

**2-09-10  
Presentation  
Port  
Mackenzie  
Railroad  
Extension**

<target><bill></bill><subject>2-09-10 Presentation Port  
Mackenzie Railroad  
Extension</subject><comm>HEDC26</comm></target>

ALASKA STATE LEGISLATURE  
ECONOMIC DEVELOPMENT, TRADE & TOURISM COMMITTEE

**Representative Jay Ramras**  
**Chairman**

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Toll Free: 877-465-3004  
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Representative\_Jay\_Ramras@legis.state.ak.us  
1292 Sadler Way, Suite 324  
Fairbanks, AK 99701



**Committee Members:**  
Representative Mike Chenault  
Representative Nancy Dahlstrom  
Representative Kyle Johansen  
Representative Reggie Joule  
Representative Mark Neuman  
Representative Harry Crawford  
Representative Lindsey Holmes  
Representative Chris Tuck

State Capitol, Room 120  
Juneau, Alaska 99801

House Economic Development, Trade & Tourism Committee Agenda

**Tuesday, February 9, 2010 at 5:10 p.m. in Room 106**

**+ Port MacKenzie Railroad Extension**

**Guest Speakers:**

**Rick Mystrom, Former Mayor of Anchorage**  
**John Duffy, Borough Manager, Matanuska-Susitna Borough**  
**Pat Gamble, Chief Executive Officer, Alaska Railroad**  
**Dr. Paul Metz and Dr. Steve Colt, University of Alaska**

The speakers will discuss the proposed rail extension from the Alaska Railroad mainline to Port MacKenzie in Mat-Su and its potential for creating dramatic benefits for the statewide economy for years to come. The speakers will describe the project, specific benefits to the state's economy, how these benefits will be created, and what it means to economic diversification and job creation.

- \* First Hearing in First Committee of Referral
- + Teleconferenced
- = Bill was previously Heard/Scheduled

# **RAIL EXTENSION PROJECT**

## **Economic Benefits to the Central Alaska Regional Economy**

**(Anchorage, Mat-Su, Denali Borough, and Fairbanks)**

# **Economic Problems facing Alaska's Economy**

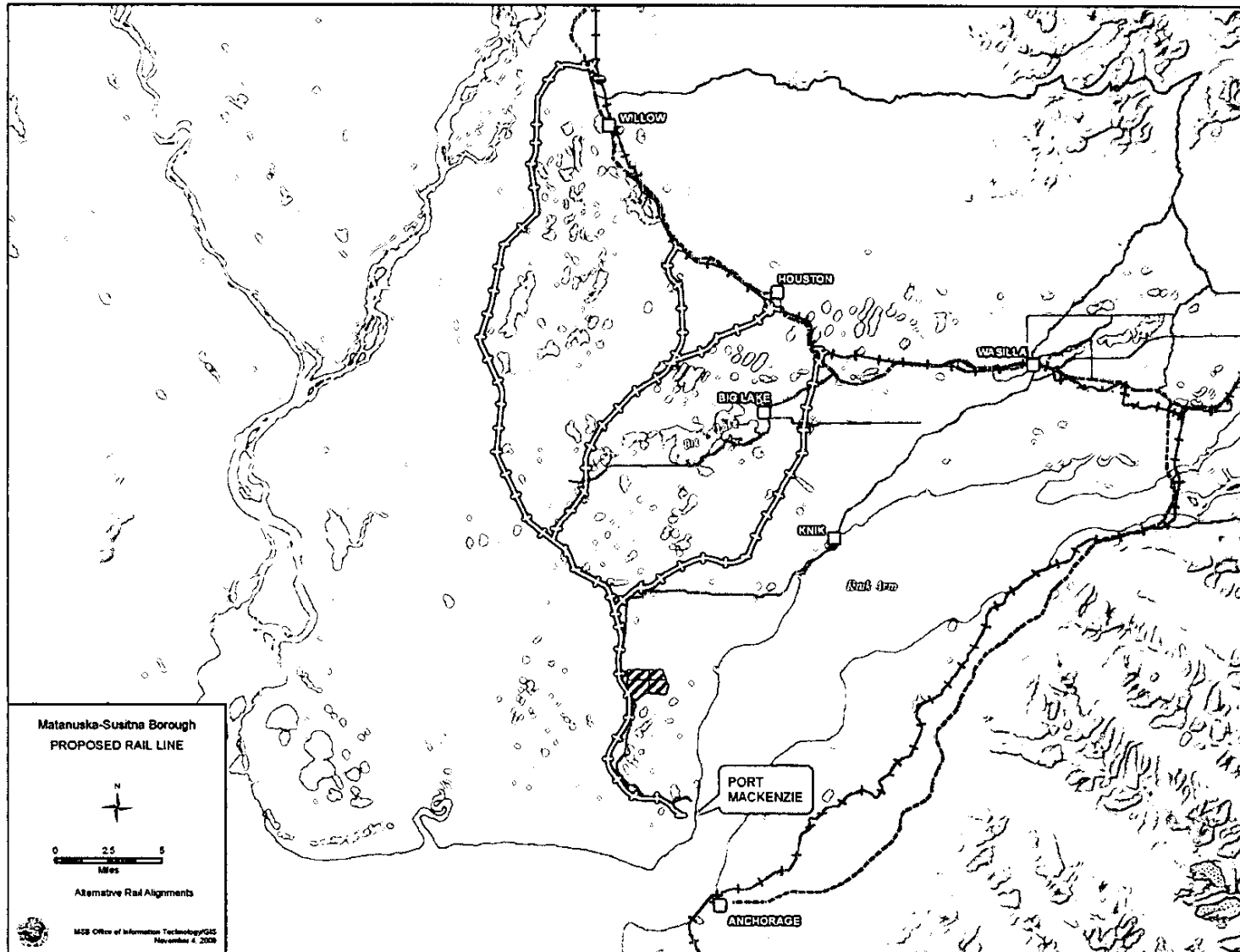
- 1. Uncertainty about energy availability and costs**
- 2. Uncertainty about the Gas Line construction**
- 3. Uncertainty about the future of the TransAlaska Pipeline**

## **Economic Problems facing Alaska's Economy (cont'd)**

- 4. Uncertainty about Small Business Administration contracting program for Native Business**
- 5. Uncertainty about explorations permits for Chukchi and Beaufort Sea**
- 6. Lack of Diversification of Alaska's Economy**
- 7. Lack of Transportation Infrastructure to promote Economic Development**

