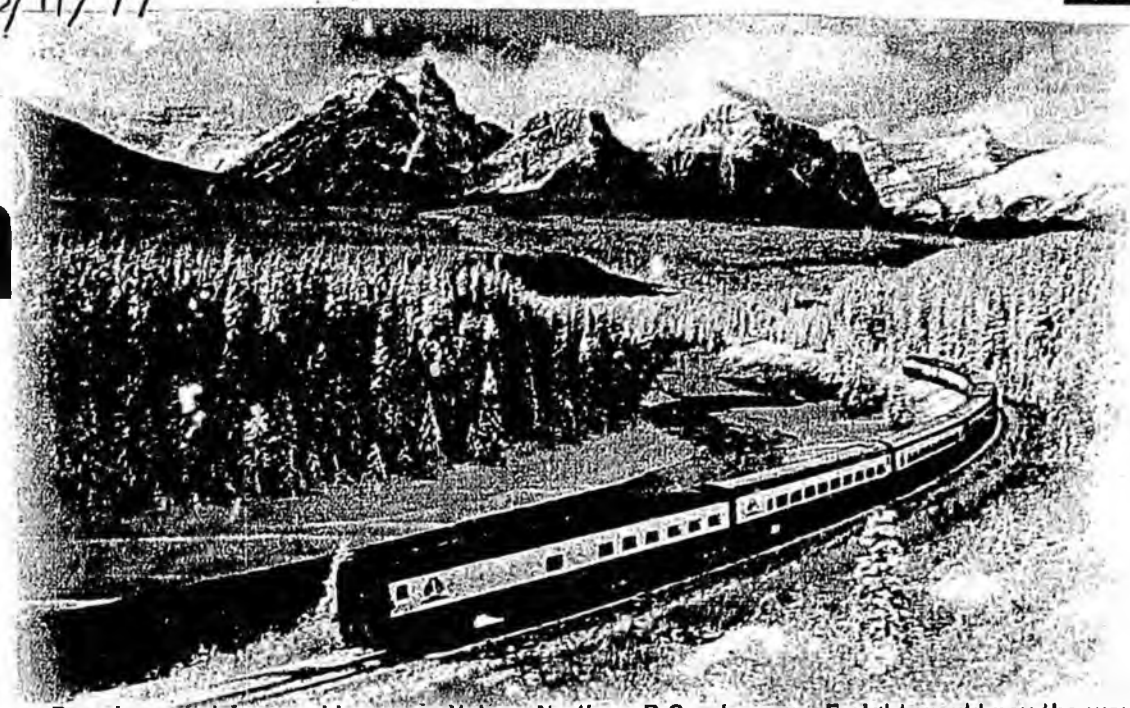
The representative of North Pole, Alaska, has permission from her state legislature to draw a railway line on the map.

And an even grander vision calls for a railway under the Bering Straits and on to Moscow and Beijing.

"There's been a lot of folks talking about it, I want to be able to do something about it," said James, 69, who has been working on the idea in the seven years she's spent in the state House of Representatives.

"We've had interest from Australia and other places if we were ever to go into Russia," said James. "There has been no big transportation project that's been a bad idea. Even the Panama Canal or all those kinds of things are hard to get to happen. But when they're done, they work."

The first part of James' dream is a 1,450-kilometre line from Fairbanks through the Yukon and down to Chipmunk, B.C, which sits at the end of B.C.'s rail system, 240 km northwest of Fort. St James.



Rep. James' vision would open up Yukon, Northern B.C., she says. Freight would pay the way.

The Alaska House of Representatives has just passed a bill authorizing the marking of a right-of-way to the border with the Yukon.

James believes the railway would open up the area by allowing the easier shipping of raw materials from Alaska, the Yukon and Northern B.C.

"This is an area that needs an economic boost and certainly this would really do it," said James, who calculates the cost of surveying and building such a railway would be about $3 million US per mile. That doesn't include the cost of acquiring land or any environmental and land-claim issues.

Any such enterprise would have to be a partnership between state and federal governments.

"With railways, the freight pays the way, with tourism as the frosting on the cake," said James. "Once you have other industries that will create and support the infrastructure, then tourism is a little extra. It piggybacks on the back of real industry."

Carol Lee of BC Rail said she had been alerted to Alaska's idea by a brief call from one of James' staff: "We don't discount the possibility off the cuff, there's always the possibility," said Lee. "We'd have to take a look at the business case. We won't make any commitment without it being economically justifiable."

A Rail Connection Across Canada

Building a railroad that links Alaska to the Lower 48 is a dream that just may become a reality.

BY RICHARD F. SCHMITZ

Less than a two day's drive separates the Alaska Railroad, at its easternmost, from the British Columbia railroad, at its northwesternmost, and closing that gap has, in the past year or so, caught the attention of a number of entrepreneurs, legislators and just plain dreamers in Alaska, Yukon and British Columbia.

Foremost among supporters of connecting Alaska with the Lower 48 by rail is North Pole Republican Representative Jeannette James. During the past legislative session James introduced and passed HB 12, which allows for delineation of a rail corridor from existing Alaska Railroad tracks to the Canadian border. Last summer James worked to pass resolutions of support by the state Chamber of Commerce, as well as chambers in Fairbanks, Delta Junction and Dease Lake, B.C.

James has long backed rail development in Alaska, and sees connecting the Alaska Railroad with the rest of the North American rail network as a huge key to insuring a bright–and diverse–future for the state's economy in the new millennium.

"The very first benefit to having surface transportation from the Lower 48 to Alaska will be a reduction in the cost of living. A railroad will allow us to open up resource development that's not possible now because of the high cost of transportation," James said. "A railroad will lead to value-added industries and increased cooperation between Alaska and the northern part of Canada."

Clark James Mishler

Another Transportation Option

The Alaska Railroad estimates construction cost for new track in Alaska at $2.5 million to $3 million per mile. With 270 miles separating Eielson Air Force Base from the border, the cost of building that part of the railroad is about $675 million to $810 million. An additional 900 miles of track would be needed to connect existing tracks in Canada to new track in Alaska.

James said tourism, agriculture and mining would get an immediate lift from a rail connection to the Lower 48. Using Delta Junction's agricultural area as an example, James said fertilizer and other supplies could be brought in to farmers while produce could be shipped directly to market–in and out of Alaska.

"I think the critical thing is that a railroad will allow Alaskan growers to supply Alaskan consumers. Alaska's economic future depends on our ability to have value-added industries, such as a freezing plant for produce," James continued. "The financial benefit a state gets from value-added industry is close to five times greater than what it gets from exporting a raw material."

One person who's convinced James is on the right track is U.S. Sen. Frank Murkowski, who's taking an active stand

in support of the issue. "We think it's well worth exploring," said Murkowski aide Bill Woolf.

The first step Murkowski's office is taking is to seat an informal committee, which James will chair, to identify potential users of a railroad to the Lower 48. "A project such as this is of tremendous magnitude. We need to do, what attorneys would call, 'due diligence,'" Woolf said. "We need to look at possible users; we need to look at resources; we need to look at engineering, possible routes and environmental factors."

The goal of this panel, James explained, is to write and pass a resolution and then present it to Murkowski at a meeting with British Columbia and Yukon officials and legislators in late January in Vancouver, B.C. If there is public support for this railroad project, Sen. Murkowski said he will introduce legislation to create a bilateral commission to further study the issue, Woolf said.

Not a New Idea

Opening a rail connection to Alaska has been considered since the first ties of the Alaska Railroad were laid. "Back in the 1970s there was a cursory review," said Alaska Railroad Vice President Jim Blasingame. "It was about a 15- to 20-page report. The province of British Columbia was quite supportive of the idea.

"Rail is still the best way to move bulk matter from point A to point B. It's a basic premise," Blasingame said.

About 270 miles separates the Alaska Railroad at Eielson from the Alaska-Canada border. The British Columbia railroad has a rail bed in place as far north as Dease Lake, less than 100 miles from the southern Yukon community of Watson Lake, although it has been abandoned a little north of Fort Saint James since the 1980s.

Reopening that line is a top priority for Canadian entrepreneur David Broadbent, CEO of the Canadian Arctic Railway. The Canadian Arctic Railway has no locomotives or rolling stock now–but it is betting it will in two or three years, Broadbent said.

"The grade and bridges are there. They're just sitting out there growing weeds," Broadbent said of the 172-mile stretch into Northern B.C. "Our

Sen. Frank Murkowski

If there is public support for this railroad project, Sen. Frank Murkowski said he will introduce legislation to create a bilateral commission to further study the issue.

intention is to open it up and possibly run it as a short line, and then extend it to Whitehorse in six years."

Broadbent gained his railroad experience working 29 years for the British Columbia Railroad. He began as a laborer and worked his way up to engineer of standards and project manager. Later, he founded the North American Rail and Steel Tie Corp., which supplies parts and equipment to railroads, including the Alaska Railroad. Broadbent said he recently sold the company in order to devote his energies full time to the Canadian Arctic Railway.

Broadbent said he has seen a surge of interest in building a railroad to Alaska. "Too many people see railroads as a thing of the past. But that's only true in North America. Elsewhere in the world railroads are expanding. China is committed to building 1,000 kilometers (620 miles) of new track a year.

"When I talk to business people, I get a 'what, are you crazy?' look–at first. But when I explain the good economic sense railroads make, I see a quick change in their attitude," Broadbent continued. "Highways will never open up Northern Canada or Alaska. The Alaska Highway was built 57 years ago, and very little has developed along it since."

Railroads, on the other hand, can attract development. "Traditionally, in the West, railroads would find entrepreneurs and help finance them because that development meant revenue for the railroad as raw materials were brought in and finished products shipped out," Broadbent explained.

Broadbent said two factors must be addressed before any rail connection can be made to Alaska: aboriginal land claims and environmental issues. "Native councils and corporations must be brought in as full partners from the start. I don't mean offering Natives a few jobs–I mean offering them a full and equal partnership," Broadbent said. "As for environmental concerns, railroads have a big advantage over other forms of development because access to sensitive areas can be tightly controlled."

Taking rivers as another example, Broadbent said piers and modular or pre-fab bridge spans can be put in place without ever touching the water flowing below. Railroad construction is relatively low impact, he added. "You could build the railroad to Alaska with 300 to 400 men. You won't need camps every few miles or access roads. That keeps costs down–and it also keeps the environmental impact low."

Expanding Alaska's Reach

Rep. James conceded barge and trucking firms might be less than enthusiastic about bringing a major competitor on board. But James said, "business generates business." Having a rail connection to the rest of North America will be good for all Alaska transportation sectors.

"Goods could come to Alaska by rail and be shipped to Asia from Seward or Anchorage. Having a railroad connection to the Lower 48 will provide an excellent opportunity for Alaska to become a shipping hub to Asian nations. There's tremendous potential there."

James points out that any railroad to the Lower 48 will particularly improve Alaska's connection with Midwest and East Coast states.

"But the overall goal is to develop our own resources. The way I see it, rail is way

ahead of roads or air on this issue. There's less cost; it's more environmentally sound; and rail is just a lot more dependable in bad weather," James said. "Snow, wind, sleet just doesn't affect a train the way it does an airplane or a truck.

"Transportation costs are basically front-loaded," James said. "The more something is handled, the more it costs to ship. That's why, over the long haul, railroad has a big advantage."

"The very first benefit to having surface transportation from the Lower 48 to Alaska will be a reduction in the cost of living. A railroad will allow us to open up resource development that's not possible now because of the high cost of transportation."

Jeannette James
North Pole Republican Representative

James said the Red Dog Mine is a good example of an Alaska enterprise that could benefit from a railroad. At present, ore must be taken from the mine site to the coast where it is put on a lighter and then transferred to a freighter anchored offshore. "Sixty percent of that ore is refined in Alberta. Imagine how much easier–and more cost-effective–it would be to take that ore by rail directly to the refiner."

"If it proves out ... if we someday have that rail connection, Alaska's economy will benefit in a very different way than it did from the pipeline," said Woolf of Murkowski's office. "It will be more than construction. A rail system can go through parts of Alaska where there is no transportation option, and that could give the state a big economic boost. A mine that wasn't feasible will suddenly become feasible."

Rep. James said railroads pay for their own maintenance, while roads and airports are maintained by taxpayers. "With rail, the cost of maintenance is borne by rail users. In comparison, the public pays for maintenance for roads and airports. Rail takes care of its own."

James also points to great potential for growth in tourism that a rail connection will bring. "A railroad will open up Alaska to a whole new group of folks, and it could also greatly increase winter tourism. It certainly will help the tourism industry in Alaska."

The military is yet another sector that could benefit from a rail connection. Of immediate interest is the new missile defense system, which if eventually approved, could be set up at Clear Air Force Station, near Healy, or at Fort Greeley, near Delta Junction. "Certainly if Alaska is chosen (as a missile site), rail transportation is one of the options for moving material. Since such construction would require a great deal of material, obviously a rail component will be looked at," Woolf said.