*But a major solution to one of  
these problems is just months  
away and the **positive effects** will  
be felt next summer.*

# The Rail Extension from Port MacKenzie to the Main Line of the Alaska Railroad



To Understand the Impact of Port Mackenzie and the Rail Extension, we need to begin thinking of the **Fairbanks North Star Borough, the Denali Borough, the Mat-Su Borough, and Anchorage** as a regional economy

***Working, Building, and Growing Together***

# What the Rail Extension Means to this Regional Economy

- 1. Opens up the Interior to Resource Development**
- 2. Facilitates the Development of a World Class Limestone Deposit in Livengood just north of Fairbanks**
- 3. Facilitates the Development of a Cement Production Facility in or around Fairbanks**
- 4. Opens up a development corridor along the Railbelt to exploration and extraction of strategic minerals (Lead, Zinc, Copper, Molybdenum and Silver)**

## What the Rail Extension Means to this Regional Economy (cont'd)

5. Improves the transportation of Lower Cost Fuel to Interior and Southwest Alaska
6. Dramatically improves the world competitiveness of Alaska Coal
7. Significantly reduces transportation and staging cost for the Gas Pipeline Construction (Important if it goes. Essential if it doesn't.)
8. Increases employment in the Mat-Su Borough, the Denali Borough, the Fairbanks North Star Borough and Anchorage

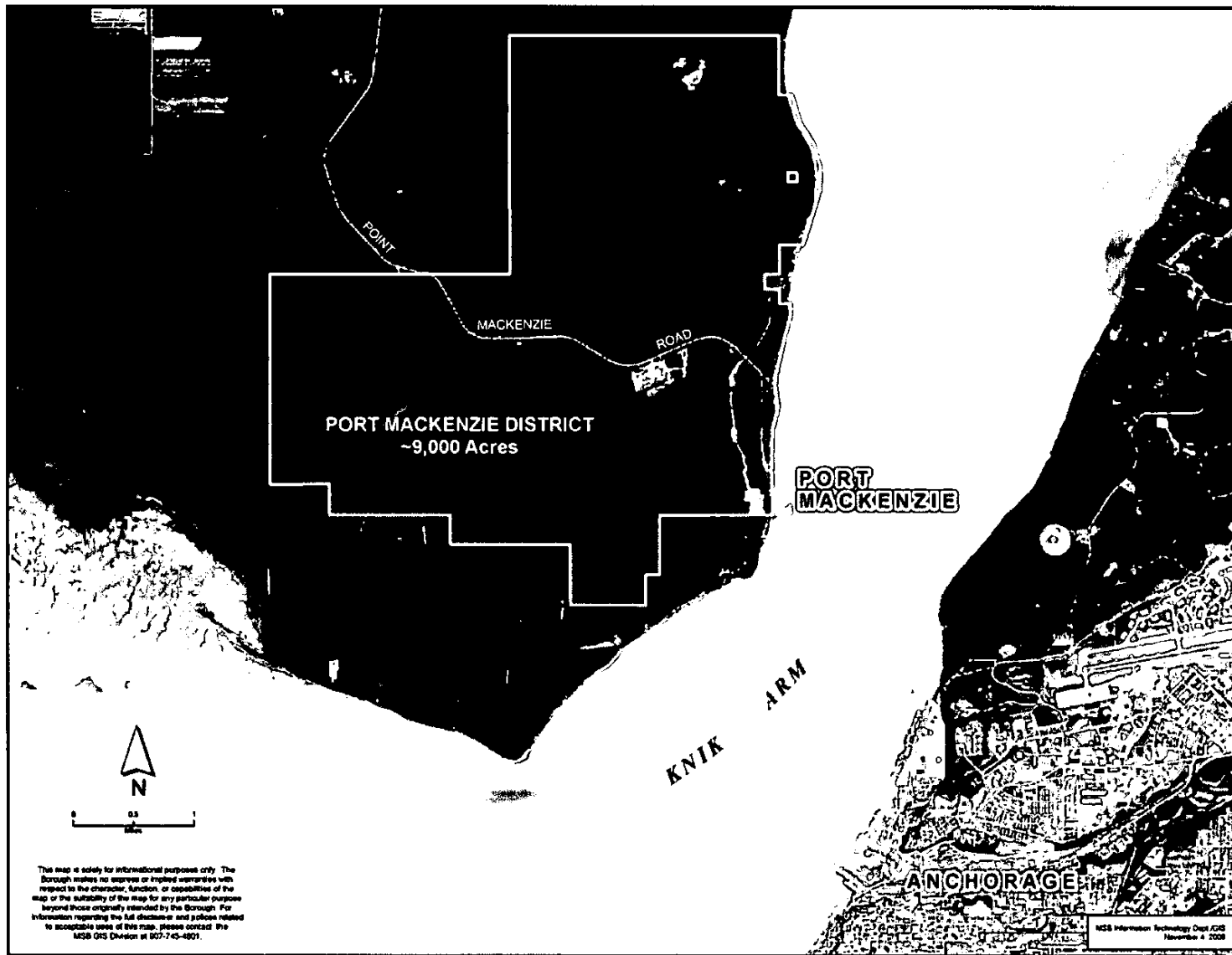
How does the Rail Extension do all these things?

**The Answer is Port MacKenzie and the Rail Extension working Together**

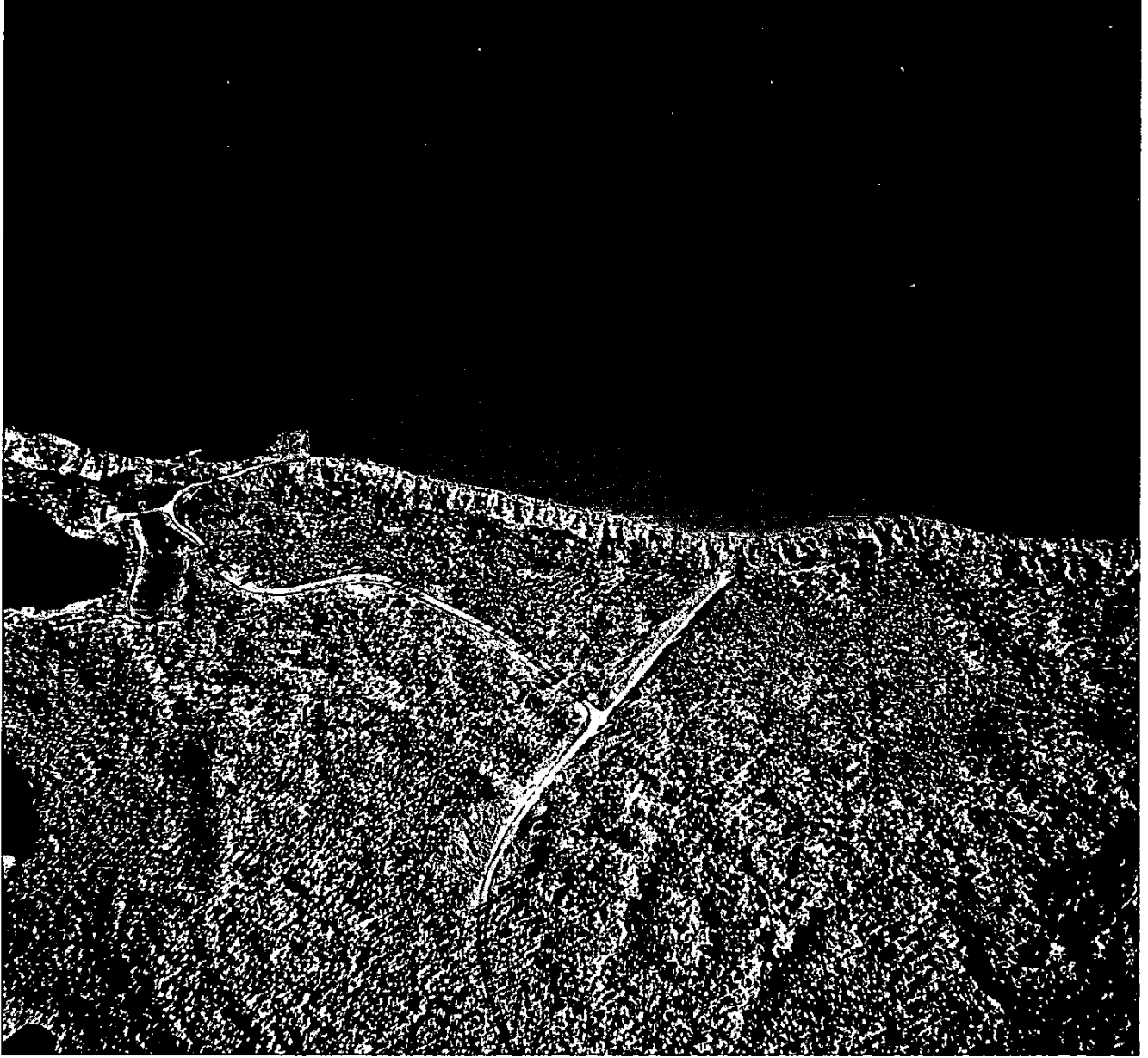
Port MacKenzie?

**Port MacKenzie is a Bulk Commodities Port for minerals, cement, coal, bulk fuel, pipe (Not a Consumer Goods or a Container Port like the Port of Anchorage)**

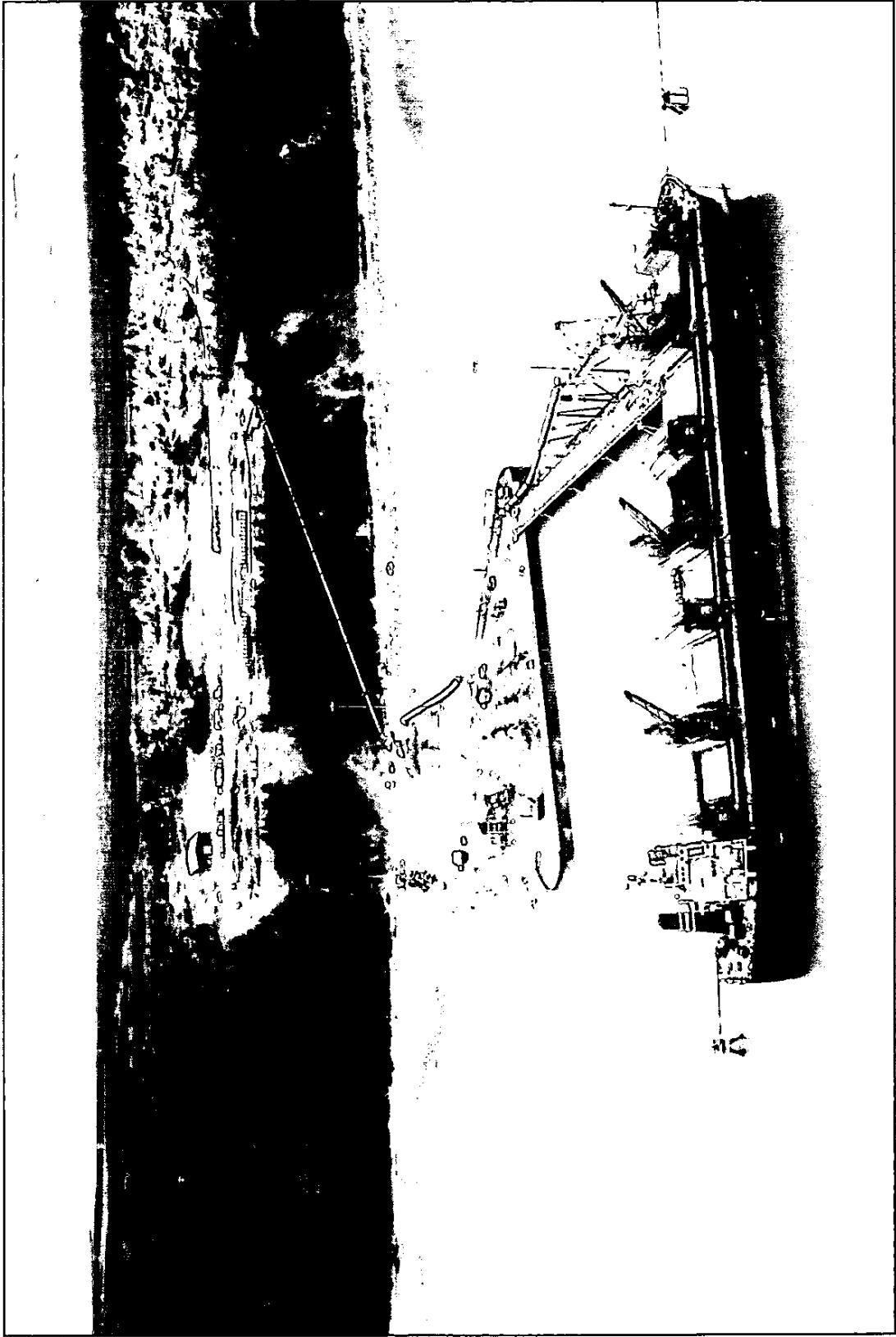
It's a Port with 14 Square Miles of Industrial Zoned Land.  
(That's nearly 9,000 Acres.)