The last time a new rail line was opened in Alaska was the 1950s when a 180-mile spur was completed from Fairbanks to Eielson. Today that spur carries out products of the North Pole refinery. If Rep. James sees her vision fulfilled, the trains rumbling past her North Pole home will be headed for points much further south than an Air Force base a few miles away. ❑

USA

6/9/99

LAYING A SPUR TO THE LOWER 48

Alaska's monster railroad: bane or boon?

By Abraham McLaughlin
Staff writer of
The Christian Science Monitor

MELANIE STETSON FREEMAN – STAFF/FILE

RAIL RUMBLES: Proposals are afloat for a railroad linking Alaska to the Lower 48. In Fairbanks it could meet up with the Alaska Railroad, helping to transport visitors and commercial goods. But not all Alaskans want people to have easy access to the isolated paradise.

ANCHORAGE – There's a big idea floating around up here in Alaska – and it could forever change the face and feel of America's last great frontier.

It's something people have been dreaming about for decades. Now it's rumbling toward reality.

The plan is to build a railroad from Fairbanks – through 850 miles of icy wilderness – down to the Lower 48.

Today just one highway connects Alaska to its southern siblings, so this 83-billion-or-more project would be a big new avenue for trade and tourism.

But more than just a new set of rails, it symbolizes the think-big, can-do spirit thriving in Alaska today.

This is the state that built an 800-mile oil pipeline. It's the state that considered building a massive aquaduct to transport water from melting glaciers to thirsty California.

Yet there's another spirit that runs strong here, too. It revels in the state's natural beauty – and isolation. Minnesota may have 10,000 lakes, but Alaska has 3 million. There are more caribou here than people.

Yes, it's environmentalism. But many people came to Alaska to escape congestion. They like being disconnected from the nation – and want to keep it that way.

It's these two attitudes that largely define the state – and that any big project will have to reconcile to become reality.

And the tension between them won't end with the Lower-48 rail link.

To connect or not to connect

There's a plan to carve out a 55-mile rail tunnel under the Bering Strait to Russia – at a cost of at least $15 billion. It's still a pipe dream, but with global trade growing, it's gaining momentum. Indeed, the tunnel would link much of the world by rail: Trains could run from New York to Beijing and Moscow and

fense – or "star wars" – base near Fairbanks. A rail link would help in building the facility.

Second, many mining companies back the plan – and would use trains to get their products to market more efficiently.

Third, the Canadian Arctic Railway, a start-up company in British Columbia, has mapped out a route for the Canadian section. President David Broadbent says

bald eagles, which, in some places up here, seem as common as sparrows.

Take the waterfront town of Valdez, home of one of the nation's busiest oil-loading ports. Like the rest of Alaska, its dependence on oil is fading. Revenues from the port aren't as high as in the past.

But tourism is speeding ahead. Visitors come to fish for halibut and salmon. Or they take sea kayaks out to Prince William Sound, their paddles plying the waters once sullied by the Exxon Valdez's spilled black goo. It's a sign of the times for this town. Oil is still king, but tourism is challenging.

Unlike oil, "tourism is a renewable resource," says Joe Leahy, a kayak guide in Valdez. "The more tourists the better."

Compared with a road ...

Yet supporters of the rail-link plan are mindful of getting skeptics on board. One selling point is that with a railway – as opposed to a road – access is "controlled," meaning not just anyone with a car can jump on.

"The fewer roads we build, the better off we are," says Ms. James. Some environmentalists have given their backing to the plan.

But other Alaskans will be harder to [illegible] more links to the

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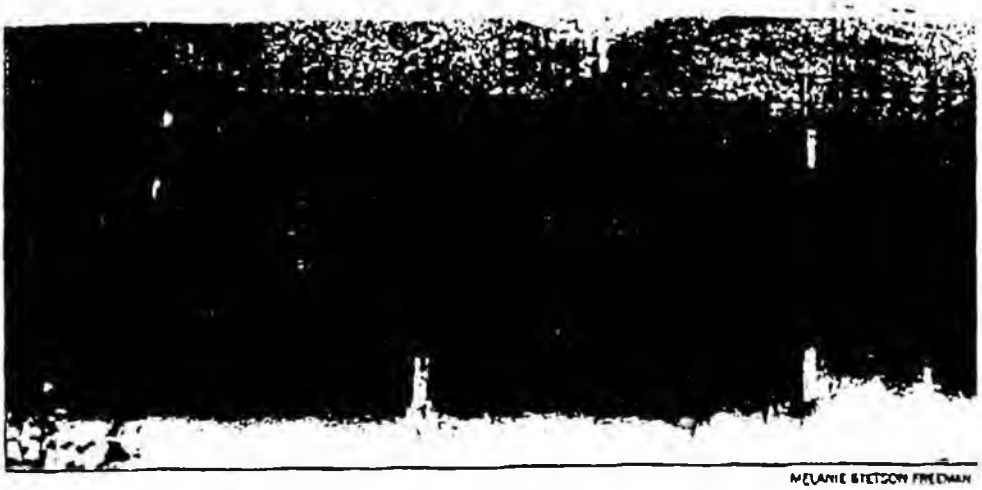

MELANIE STETSON FREEMAN

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But first things first. Last month, the state House of Representatives gave its unanimous consent to establish a right of way for the rail route down south.

Soon proponents will gather to plot the next steps.

"It's pretty revved up now," says Jeannette James, the state representative who's spearheading the idea. "We in the legislature are moving ahead. And there's lots of private money itching to do something."

She hopes construction will start within six years. Several things make that time frame seem realistic.

First, the US government is moving toward putting an antiballistic missile defense – or "star wars" – base near Fairbanks. A rail link would help in building the facility.

Second, many mining companies back the plan – and would use trains to get their products to market more efficiently.

Third, the Canadian Arctic Railway, a start-up company in British Columbia, has mapped out a route for the Canadian section. President David Broadbent says

DAVE HERRING - STAFF

he already has several New York investors interested in funding the project.

Tourism taking off

Fourth, tourism is growing fast. The number of annual tourist visits to Alaska has doubled to more than 1 million in the past decade.

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But other Alaskans will be ha convince. They say more links Lower 48 will further comp Alaska's independence.

"We've already got highway barges and boats and airplanes" too many tourists in their Winn says Paul Converse, a longtime re

There's an old native word, stil today that means "new Cheechakos is what Alaskans c tourists – when they're being poli

Yet, this struggle between old a between connection and isolation age-old one in this vast, enticing ness. And with the idea of a rail lin ing steam, Alaskans have another to strike a balance between them.

Tie railway to pipeline, senator urges

by Jason Small

A **Whitehorse Star** Archive story originally published June 8, 2001

The Alaskan senator will be pushing gas companies to tie an Arctic railway in with an Alaska Highway natural gas pipeline.

U.S. Senator Frank Murkowski (Republican–Alaska) informed state legislators this week in a letter that he intends to ask the natural gas producers to look at tying in the construction of a railway to the proposed pipeline which would travel through the Yukon along the Alaska Highway.

Currently, the producers who own the natural gas in Alaska's North Slope are conducting studies into how to transport that commodity to buyers in the Lower 48 states.

A pipeline along the Alaska Highway from the state's northern shore to the Yukon and through to connecting lines in Alberta before heading into the U.S. is one route that is being considered.

Murkowski hopes these producers would consider joining it with a railway through Alaska and the Yukon which could link the isolated state with the continental states.

"I will be asking the producers to expand the scope of their study to consider the conjunctive building of a rail corridor to be part of the proposed pipeline route," Murkowski's letter reads.

"In my view, such a corridor could offer an ideal route for complementary rail and telecommunications services."

The senator states that he will urge the producers to make use of the analysts they are currently using to study the pipeline to look at all possible projects.

"As the consortium (of gas producers) continues its analysis, we urge them to consider a cost/benefit assessment that is truly comprehensive and encompasses all potential uses of the projected pipeline corridor."

The letter notes that the corridor that would be created to build the pipeline could be used in a few different ways.

"Such a corridor could, if carefully chosen, offer an ideal route for complementary services such as rail and communications, in addition to serving Fairbanks, the Pogo mine (in Alaska) and other markets in Alaska-Yukon Territory," it states.

"Further, the right-of-way could support fibre optic for both pipeline monitoring as well as commercial use of the advanced land line technology.

"In my view, there are enormous potential long-term economic benefits to the state of multiple utilization of the corridor route containing pipelines, railroad and fibre optic communications."

Murkowski notes that it could take a long time to evaluate a possible railway, so he's asking the producers to just look at the idea of multiple uses for the corridor along the highway. He states there could be ways to use the railway in building a pipeline.

"As an example, it may be possible to use materials excavated for a pipeline to form part of the roadbed for a rail line, building both simultaneously. Conversely, if a rail platform were built with the pipeline, it might be significantly less costly to transport pipe, excavate materials and lay pipe."

The senator urged his state counterparts to do what they can to support his suggestion to the producers.

"Perhaps a resolution encouraging the producers to evaluate the multiple use concept of a pipeline, rail and telecommunications corridor would be appropriate," the letter reads.

One of the most vocal proponents of a pipeline, Alaskan state representative Jeannette James (Republican), was buoyed by Murkowski's letter.

"It's something I've been talking about for quite a while with the oil industry," James said this morning from her legislative office in Juneau.

James, who is the representative for the community of North Pole, a suburb of Fairbanks, believes bringing the two projects together could cut the costs of building the pipeline. Just before speaking with the Star this morning, James was talking to a representative of Phillips, one of the major gas producers. She said he wasn't making any commitment but was intrigued.

"He is not making any commitment but he was certainly interested in some of the projections," she said.

According to James, trucks can carry to two to three lengths of pipe per load while a train could carry much more if the railway was being built just slightly ahead of the pipeline. James doesn't think tying the railway into the pipeline would slow the natural gas project down because she feels it won't be built quickly.

"I don't think it's going to get built fast," she said. "It's no slam-dunk."

From working on the railway, James has come to feel it may be built faster.

While she has been talking about joining the two projects together for a while, she hopes Murkowski's statement will make it more credible and have those who have dismissed her idea as a pipe dream, look at it more seriously.

"I think it'll change their attitude."

But the governor's office does not seem interested in sharing in James' dream.

Bob King, press secretary for Alaskan Gov. Tony Knowles, said the railway and pipeline projects have been running

separately to this point and he thinks that's the way it should remain.

"I don't think it's in either project's best interest to have them linked," King said this morning from the governor's office in Juneau.

"I don't think the fate of the gas line project should hinge on that of the railway extension."

Knowles has made it clear that he supports the idea of a pipeline going through Alaska along the highway.

A northern railway was looked at by the territorial government in the late 1970s — the same time that the possibility of a pipeline through the Yukon was being discussed in earnest.

Now that interest in a railway has returned, Murkowski introduced a bill last year which was signed into law in December by then-president Bill Clinton, to put $6 million over three years into a study with Canada on whether the railway idea is feasible.

The Canadian government has yet to decide whether it will participate in the study.

With this week's change in government in British Columbia, James said she wants to meet with new Liberal Premier Gordon Campbell on the railway idea.

She hopes to do this at a joint meeting of the Council of State Governments — West and the Pacific North West Economic Region in Whistler, B.C. next month.

James has already spoken with Yukon Premier Pat Duncan on a number of occasions.

The Alaskan politician still hopes to meet with the Yukon's first nations on the railway and specifically, Council of Yukon First Nations' Grand Chief Ed Schultz.