Port  
Mackenzie  
20 Years  
Ago



# Port Mackenzie 2 Years Ago



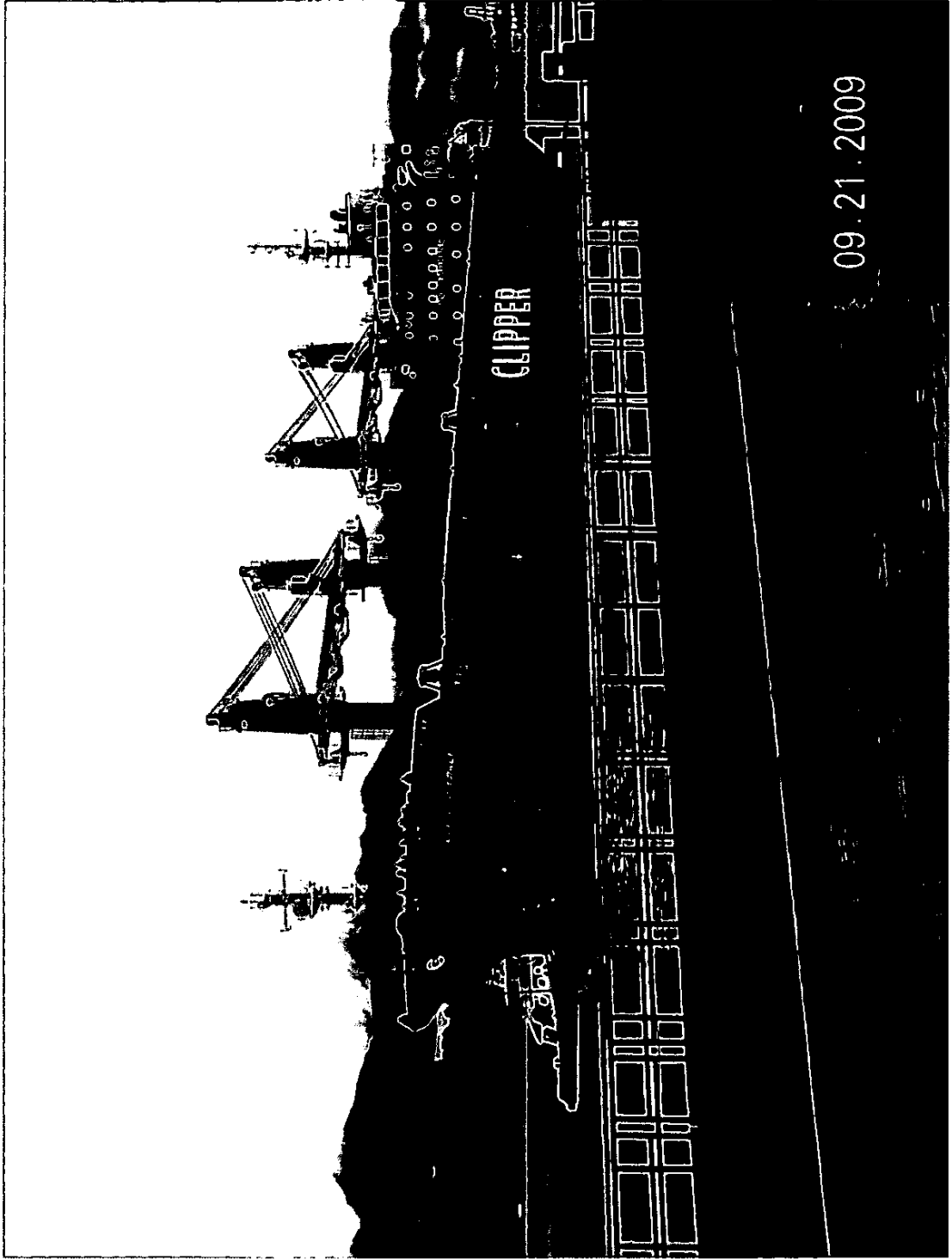
## Port MacKenzie Now

Does not  
compete with  
the Port of  
Anchorage  
(60' mean low  
tide compared  
to 35' for Port  
of Anchorage)