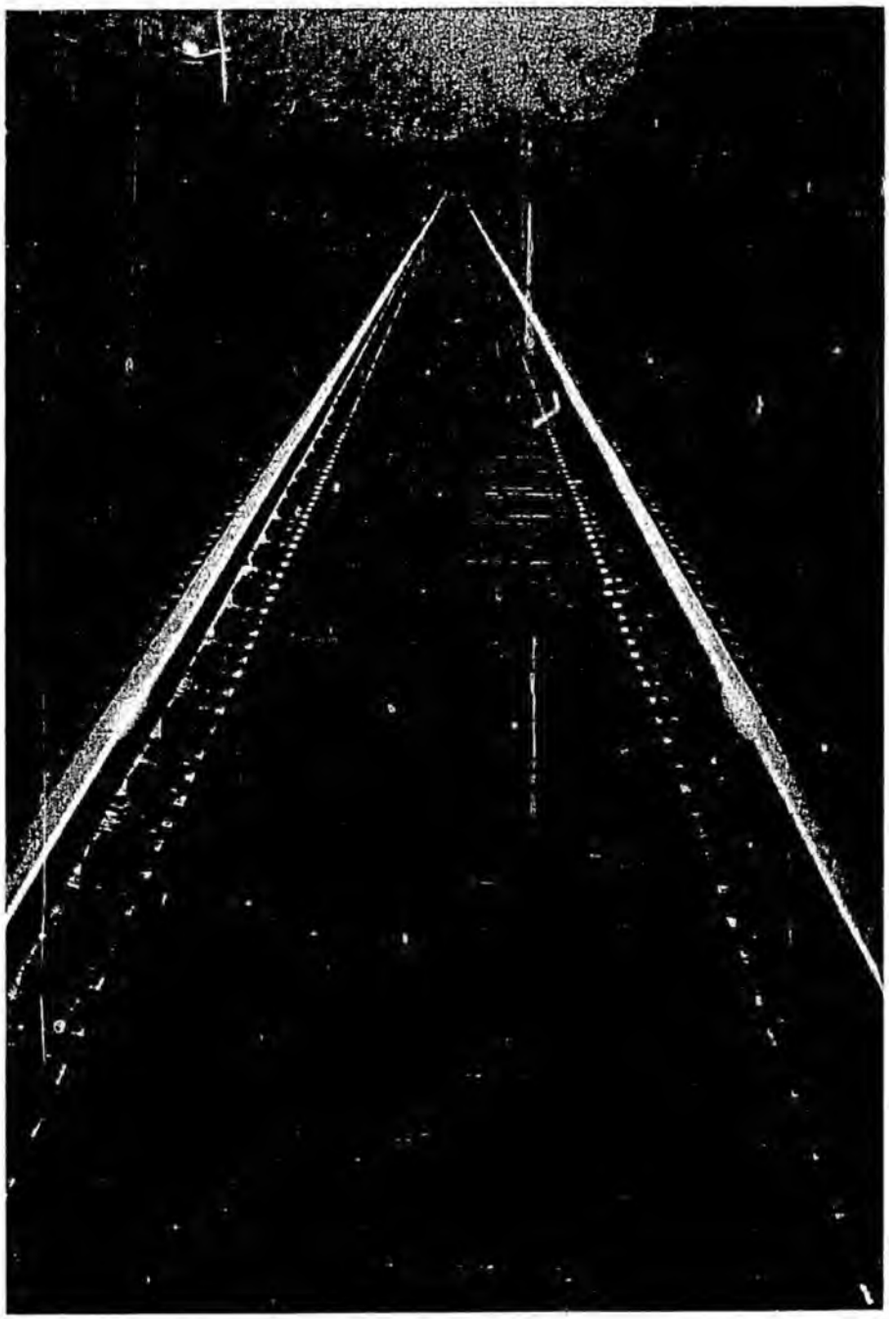
"I've never had a personal meeting with them and I hope to do that as soon as possible," she said.

The producers are expected to announce which route they want to build for transporting the natural gas at the end of this year.

More Than a Pipe Dream

Provisions are in place to construct a railroad to the Lower 48 by connecting existing Alaska infrastructure with that in Canada.

BY RICHARD F. SCHMITZ



Three years ago, when Rep. Jeannette James, R-North Pole, spoke of her vision of a railroad to connect Alaska with the Lower 48 states, the response she got was often a polite smile or, just as often, rolled eyes and a polite smile.

James

That has changed. "The same folks who rolled their eyes are now asking what they can do to get on board. There's a lot of excitement about this project," said James, majority leader of the Alaska House, and author of HB 241, which, if passed, will authorize the Alaska Railroad to seek a right-of-way for a rail and utility corridor to Whitehorse, Yukon.

The sudden enthusiasm for the project–which has been explored in one form or another for almost a century–is largely the result of funding for a study commission secured by Sen. Frank Murkowski.

A Unified Front

Murkowski

In May, the Alaska senator met with Canadian legislators at the 42nd annual Canadian Interparliamentary Conference, held in British Columbia. "I was heartened once again by the enthusiasm of Canadian members of parliament on the railroad proposal," Murkowski said. "There always has been unanimous support from the conference for studying this transportation project, but the interest this year was tremendous. I'm convinced we can move forward and have this commission under way yet this year."

Legislation passed by Murkowski in 2000 approved a 24-member bilateral commission to study economic, environmental and engineering matters involved in the extension of the Alaska Railroad from Eielson Air Force Base to the northern limit of the British Columbia Railroad, closing an approximately 1,200-mile gap. The cost of constructing the rail connection has been estimated at between $1 million and $3 million per mile, putting the total cost at upwards of $1.2 billion.

For the commission to be seated, however, Canadian approval is needed. Informal talks have been held, but the first formal action from Ottawa was taken in May with the hiring of a consultant to review Canadian concerns for the commission to address. The commission was informally presented to the Canadian government on May 8 in a low-level exchange at the State Department-Foreign Ministry level, and will be followed by a more formal diplomatic note, Murkowski's office reported.

The commission will be comprised of 12 Americans and 12 Canadians, and will have a paid staff. Funding will come from both sides of the border; however close to $2 million to fund the commission was approved when Murkowski's bill was signed into law.

Packaging With Gasline

Both Murkowski and James are stressing the logic of building a gas pipeline and railroad at the same time. "There are tremendous economies of scale," said James. "For starters, you'd need one environmental impact statement instead of two."

"The economies of scale of the two projects proceeding together are very exciting," Murkowski said, noting a gasline will have major benefits to America's economy given all the steel that a 3,600-mile, 48-inch pipeline will require. "It is vital for the state to press for railroad and pipeline planning to proceed together because of the cost benefits for both projects," Murkowski added. The railroad, if completed in time, could be used to bring construction supplies to the site of gasline construction.

Murkowski also cited Delta Junction as a possible site for a missile defense facility. "That may help with financing of at least 80 miles of the railroad," he said, referring to a separate proposal to extend the Alaska Railroad 80 miles south.

One of the questions any bilateral commission will address is: Can Alaska provide enough business to make a railroad worthwhile? James says she is certain the answer to that question will be yes.

"Relative to other forms of transportation, a railroad is inexpensive, durable and easy to build," James said. "It's true that trains are 19th century technology–but they're cutting-edge at the

same time. There are locomotives today that use natural gas for fuel, and others that use gravity to generate power."

A Builder of Economy

A main beneficiary of a rail connection will be the mining industries of Alaska and the Yukon. "Alaska has tremendous mineral resources, but they're stranded in the ground because it's not economical to move ore to processing facilities," said James.

Alaska itself is proof that a railroad can build an economy. "Why do they call it 'the Railbelt?'" James asked, referring to the railroad route that spans from Seward to Fairbanks. "It's no coincidence that Anchorage–and not Valdez–is the state's largest city. When visionaries decided to build the Alaska Railroad, Valdez was Alaska's main port while Anchorage was no more than a construction camp."

Aside from military and gasline construction uses, Alaska's economy will receive a long-term, stable boost from a rail connection. James points to tourism as one market, opening up stranded resources as another, agriculture and value-added processing or manufacturing as a third and fourth.

"Alaska has tremendous mineral resources, but they're stranded in the ground because it's not economical to move ore to processing facilities."

Rep. Jeannette James
R-North Pole

A particularly rich section of the so-called Tintina Gold Belt, which already includes the Fort Knox mine near Fairbanks and the soon-to-be-developed Pogo Project near Delta, includes "significant coal deposits, and copper, lead, zinc, nickel and platinum group metal prospects," said Dr. Milt Wiltse of the state division of Geological and Geophysical Surveys.

"A majority of the most valuable known mineral deposits of East-Central Alaska are located within 50 miles of the proposed or existing Alaska Railroad," Wiltse told a special committee of the Legislature in February. Wiltse included the True North project, Ryan Lode, the Delta District (copper-lead-zinc) near Tok, and the Richardson Gold District near Delta Junction.

"There is no doubt the general corridor of the proposed extension of the Alaska Railroad passes within 50 miles of many significant mineral deposits," Wiltse told the committee. "A useful and responsible next step in developing the railroad extension would be to conduct a full technical corridor analysis. Because the corridor for the railroad closely coincides with the corridor of the proposed natural gas pipeline, one analysis could serve both projects."

Environmentally Friendly

Another edge for rail is its relative low impact on the environment. Trains move heavy, bulk goods far more efficiently than trucks, while a railbed leaves a much smaller footprint on the land, while allowing for controlled and limited access.

"Construction activity is less disruptive of natural surroundings," said Gil Carmichael, federal railroad administrator under the first President Bush. "Railroad design allows heavier weights to be transported with little effect upon the land surface. Trains are more fuel-efficient and emit lower levels of pollution. I am told one track of railroad has equal capacity to eight lanes of highway."

Dr. Paul Metz, a mining engineer with the University of Alaska Fairbanks, is a strong proponent of combining the gas pipeline and rail projects, and has discussed this issue with representatives of BP and Phillips Petroleum Co. Metz reported the major concern of these companies is the possible delay caused by securing federal funds (for rail construction) and a state match.

Bill Pushes Right-of-Way

James introduced HB 241 to help with this process. "Without appropriating funds, this bill authorizes the Alaska Railroad to delineate a transportation and utility corridor from Eielson to the Canadian border. Once this is achieved, state land would be transferred to the railroad fee-simple title," James explained. The bill also authorizes the Alaska Railroad to obtain ownership of a right-of-way through other lands–private, or federal, for example.

"This bill doesn't require the Alaska Railroad to do anything. The goal of this legislation is to allow the railroad to use federal funds, for example, if such an appropriation comes in from Washington D.C.," James added. A separate section of the bill authorizes the railroad to investigate extending the railroad as far as Whitehorse, Yukon.

Language in the legislation mandates a 500-foot-wide corridor–wide enough to include other uses such as a gas pipeline or fiber optic cable. A transportation and utility corridor could even include electric transmission lines or, sometime in the future, a water pipeline for agricultural purposes.

Calming Opponents' Fears

The proposed rail connection has its detractors. One is the marine transport sector. Leonard Shapiro, vice president

of shipping for Seattle-based Totem Ocean Trailer Express, told writer Charlie Ess in the February 2001 edition of the *Marine Digest* "The effect, obviously, would not be good for us. It would generate a new competitor, and the probability is that the new competitor would be heavily subsidized."

James said she's confident the trucking, marine freight and cruise ship industries will soon come aboard in support of a rail connection. "I've said this for a long time–a rising tide floats all boats higher. A railroad will rescue Alaska's economy from its present boom-and-bust cycle, and a sustainable and stable economy will provide more business to all sectors," James said. "An example: a railroad may mean less business for long-distance trucking–but it will mean more business for short-distance runs. There will be more jobs for truck drivers–truck drivers who can be at home at night with their families."

James said there would continue to be a healthy demand for water-borne freight shipments. "Shipping to and from the West Coast would likely continue by water because a rail connection would be more toward the Midwest. Again, an improved economy would very likely increase the volume of shipping for barge carriers."

Tourism will be another major user of a rail connection, James said. "The great thing about train travel is that, like a cruise ship, the trip itself becomes part of the destination. Cruise ships will take visitors in one direction; a train can take them the other."

"Moving tourists by train permits controlled access to scenic areas, as the Alaska Railroad has proven for years," Carmichael said. "When people on tour leave a train they move in groups, which cause fewer problems than a herd of private vehicles operating independently in a sensitive area. Rail-based tourism will allow for the expansion of a jobs-producing tourist economy in an environmentally sustainable way."

In May, HB 241 passed the Alaska House 35-2. It will be taken up by the Senate in January 2002. "I was very pleased with the support this bill has received," James said. "It's just a first step–but when it comes to any vision for the future, you have to start somewhere." ❑

Fairbanks 11/7/00

Senator feels gas line could spark railroad extension to Canada

By SEAN COCKERHAM
Staff Writer

The construction of a natural gas pipeline could help spur the development of a railroad linking Alaska to Canada and the Lower 48, U.S. Sen. Frank Murkowski said Monday in Fairbanks.

Murkowski, who met with the media and spoke at the University of Alaska Fairbanks Monday evening, also addressed the possible opening of the Arctic National Wildlife Refuge coastal plain to oil drilling.

The senator said that, should the North Slope natural gas deposits be commercialized, petrochemicals for uses such as plastics could be developed from gas liquids in Alaska and shipped out on the railroad. Fairbanks could be the location for such a petrochemical plant, he said.

"That potentially could affect dramatically the tonnage anticipated for a rail connection to the Canadian system," Murkowski said. "It's another consideration as you look at the economics."

The rail connection to Canada would require 1,150 miles of new track, from Eielson Air Force Base to either Fort St. John or Fort Nelson in Canada. Murkowski said a railroad would tap Alaska and Canada mineral and timber resources.

Alaska Railroad representatives have estimated the cost of building the railroad extension at $1 million to $2 million per mile, which could put the price tag of the project at between $1.15 billion and $2.3 billion.

Murkowski is pushing legislation through Congress that would set up a joint U.S.-Canada commission to study the feasibility of the rail line to Canada.

The senator also envisions future rail tracks to Northwest Alaska, which could provide access to the extremely high quality coal of Point Lay on the Bering Sea.

State Rep. Jeannette James, R-North Pole, has been working on a rail connection to Canada for several years. She spoke with Murkowski at UAF Monday in a forum sponsored by the student chapter of the American Society of Civil Engineers and the Associated General Contractors.

"A railroad is environmentally friendly, it leaves a smaller footprint (than a road)," James said. "That is the way, I believe, we should access our resources in Alaska."

Murkowski said at least one gas company is enthusiastic over the shipment of petrochemical products if the North Slope natural gas is commercialized.

The senator added that he believes North Slope natural gas will be brought to market, given high prices and growing demand in the Lower 48.

He noted that nuclear power plants are out of favor and permits have not been forthcoming in recent years for coal-fired

See RAIL, Page A-8

Sam Harrel/News-Miner

RAIL EXTENSION—Sen. Frank Murkowski, R-Alaska, talks about the proposed extension of the Alaska Railroad to link with the Canada rail system, Monday evening in the Boyd Amphitheatre on the University of Alaska Fairbanks campus.

Putting Alaska and Yukon on track

Rails to Resources

American Senator Frank Murkowski is an anomaly in today's political world. No, that is too timid a statement. The man is a marvel, if a bill introduced during the 106th Congress of the United States Senate this past June is any indication. We were bowled over when we read *Rails to Resources: Bringing Alaska and the Yukon closer to the world*, which calls for construction of railroads to access undeveloped resources in both regions in order to get their economies back on track.

"Alaska and the neighboring Yukon Territory in Canada are still North America's last untapped storehouse of mineral and natural resource wealth," Senator Murkowski writes in a backgrounder to his bill. "We now know where much of that treasure lies — economic transportation to get the materials to market being the chief impediment to its development."

What's more, the Senator is as knowledgable about this untapped storehouse of mineral wealth as any of our readers. He cites a mineral zone extending from Faro, Yukon to Fairbanks, Alaska, that hosts the Fort Knox gold mine and the the Pogo gold deposits, as well as large amounts of silver, tungsten, copper, lead, zinc and other minerals.

"On the Alaska side of the border, there are already more than 14 major hardrock deposits identified, while in the Yukon there are more than 10 major mineral deposits known," the Senator notes.

The Senator also points out that a railroad could lead to development of high-quality coal deposits at Point Lay, along with mineral deposits in the Amber mining district to the southeast. He argues that a 90-mile line could carry this low-pollution coal to the Red Dog mine where an existing haul road would carry it to tidewater.

"Such a railroad could bring energy, in the form of coal, to the mine, where it could be used to power a new, electro-refining technology that would add tremendous value to the zinc-lead ore being shipped from Alaska and, most importantly, provide additional jobs to the region. It would also finally allow some of the North Slope's 6 trillion tons of coal to be exported," he adds.

Small wonder we rubbed our eyes and checked the date again. The missive was not penned by a senator with the same name in 1900 or 1920, or even 1960. It was written this year to explain *S.2253, the Rails to Resources Act of 2000*. And yet it was a document of its time — one that calls for values other than economic ones to be carefully considered before the first rail spike is driven.

The Senator admitted that while the economic need for transportation has not changed since 1915 (when President Woodrow Wilson decided to build a railroad into Alaska's interior), attitudes toward resource development have changed. "We now know how to develop our mineral, energy and timber resources in an environmentally sensitive manner, so we can protect the beauty and the wildlife of the North, while producing jobs to sustain the region's human inhabitants."

Senator Murkowski's bill proposes the creation of a bilateral commission to study the economic, environmental and engineering feasibility of completing the transcontinental railroad linking Canada with Alaska. This rail corridor might even encourage co-location of proposed oil and gas pipelines and power transmissions, thereby lowering environmental impacts.

A railroad initiative could provide enormous benefits to Northerners if done right. And it *must be done right* from the start, because there will be fierce opposition from vocal preservationists who view the North as their personal wilderness.

Despite the challenges, the fears of a few should not be allowed to overshadow healthy debate among resource developers, local governments and residents, aboriginal groups, fair-minded environmentalists and other stakeholders. Senator Murkowski's proposal deserves an open and honest hearing.

COMMENTARY

Postmon 1.9.2001

Transcontinental rail plan crosses first politica

THE PRESIDENT SIGNED a bill last week creating a 24-member international commission to study the feasibility of building a railroad extension that would run about 1,200 miles from Eielson Air Force Base to the southeast and connect with the Canadian rail system.

It's far from certain that this $2 billion or so railroad connection will ever be built, most of it in Canada, but the action does move the project from the political bombast stage to the political planning stage.

"The idea of connecting the transcontinental rail system to Alaska is not a new one," Sen. Frank Murkowski said when he introduced the bill last March. "The original congressional action to establish the Alaska Railroad called for laying 1,000 miles of track in Alaska, which would have been sufficient to carry it to the Alaska-Canada border. Canada has at various times also looked at rail connections to the north country. Unfortunately, none of these have been carried through."

"During World War II, the United States actually surveyed a route from Prince George, B.C. all the way through Alaska to tidewater at Teller, on Alaska's Seward Peninsula. But again, this effort was never completed, largely due to wartime shortages of steel."

"While someday it would be beneficial to follow through on that World War II plan, what I am proposing today is far less grandiose," Murkowski said in March.

The bill signed by the president would require the federal government to negotiate with the Canadians and encourage that nation to go along with the commission and its study. About 270 miles of the railroad would be in Alaska, while the Canadian rail line would have to be extended about 900 miles to complete the link to Fairbanks.

Murkowski says that those who point out that the small amount of freight shipped to and from Alaska is not enough to support a railroad are "missing the point." He said

Dermot Cole

this is not a "pie in the sky" project and that it could pay for itself in the "foreseeable future."

"The question is not whether rail is a more effective means to carry the existing volume, it is whether access to rail would spur new economic activity to support the venture. I suggest that it might. Experts have suggested there may be the potential for up to 120 million tons of freight per year, which would be more than enough to pay back any investment," Murkowski told his colleagues in Washington, D.C.

The three-year planning effort is to cost $6 million in U.S. government funds, which are to be spent on determining the technical and economic feasibility of the rail line. The debate is sure to branch out into more generalized arguments over the wisdom and benefits of large mineral developments that would be needed to justify the construction of the railroad.

Murkowski said that those who carry freight to Alaska by truck and ship "will find all kinds of reasons" why a railroad won't work, but he said an objective study is needed to resolve the matter.

The legislation says that among other routes, the planners are to consider the approach studied by the Army Corps of Engineers during World War II.

THE CONNECTION TO Canada is not the only rail item in the news. Last week the London Times and The Australian quoted a Moscow official as saying he still has high hopes for a $60 billion tunnel beneath the Bering Strait to connect Alaska and Russia by rail.

In a separate column on this announcement, a Times correspondent said the tunnel is "so crazy that it somehow defies you not to will it into being."

"Isn't it wonderful?" said Giles Whittell. "We'll be able to travel from London to Seattle in 10 days instead of 10 hours. Freight between America and Russia will be at the mercy of terrorists and caribou instead of being locked away in dull container ships."

He said Russia "has never been the home of reason" and the tunnel would be "an up-yours to the bean-counters every bit as rational as climbing Everest."

A railroad connection at Bering Strait was first proposed more than a century ago and has never moved past the political bombast stage. A French engineer once predicted that a train would be making a 12-day trip from New York to Paris by 1907.

"No more seasickness, no more dangers of wrecked liners, a fast trip in palace cars with every convenience," said Loicq de Lobel.

An English travel writer named Harry de Windt traveled from Paris to New York in 1901, crossing the Bering Strait. He

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l hurdle

was invited to the White House after the trip and met President Theodore Roosevelt.

The president thought the railroad was a crackpot scheme and, jokingly asked, de Windt said, "to reserve for him a first-class compartment (and, if possible, a seat in the dining car) on the first train out from New York for France."

■ ■ ■

THANKS TO A generous local trucker, the Christensen family will be able to get a car to Seattle where it can be used by their son, a Fairbanks teen-ager being treated for bone cancer.

An item about the family's plight appeared in this column Saturday and Steven Christensen said the response was overwhelming, "I really appreciate everyone who called. The phone calls started at 8 a.m.," he said. "Fairbanks has shown its golden heart again."

Lee Worsham of Worsham Trucking has agreed to take the car to Washington. Many others, including Tenderfoot Trucking, also called to offer support.

Dermot Cole can be reached at cole@newsminer.com or 459-7530.

James touts rail link to Canada

By SEAN COCKERHAM
Staff Writer

When she was a young girl, Jeannette James took her first train ride from Portland to Clinton, Iowa, to attend a family reunion.

As the train rolled across the plains of Wyoming, she gazed at the wildlife outside her window.

"I never forgot that," the North Pole legislator told about 50 people gathered on Thursday for the final day of the Alaska-Canada railroad conference in Fairbanks.

James, the majority leader in the Alaska House of Representatives, for years has pushed for a railroad that would link Alaska to Canada and the Lower 48 states. She organized this week's session.

Participants in her two-day conference included legislators from Alaska and Canada as well as transportation industry consultants and other business representatives.

James told them that they all needed to take the enthusiasm of the conference back home. "If we're ever going to get a rail connection ... we all have to become politicians and learn the art of persuasion."

Building a roughly 1,200-mile track extension from Eielson Air Force Base into Canada's railroad system would be expensive. Estimates have ranged from between $1 million and $3 million per mile.

James told the conference-goers to sell their neighbors, friends, government officials, and any potential investors on the idea.

"I believe the business case can be made," she said. "We're going to have to make it."

> "I believe the business case can be made. We're going to have to make it."
> —Rep. Jeannette James

She touts the railroad as an environmentally sound way to provide transportation access for untapped Alaska and Canada minerals and other resources, thus giving an economic boost to the North.

"In order to have an economy, you have to—No. 1—create wealth," she said.

She also asked conference-goers to imagine boarding a train under the northern lights of Fairbanks and stepping off to see the bright lights of Broadway in New York City.

Some of the conference discussion focused on how bundling the railroad and the proposed natural gas pipeline from the North Slope might boost the economics of both projects.

The railroad, if completed in time, could haul construction equipment for the line. It could also be used to ship out petrochemicals that could be made from the gas.

The railroad and the pipeline could share a corridor, James has said, and a fiber-optic cable could be included as well.

Jim Kubitz of the Alaska Railroad said he has discussed the railroad-gas line bundling with the oil companies

See RAILROAD, Page B-2

RAILROAD
Could be linked to gas pipeline

Continued from Page B-1

deciding whether to build the pipeline and that he will meet again with them next week.

The companies were, at least initially, enthusiastic about the discussions, Kubitz said.

But the three companies—Exxon Mobil, Phillips Petroleum, and BP—have recently announced that their studies so far show the proposed gas pipeline does not pencil out economically. They are continuing to look at the economics, however.

Kubitz said that, should the gas line be built, it could share a corridor with a railroad in at least some areas.

In other places the two would have to separate, he said, because of terrain and the railroad's need to serve towns. There would also need to be some separation of track from pipeline for safety reasons, he said.

U.S. Sen. Frank Murkowski, R-Alaska, has joined James in pushing the railroad extension into Canada and the possibility of meshing it with a natural gas pipeline.

Under—Murkowski-sponsored legislation, Congress has called for a joint U.S.-Canada commission to study whether the railroad would be feasible. Appointments have not yet been made.

Congress also set aside $6 million for the study. The Canadians have not put up $6 million of their own.

For the rail dream to pan out, Canadian federal officials as well as Canadian indigenous groups that own land along the proposed rail line need to be convinced of its merits.

Diverse groups need to be brought into the railroad fold, said Charles Jurasz, vice president of the Faro Sustainable Development Corp. in the Yukon Territory.

"The most important thing is to address different people, courteously," he said.

Railroad meeting begins

Fairbanks Daily News-Miner, Thursday, October 11, 2001 B1, B3

By DIANA CAMPBELL
Staff Writer

Optimism that a possible Alaska-to-Canada railroad will be built permeated the first day of an international conference being held in Fairbanks to discuss the matter.

Conference organizer Rep. Jeannette James hopes the two-day conference will ease some major hurdles the multi-billion dollar project will face.

"It's kind of like a family reunion," James explained, saying that she expects disagreements but ultimately everyone will support a rail system that connects Alaska to Canada and onto the Lower 48.

The railroad has been a pet project of Sen. Frank Murkowski, who believes the rail would spur development in Alaska. The railroad would connect Fairbanks to Fort Nelson, British Columbia, where it would connect with other rail systems that lead to the Lower 48. Murkowski has also proposed that the rail would continue from Fairbanks to the Bering Straits and eventually to the Russian Far East via an undersea tunnel.

About 50 people attended the first day of the event held at the Westmark Fairbanks Hotel & Convention Center. On Wednesday speakers from the Yukon Parliament and Legislative Assembly in Canada's Yukon Territory said the rail link makes sense even if the economics seem soft.

"It's a great long-term project," said Larry Bagnell, member of the Yukon Parliament. "It'll change the face of the world."