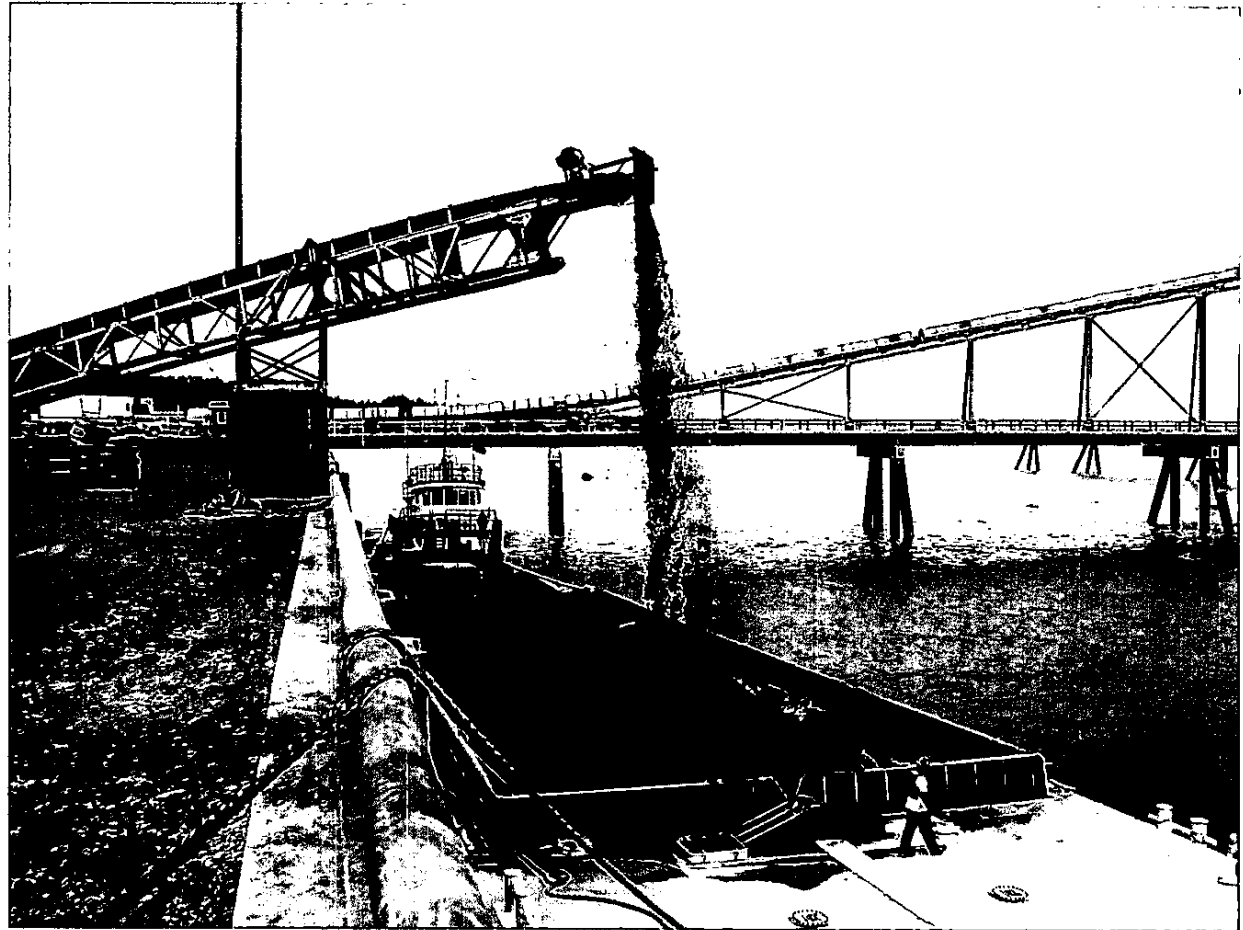
No Dredging  
Required



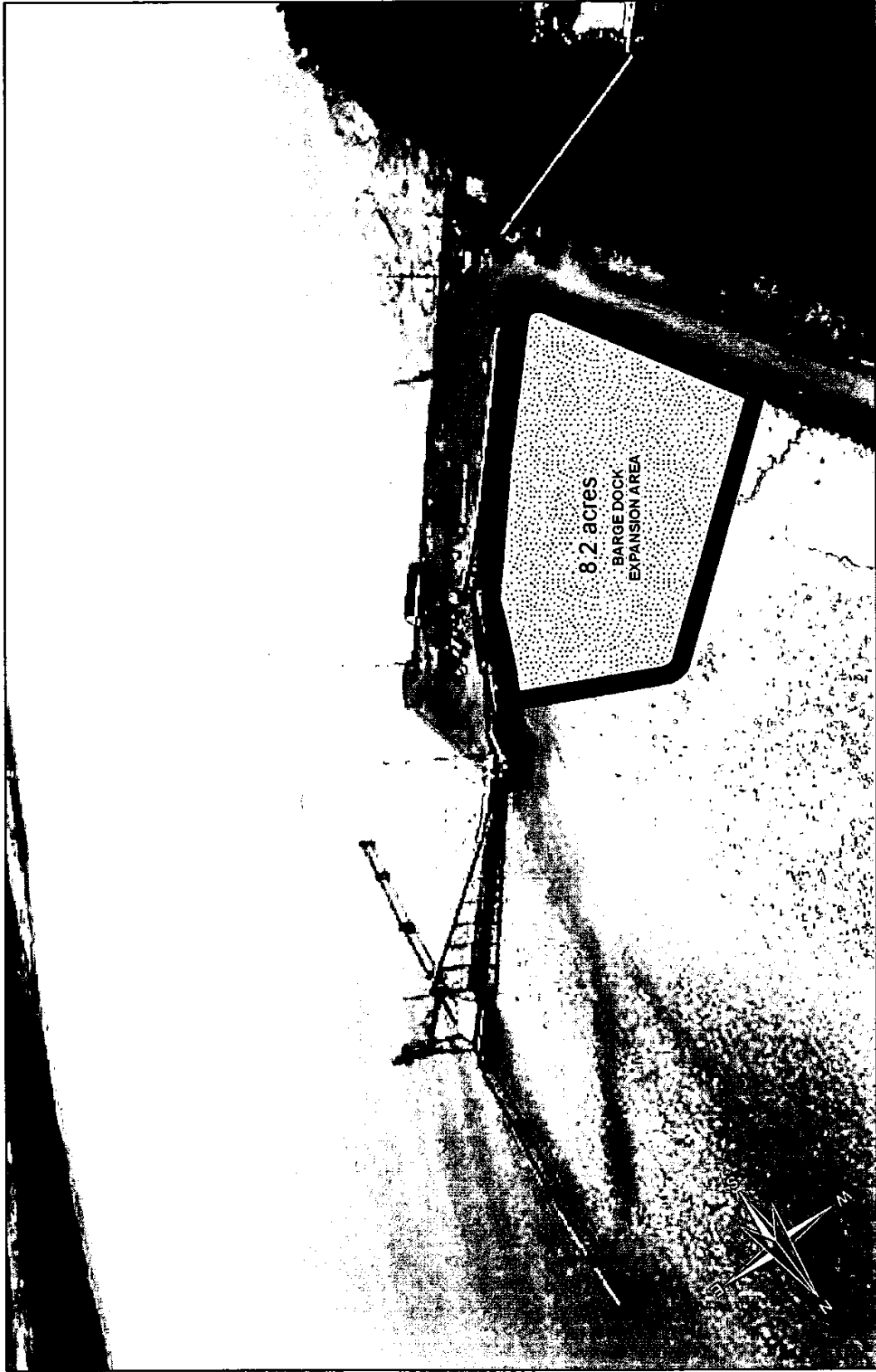
# A Deep Water Port (MLLW-60) That Can Handle The World's Largest Cargo Ships today (Panamax and Cape Size Vessels)

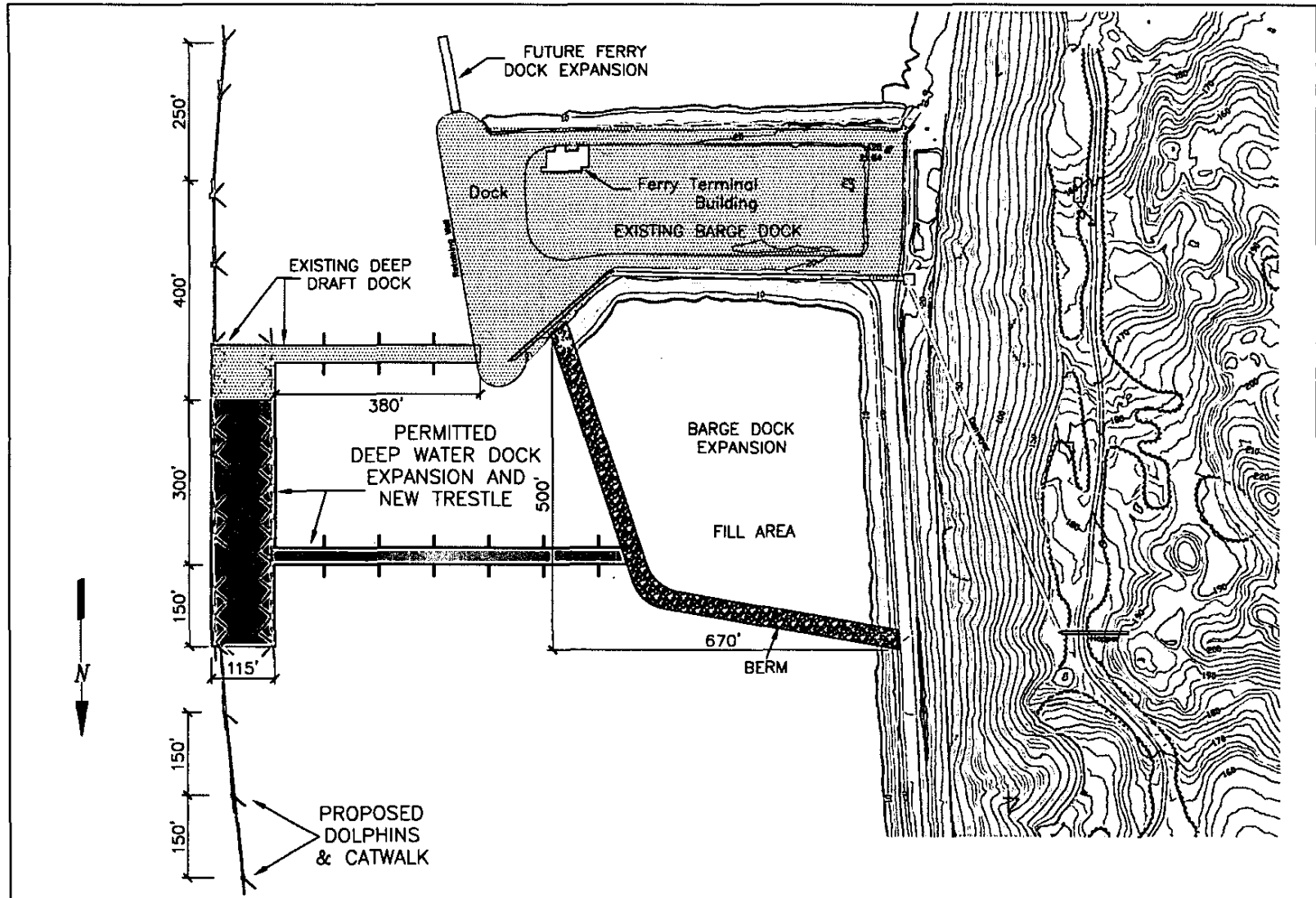


It's also  
Designed and  
Built to Easily  
Handle Barges  
Carrying Bulk  
Commodities,  
Minerals, Coal  
and Aggregate