One of the best uses of the railroad project would be to ease truck congestion on Canadian highways, he said.

The problem is convincing Canada's powers-that-be an Alaska/Canada railroad is a viable

See RAILROAD, Page B-3

RAILROAD: Conference

Continued from Page B-1

economic project, Bagnell said. That argument is burdened by the U.S. and Canadian economic slowdowns caused by the Sept. 11 terror attacks.

"It will mean less money available for nonessential projects," he said. "Less money means less revenue. Less revenue means less taxes paid."

That's why a feasibility study is needed, he said. Transportation of tons of zinc and other minerals would pay for such a line, he said.

"We haven't impressed the officials with the hard economic facts," he said.

Last year, Congress recommended forming a 24-member commission to conduct a feasibility study for the project in legislation introduced by Murkowski.

The legislation also set aside $6 million for the study. The Canadians have yet to put up their $6 million.

The commission members should be appointed soon, James said.

Getting a financial commitment to build the line will not be the biggest issue, Bagnell said. Those issues could be worked out.

However, a larger, more complicated effort will be dealing with the five to 10 sovereign governments of indigenous people on whose land the rail line would pass. The governments were established by Canada's land claims settlement. That will take time, he said.

Bagnell urged the Alaska Legislature to get behind the project because Alaska's only land link with the Lower 48 is through Canada via the Alaska Highway. The railroad would bring Alaska another connection to the rest of the continental U.S., he said.

"It's hard to get in and out of Alaska by land," he said.

Bill Woolf, a Murkowski aide, agreed that state government needs to get involved.

"We need leadership in our state as well," he said.

He urged proponents to not be ashamed to admit that it's a railroad in the middle of nowhere.

"So what?" Woolf said. "I think we have to take that attitude in Canada and in Washington." The railroad is needed to open up the communities for business opportunities, he said.

The best business opportunities will come from mining, said James McLachlan, a member of the Yukon Legislative Assembly. So sure of the proposed railroad's benefits, the business leaders in Faro, Yukon Territory, built 30 miles of rail. Faro is midway between Fairbanks and Fort Nelson.

McLachlan estimated that on the Canadian side, 500,000 tons of mineral from existing mineral deposits could be moved yearly for 30 years. That translates into $46 billion of revenue, he said.

"We may be surprised on how wealthy we are," he said.

Tomorrow's speakers include James; Dr. Paul Metz, a mineral economist from the University of Alaska Fairbanks; and Jim Kubitz from the Alaska Railroad. Other Canadians and business leaders will speak as well, including Jack Eidson, from Lockheed Martin Corp. UA President Mark Hamilton will give a lunch keynote address. An afternoon tour of Alaska Railroad facilities will follow the lunch.

From AEDC and the Editors of
Expansion Management Magazine

American Economic Development Council

A Penton Publication

Inside E.D.

Volume 6 • Number 8 • June 2000

Riding the Rails 'Back to the Future'

Looking for an engine to drive your local economic development efforts? Another partner for your economic development team? You may not need to look any further than the nearest rail line.

Few industry developments have been more synonymous with the territorial and economic development of our country in the latter 19th and early 20th centuries, than the U.S. railroad.

From the completion of the 13-mile Baltimore & Ohio in 1830, the nation's first railroad, to the megasystems created by mergers of major lines in the last 20 years, the U.S. freight railroad industry has undergone significant changes over its 170-year history. And there may be no better time than now to assess the role of the railroad in your development program.

"Think about marketing this rail network as one of the attributes you've got in your state or in your city the same way you market the fact that you've got low energy rates, that you've got a trained work force and you've got a community college system to update the skills of the [work force]," advises Randy Evans, vice president for real estate and industrial development, CSX Transportation Inc., Jacksonville, Fla.

> *"[To] everything else that's on your list, you need to add this rail network as something that can help the industries lower their costs..."*
>
> – Randy Evans, vice president for real estate and industrial development, CSX Transportation

"[To] everything else that's on your list, you need to add this rail network as something that can help the industries lower their costs, and lowering the costs of doing business is always a significant part of the economic development business."

So why is the railroad important now? Where has it been? What does it hold for the future?

While many of the more than 146,000 route-miles of track owned and maintained by U.S. railroads in 1998 have been around for some time, they have not always had the economic impact felt during the nearly half-century "Golden Age of Railroading" beginning in the late 1860s.

But the deterioration of the railroads while under federal control during World War I, followed by growing competition from other transportation modes supported by government subsidies, as well as stringent federal regulation, almost caused the collapse of the industry.

Not until the Staggers Rail Act of 1980 essentially deregulated the industry did the railroad return from the brink.

"Yes, there was a low point, and we are definitely on a resurgence, an upswing of rail development and rail usage by companies," said Michele "Mike" Keller, CED, regional manager of industrial development for Burlington Northern Santa Fe Railway Co., Minneapolis, Minn.

"State departments of economic development ... over the years [have] become much more open to rail, because they're actually getting more requests for rail-served properties."

Charlie Penner, director of industrial development for the Union Pacific Railroad Co., Omaha, Neb., agrees.

"There's a definite trend for need for more rail-served sites. I think a lot of people recognize that the economics of rail can be a big advantage to them, and some of the communities and some of the economic development groups, in an effort to reduce truck traffic, also, in some degree, try to push rail business."

Since it bottomed out in 1978, the freight railroad

(See "Riding the Rails" on page 2)

At a glance

EXPANSION MANAGEMENT

A Penton Publication

Inside E.D.

From AEDC and the Editors of Expansion Management Magazine

AE EXPANSION MANAGEMENT

Riding the Rails

(continued from page 1)

industry has begun to re-establish its importance as an efficient, environmentally friendly, cost-effective transportation mode.

As a result of an expanding economy and a rejuvenated business climate among the nation's railroads, industry productivity is up and rail freight rates are down.

And the upward trends aren't solely affecting the big railroads.

"The other relationship you see that has changed a lot in the last couple years is the rise of short lines because another thing that's happened with the big guys ... is that some of their less profitable lines have been abandoned but some of them they've sold, so that's created a whole different situation as well," remarked Tracy Allen, key projects manager for the Ohio Department of Development.

"We'll use short lines to expand our market reach," said Kay Bryant, director of U.S. business development for the Canadian National-Illinois Central Railway Co., Chicago, Ill. "If we don't have the site that we think best meets the customer's needs we don't hesitate to market a short line's properties for them."

What does this all mean to your development program? Partners and allies. Service. Incentives. Opportunities.

"We've got industrial development representatives in each of the states that really are part of the economic development team for each of the states in their effort to attract industry and to help existing industry expand," said Evans, whose comments are echoed by rail industrial developers up and down the lines.

" We're by no means the leader in the states or the counties but we clearly can be an important part of the team. And the reason we can be ... is that one of the things we bring to them is this rail network that we own and operate ..."

Railroads, like their partners in state, regional, local, utility and real estate economic development organizations, bring a range of services to the table, including site selection and engineering design.

As a result of an expanding economy and a rejuvenated business climate among the nation's railroads, industry productivity is up and rail freight rates are down.

And while companies would expect economic incentives from those other partners, what the railroads might offer may come as more of a surprise.

"... In some of the cases, we'll also be part of the incentive package in the way that we either price the traffic or some of our willingness to provide rebates for capital investment that the company may make, and that may be part of the inducement," said Evans.

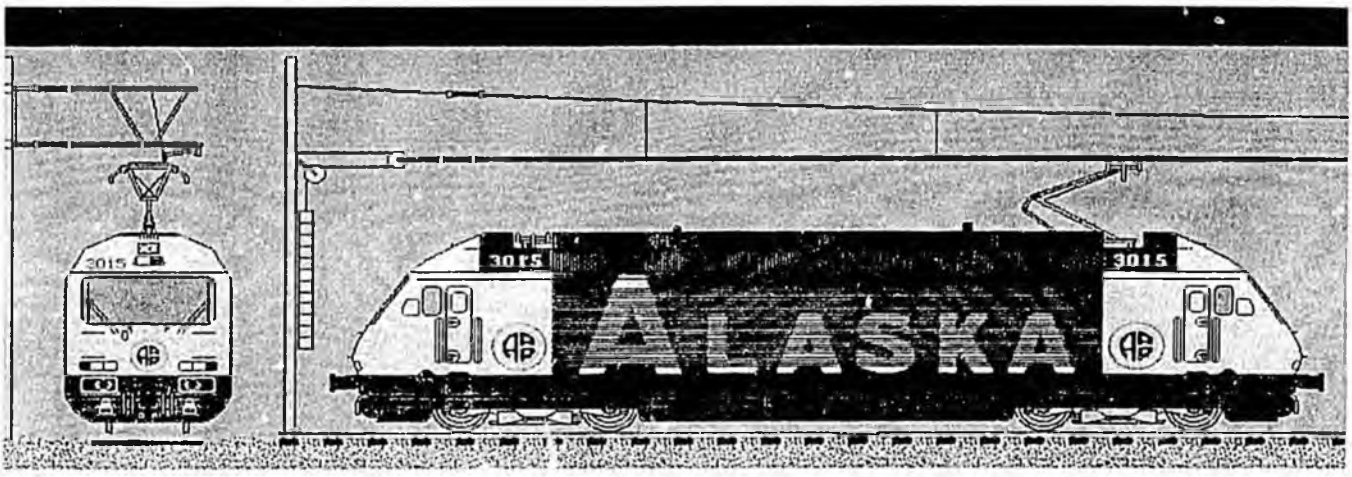
"One of our publicly funded programs is the Rail Industrial Access Program where we actually spend state dollars to contribute to offset the cost of a rail facility going into an industrial site," noted Kevin Page, senior rail transportation engineer for the Virginia Department of Rail and Public Transportation.

Whatever the industry expanding or relocating, rail may offer new development opportunities.

"Many of the state and local developers do aggressively market rail because that tends to be the bigger clients that need rail service and so it may mean more jobs or more investment, so they're very aware of it ...," said Richard Parker, vice president of real estate, Norfolk Southern Corp., Norfolk, Va.

And the future? It may be found in the lessons of the past, riding the rails of the 21st century iron horses.

— Les Gramkow is the research editor of *Expansion Management Magazine*. You can contact him at *lgramkow@newhope. com.*



Alaska-Canada Rail Connection

SECTION 6

Other Reports and Route Maps

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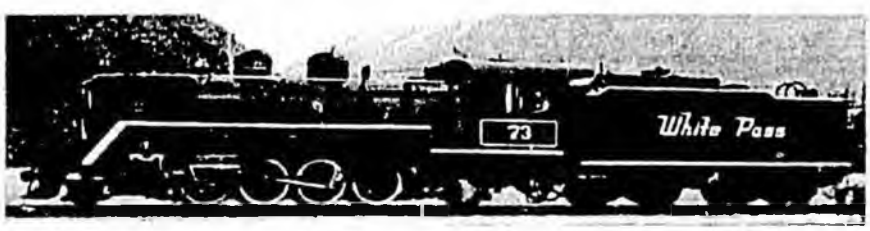


Testimony of Paul Metz, Ph.D., DIC, P.G.
Before the Joint House Committee Hearing on the Status of the Alaska-Canada Rail Link
February 20, 2001

Introduction and Statement of Qualifications

I would like to thank Representative Jeannette James for the opportunity to testify before this joint committee hearing on the US-Canada Rail Link. I am testifying as an individual and my credentials are given in the attached Curriculum Vita. I have undergraduate and graduate degrees in engineering, economic and mining geology, and business administration with an emphasis on engineering economics and finance. I teach courses in geological engineering, mineral exploration, mineral valuation, and mineral economics at the University of Alaska Fairbanks. I have conducted research on the mineral deposits and mining geology of Alaska and on the evaluation of mineral resources in the state and elsewhere. I have worked as a consultant to the mineral industry and have testified as an expert witness in litigation related to the mineral industry including eminent domain proceedings in state and federal court.

Engineering Geology of the Transportation Corridor from Fairbanks to the Canadian Border

In 1996, a proposal was submitted to the Alaska Railroad and later the Alaska Department of Transportation & Public Facilities for the production of engineering geologic maps and derivative geologic hazards maps for the transportation corridor from Seward to Fairbanks. In the summer of 2000 the project was revised to place an emphasis on the transportation corridor from Fairbanks to the Canadian Border as Phase I of the proposal and the corridor from Seward to Fairbanks as Phases II & III. As proposed this was a joint project between the Geological Engineering Program at the University of Alaska and the Alaska Division of Geological and Geophysical Surveys. A precedent for such cooperation was set by a bedrock geologic mapping program initiated in 1931 for the mineral districts in interior Alaska and referred to as the "Interior Mining Project" A summary of the results of that program is attached.