# Barge Dock Expansion to be Complete Next Summer



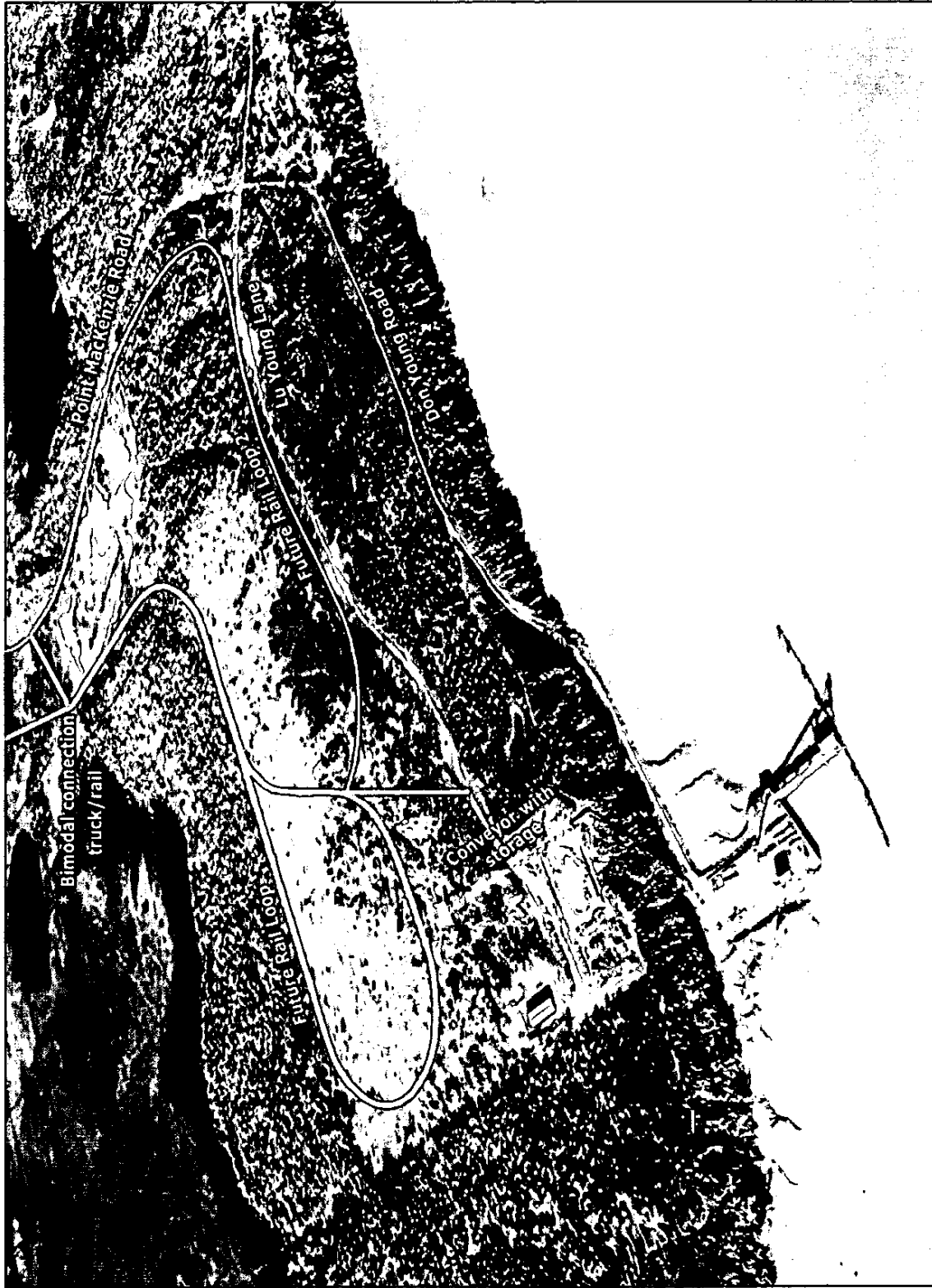


**PORT MACKENZIE PROPOSED DEEP WATER DOCK EXPANSION**

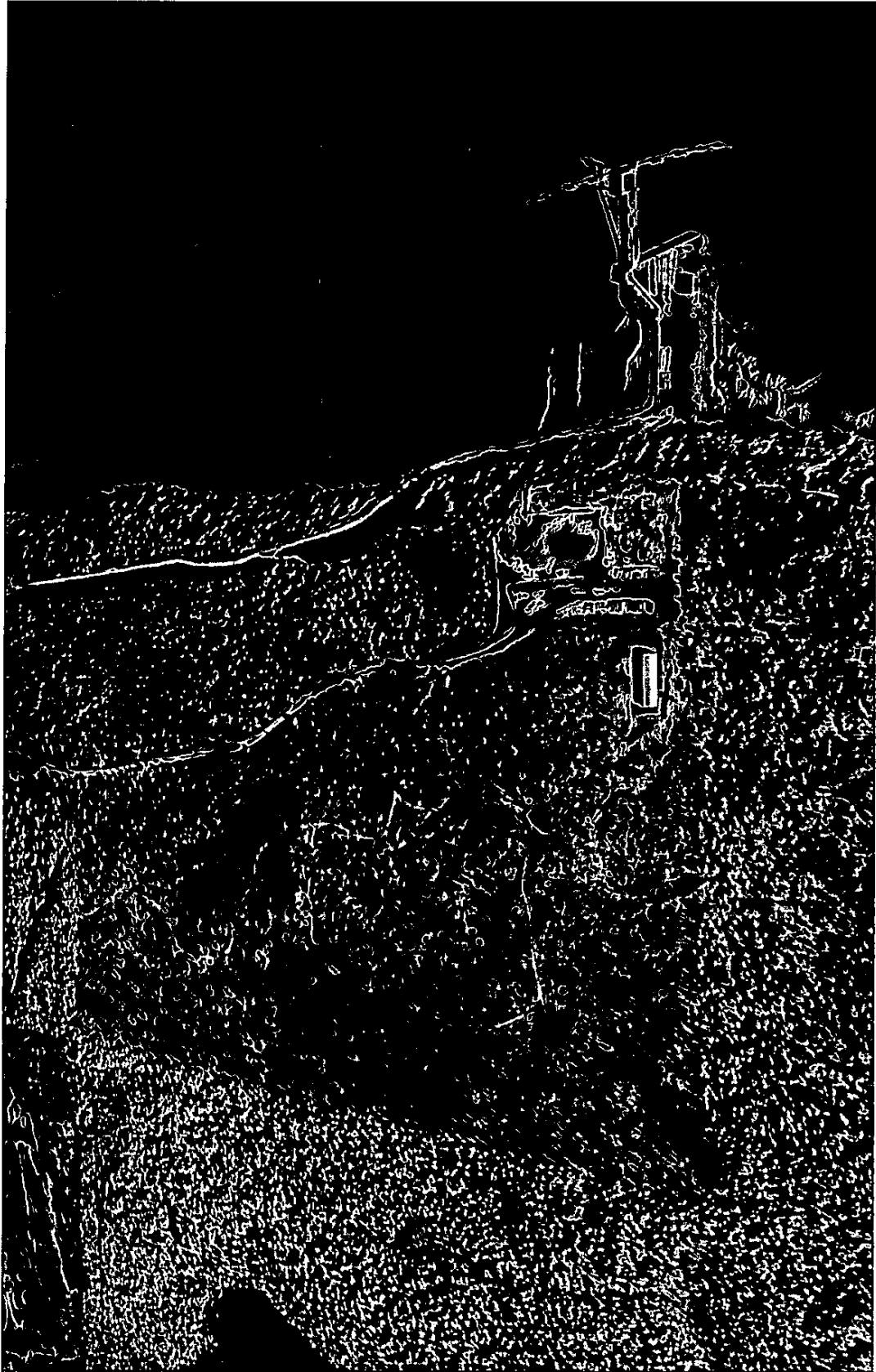


MSB INFORMATION TECHNOLOGY DEPT./GIS  
NOVEMBER 2009