The objectives of the Transportation Corridor Project and the use of multipurpose engineering geological maps are summarized in the follow two attachments. The utilization of the multipurpose engineering geological by design engineers in the public and private sector will result in minimizing the risk and cost of geologic hazards to engineering works constructed in the corridor. These costs include both the capital costs of construction as well as annual maintenance and repair costs associated with the entire spectrum of geologic processes that can degrade engineering works. And most importantly the utilization of such maps minimized the risk of loss of life associated with catastrophic structural or earth failures due to a major hazardous geologic event.

A summary of the project, project history, the project status as of December 2000, and a discussion of the significance of this project was outline in my letter to Dr. Wiltse dated December 4, 2000 and attached herein. The changing economics of an Alaska Natural Gas Pipeline to the contiguous states has resulted in a major change in the economic parameters of the construction of the Extension of the Alaska Railroad to the Canadian Border and the connection to the Canadian Railroad System.

Changes in Mineral Resource Economics within the Transportation Corridor as a Function of the Availability of Natural Gas

Major mineral deposit types found in Alaska within fifty miles of the proposed extension of the Alaska Railroad to the Canadian Border include but are not limited to:

1. Bulk mineable low grade intrusive hosted gold (Fort Knox Type Deposits)
2. High-grade gold quartz veins (Pogo Type Deposits)
3. Bulk mineable moderate grade gold occurrences (Donlin Creek Type Deposits)
4. Porphyry Copper Occurrences
5. Porphyry Copper-Molybdenum Occurrences

6. Coal Deposits (Jarvis Creek Coal Field)
7. High purity limestone deposits for lime and portland cement production
8. Platinum Group Elements and podiform chromite in Alpine Ultramafics (Clinton Creek Type)
9. Platinum Group Elements in Layer Gabbroic Complexes (Paxson Mt.)
10. Precious metal enriched volcanogenic massive sulfide occurrences (Wolverine Complex Type)
11. Antimony-gold vein occurrences (Scrafford Type)
12. Tungsten skarn occurrences (Can-Tung Type)
13. Placer gold and platinum occurrences (Goodnews Bay Type)

The future availability of natural gas as a source of energy could greatly decrease the cut-off grade and thus positively impact the feasibility of developing bulk mineable mineral deposits in the corridor. The economic feasibility of bulk mineable mineral deposits is extremely sensitive to tonnage and grade and energy costs since energy is the single largest operating cost for such deposits. The combination of lower cost energy for what are now stranded mineral resources and the availability of a bulk transportation system would greatly enhance mineral exploration and development in the corridor in East-Central Alaska (see attached maps).

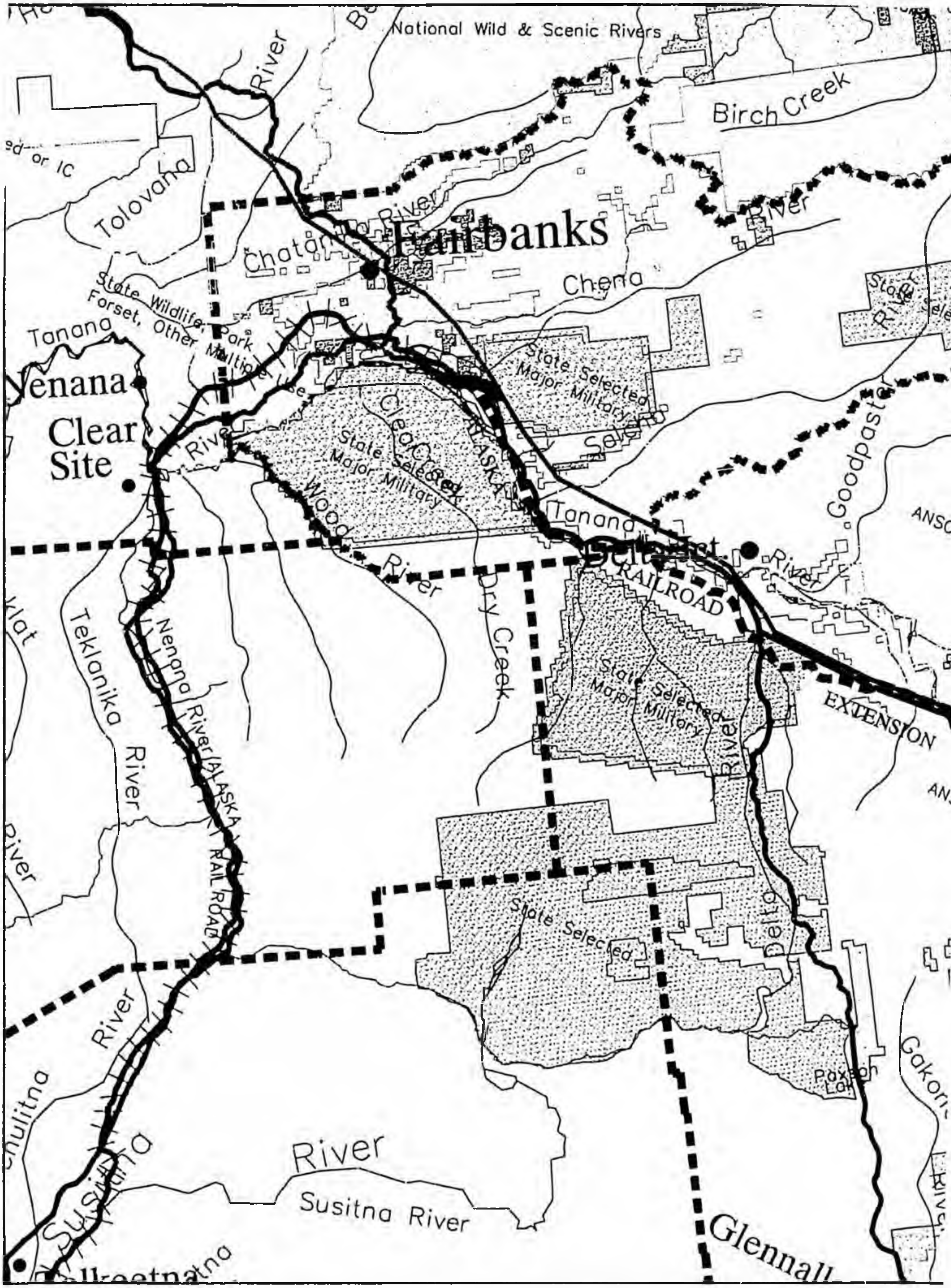
Other Sources of Tonnage for the Alaska Railroad and the Impact of the Economic Feasibility of the Transportation System

The uncertainty of future mineral discoveries should be carefully considered in the economic analysis of the Extension of the Railroad into Canada. Few railroads constructed in the 19th Century had defined markets prior to construction. The Alaska Railroad was constructed in the 20th Century under the same constraint. The only significant certain mineral deposits along the route of the Alaska Railroad prior to construction were the coal deposits in the Matanuska and Nenana Coal Fields and the placer gold deposits in Fairbanks. The deep and low-grade placer deposits in Fairbanks required dredges for their economic feasibility and the railroad was needed to get that equipment into the region. The placer deposits only contained 8 million ounces of gold. Today as a result of numerous gold discoveries since the completion of the "Interior Mining Project" there are over 40 million ounces of proven and drill indicated reserves in interior Alaska. This is 10 million more than the historic gold production of the entire state. Similarly the reserves of both the Greens Creek Mine and the Red Dog Mine have more than tripled since the initial feasibility studies for these projects. The availability of energy and transportation will result in increased mineral reserves at known mineral deposits and new mineral discoveries that cannot even be projected at this time.

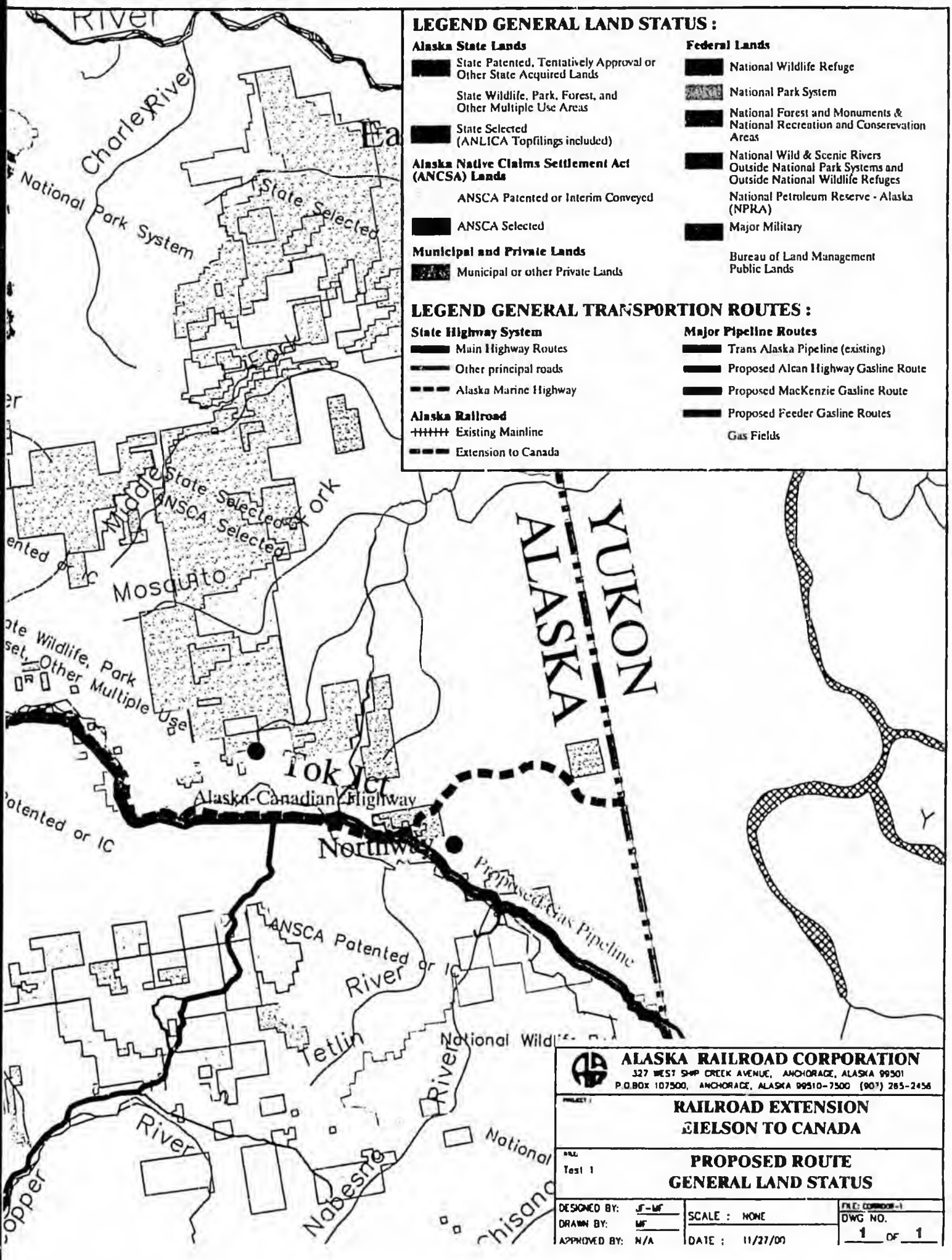
Other sources of freight such as value added products from a petrochemical plant in Fairbanks and processed forest products as well as probable passenger revenues must be added to the expected cash flows from the mineral industry. The economic feasibility of the railroad extension should not be limited to the tonnage requirements of the mineral industry.

Effect of Lower Risk of Geologic Hazards with the Extension of the Railroad to Canada versus the Route from Seward to Fairbanks

The transportation corridor from Seward to Fairbanks transects some of the most hazardous geologic terrains in the world. This is a function of the plate tectonic boundary between the Pacific Plate and the accreted terrains along the margin of the North American Plate. By contrast the extension of the railroad into the Yukon Territory and either northern British Columbia or Alberta will transect on older and more stable interior plateau. Thus the rail extension will provide a relatively low risk transportation system for interior and even south central Alaska during future major earthquakes comparable to the March 1964 event. This factor must be included in the final economic analysis of the feasibility of the Extension of the Alaska Railroad. The same must be considered in the analysis of the Alaska Natural Gas Pipeline system.



National Wild & Scenic Rivers
Birch Creek
River
Tolovana
Chatanika River
Fairbanks
Chena
River
State Wildlife, Park
Forset, Other Multiple Use
Tanana
Nenana
Clear Site
State Selected Major Military
State Selected
Clear Creek
Wood River
Tanana
Goodpaster River
ANSCA
Delta Jct.
RAILROAD
EXTENSION
Dry Creek
Teklanika River
Nenana River/ALASKA RAILROAD
Delta River
Paxson Lake
Gakona River
Chulitna River
Susitna
River
Susitna River
Glennallen
Talkeetna



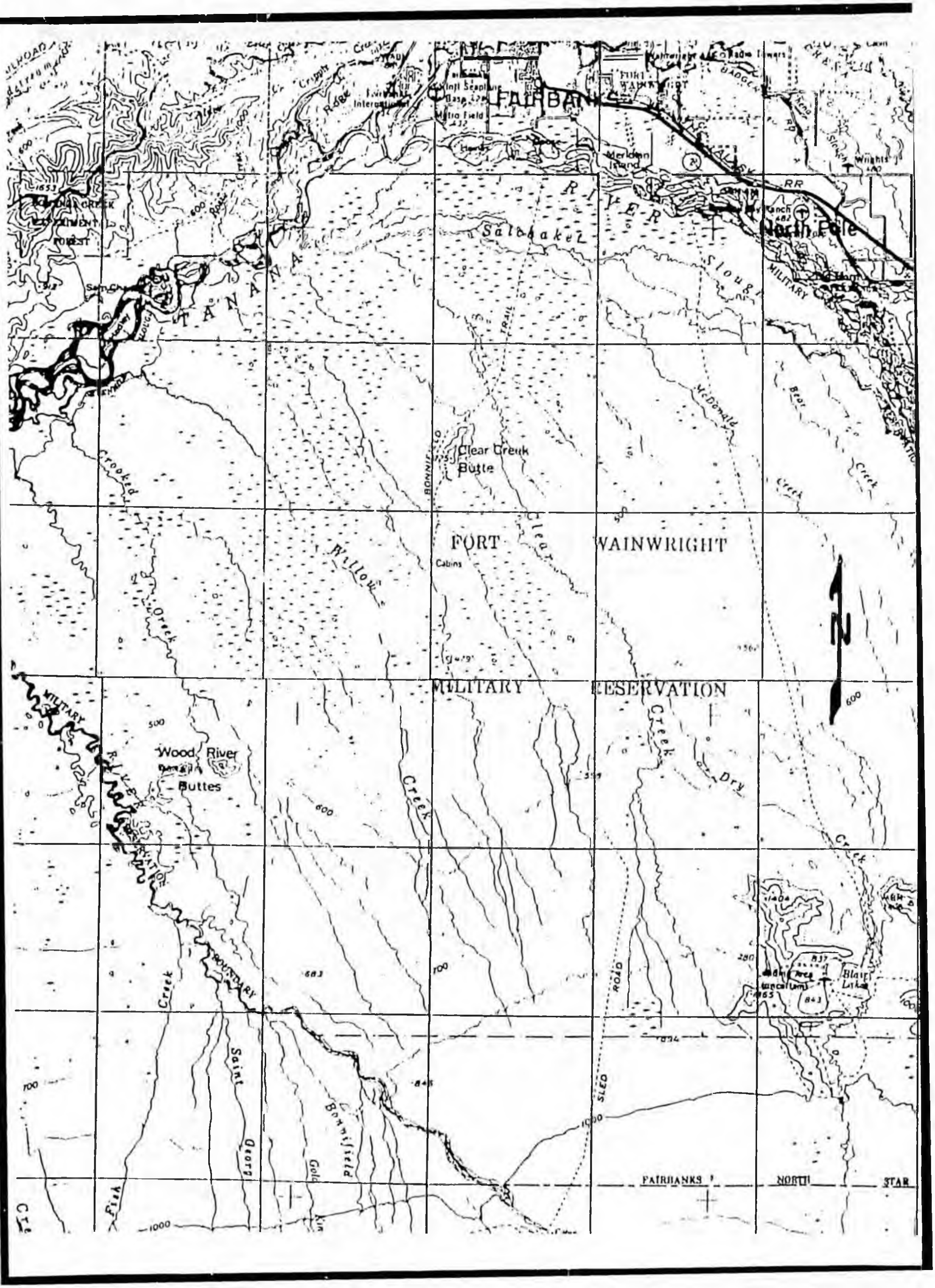
ALASKA RAILROAD CORPORATION
327 WEST SHIP CREEK AVENUE, ANCHORAGE, ALASKA 99501
P.O.BOX 107500, ANCHORAGE, ALASKA 99510-7500 (907) 265-2456

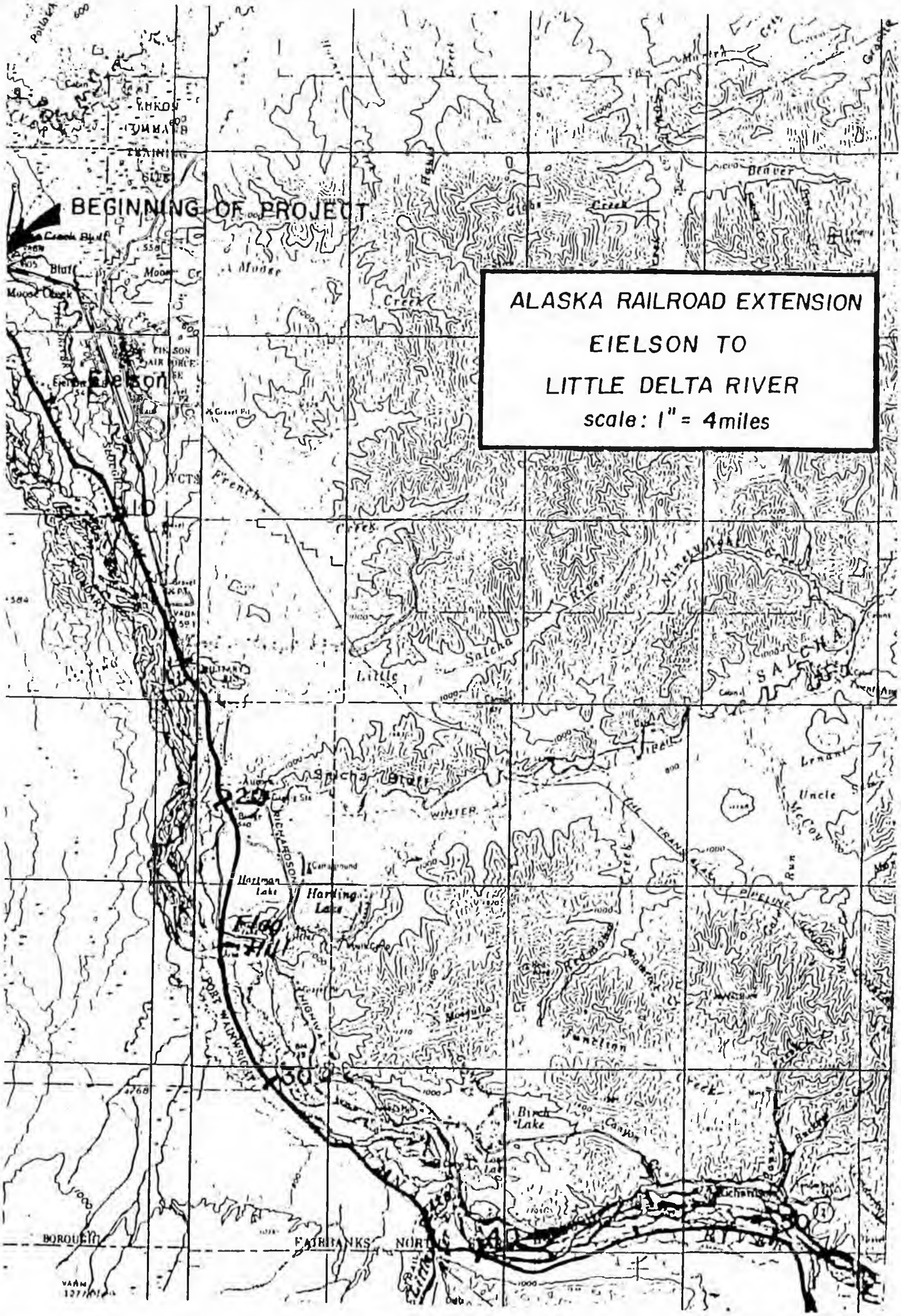
RAILROAD EXTENSION
GIELSON TO CANADA

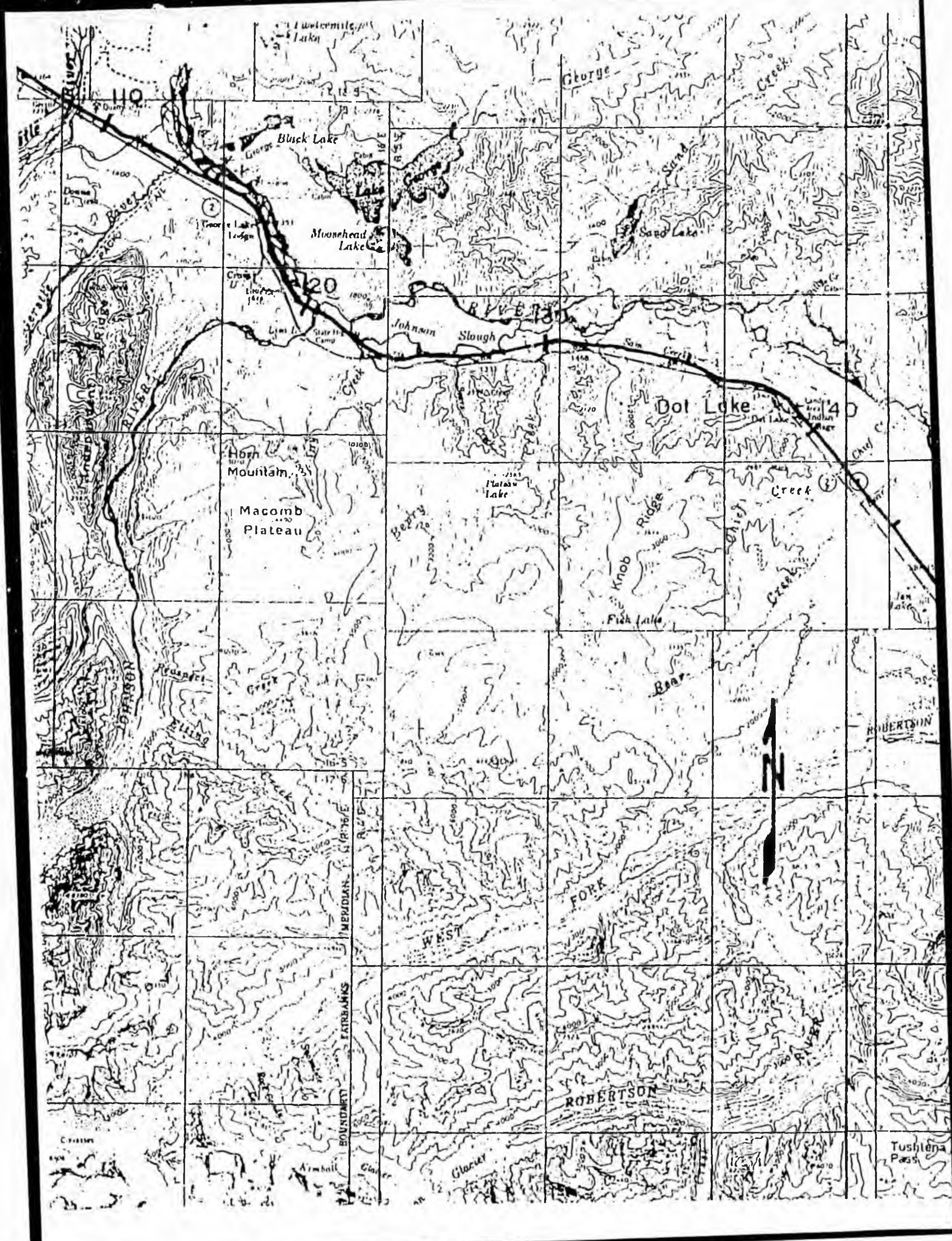
Test 1

PROPOSED ROUTE
GENERAL LAND STATUS

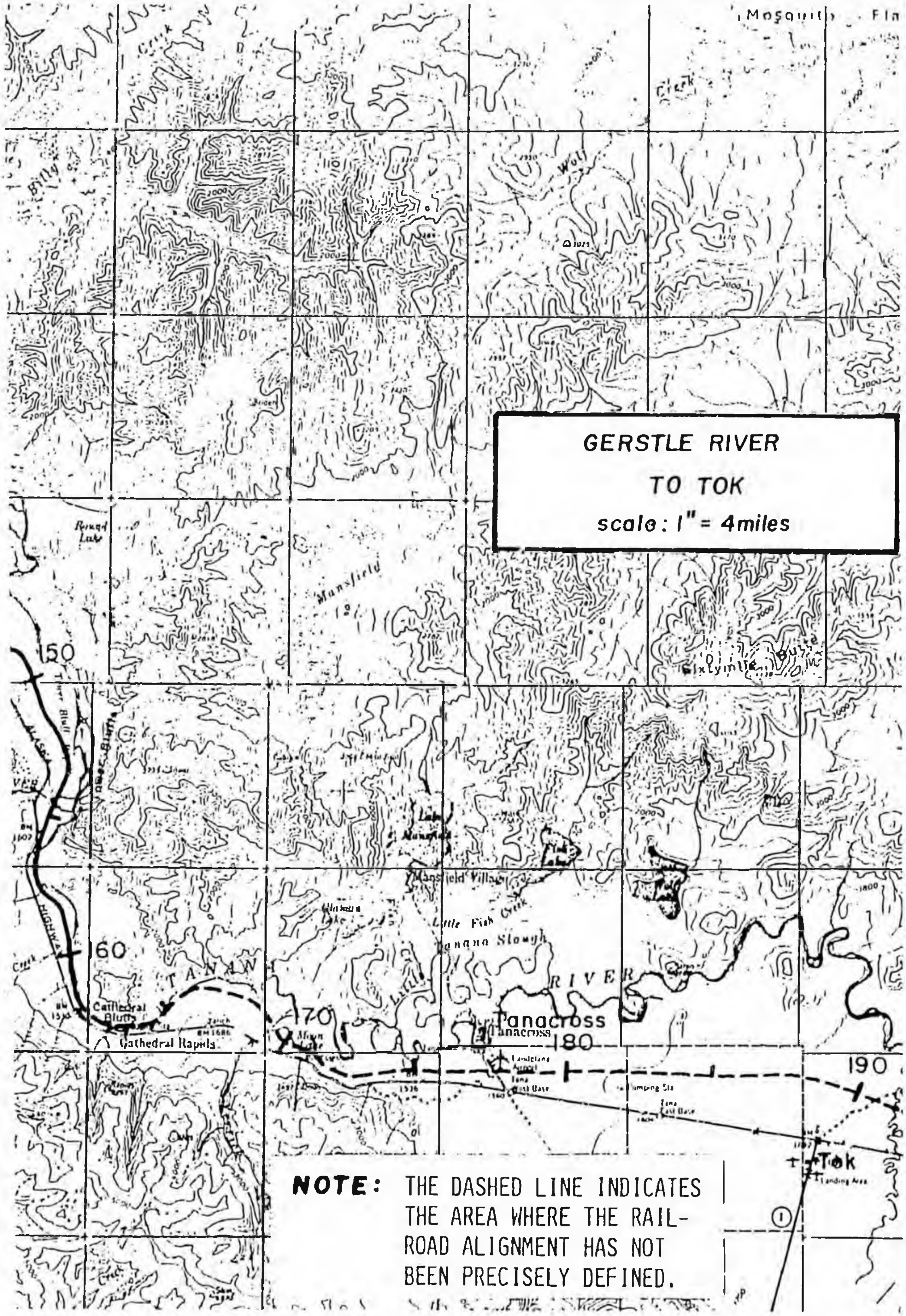
DESIGNED BY: JF-MF	SCALE : NONE	FILE: CORRIDOR-1	
DRAWN BY: MF		DWG NO.	
APPROVED BY: N/A	DATE : 11/27/00	1 OF 1	

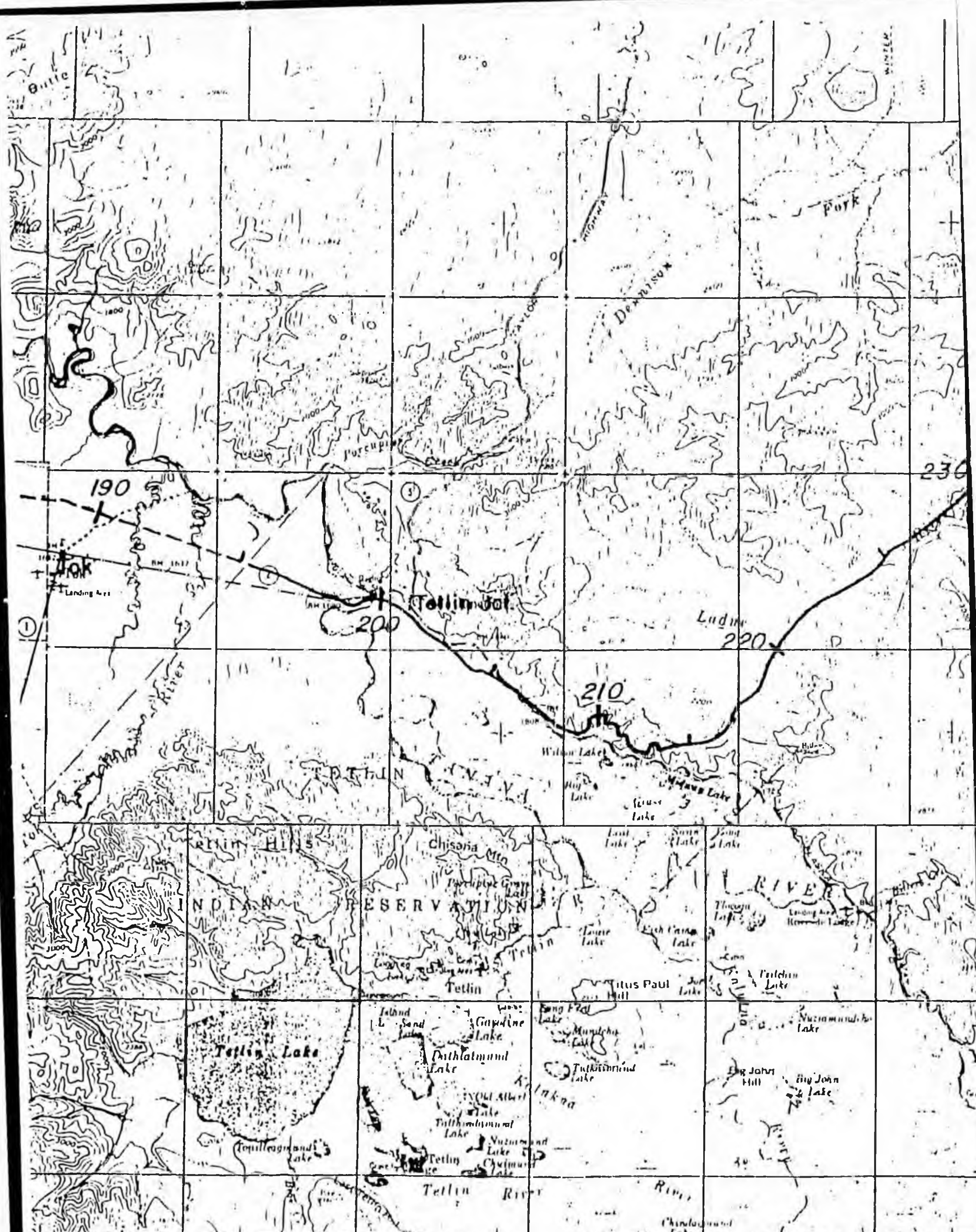

FAIRBANKS
FORT WAINWRIGHT
Meridian Island
North Pole
TANANA
RIVER
Salchaket
Slough
TRAIL
McDonald
Clear Creek
Butte
FORT
WAINWRIGHT
Cabins
Willow
Crooked
Creek
MILITARY
RESERVATION
Wood River
Buttes
Creek
Dry
Blair
Lakes
SLED
ROAD
BOUNDARY
Saint
George
Bonnifield
Fish
FAIRBANKS
NORTH
STAR
N


ALASKA RAILROAD EXTENSION
EIELSON TO
LITTLE DELTA RIVER
scale: 1" = 4miles
BEGINNING OF PROJECT
Eielson
10
20
30
Salcha Bluff
Harding Lake
Flag Hill
Birch Lake
RICHARDSON
HIGHWAY
Salcha River
French Creek
Beaver
Little
Moose Creek
FAIRBANKS NORTH
BOROUGH

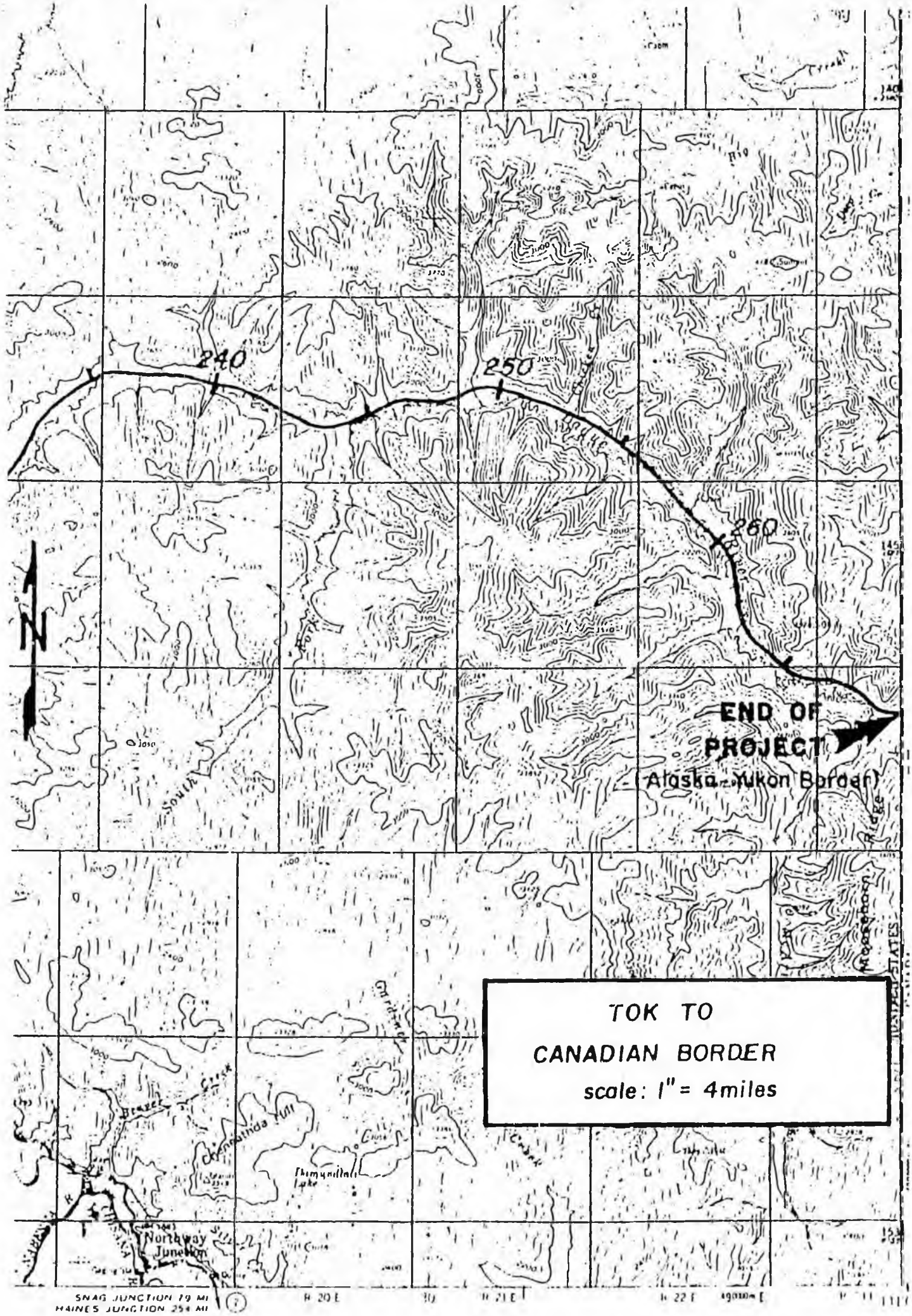


110
120
130
140
Black Lake
Lake George
Moosehead Lake
George
Sand Lake
Johnson
Slough
Dot Lake
Horn Mountain
Macomb Plateau
Plateau Lake
Knob Ridge
Fish Lake
Chief Creek
Berry
ROBERTSON
WEST
FORK
RIVER
FAIRBANKS
MERIDIAN
BOUNDARY
Glacier
Kimball
Pass


GERSTLE RIVER
TO TOK
scale: 1" = 4miles
NOTE: THE DASHED LINE INDICATES THE AREA WHERE THE RAIL-ROAD ALIGNMENT HAS NOT BEEN PRECISELY DEFINED.
Mosquito Fla
Creek
Wolf
Billy
Round Lake
Mansfield
Sixtymile Butte
150
160
170
180
190
TANAN
RIVER
Cathedral Bluffs
Cathedral Rapids
Mansfield Village
Little Fish Creek
Tanana Slough
Tanacross
Tok
HIGHWAY



190
200
210
220
230
Tok
Landing Area
Tetlin Jct.
Fork
Dennison
Porcupine
Creek
Ladue
River
Wilson Lake
Midway Lake
Tetlin Hills
Chisana
Mtn
INDIAN
RESERVATION
RIVER
Tetlin
Titus Paul
Hill
Tetlin Lake
Island
Sand
Lake
Gasoline
Lake
Big John
Hill
Big John
Lake
Tetlin
River


240
250
260
N
END OF
PROJECT
(Alaska-Yukon Border)
TOK TO
CANADIAN BORDER
scale: 1" = 4miles
Northway
Junction
SNAG JUNCTION 79 MI
HAINES JUNCTION 254 MI