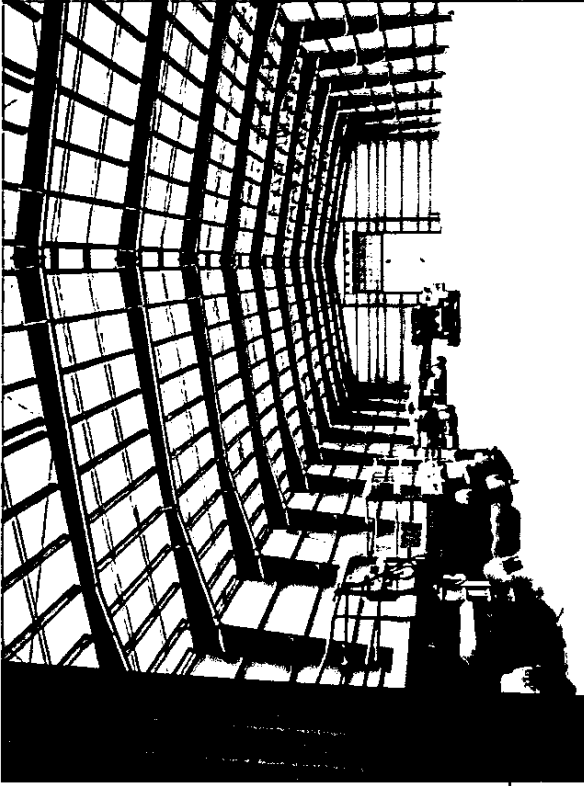
# Rail Loop Under Construction



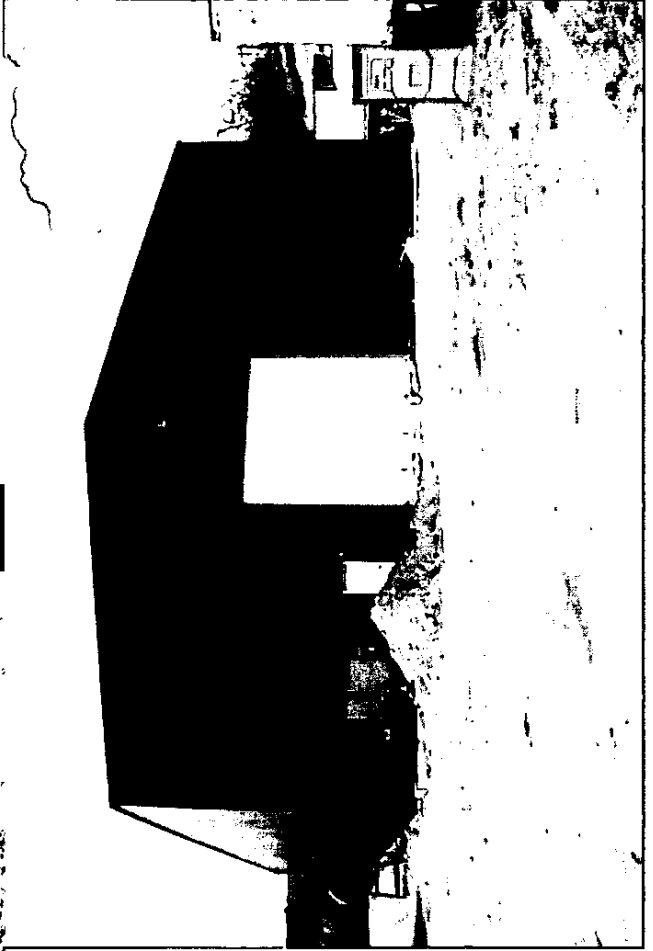
# Plenty of Storage and Staging Capacity for All the pipe needed for both Gas Lines



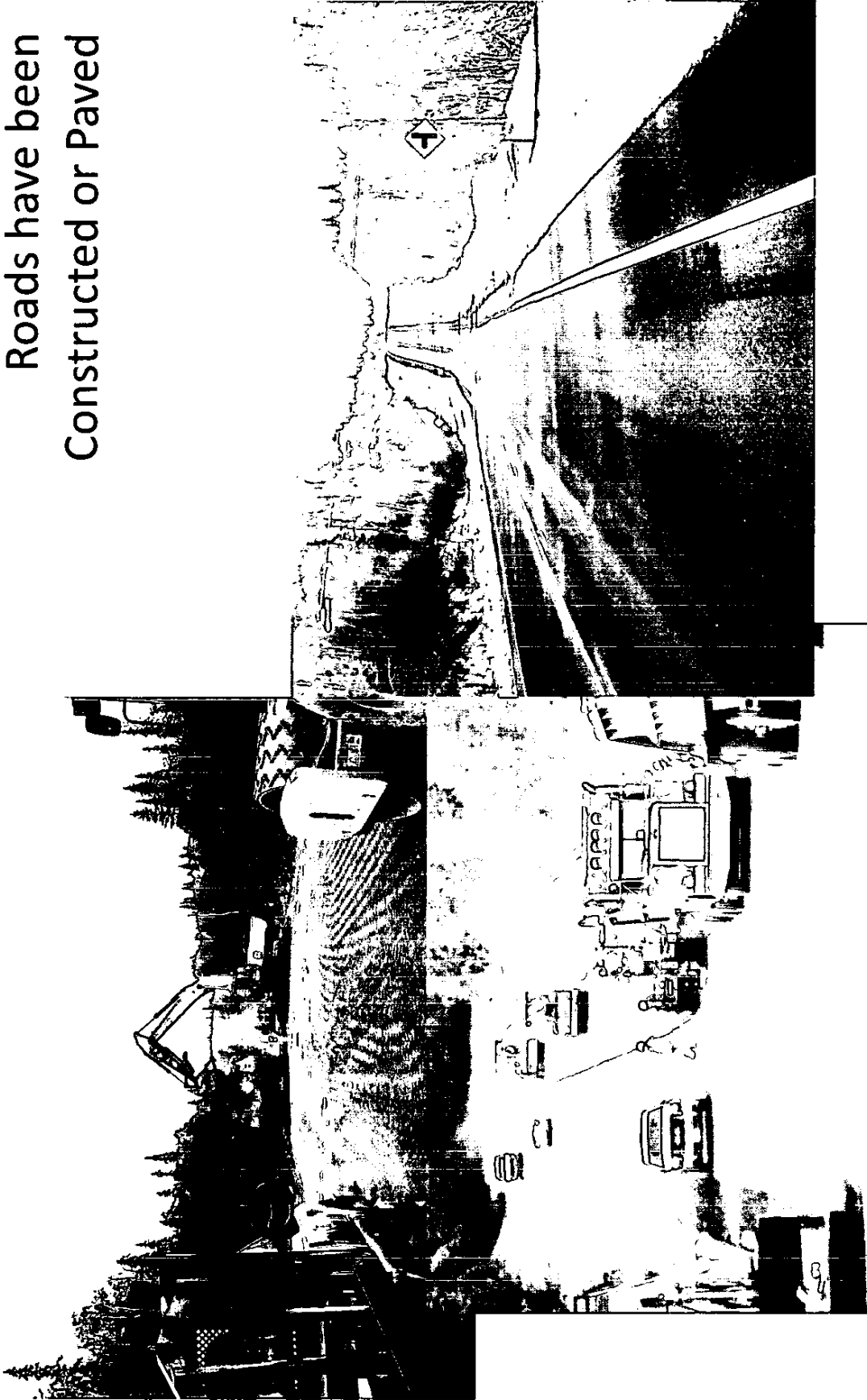
# New 24,000 sq ft Warehouse



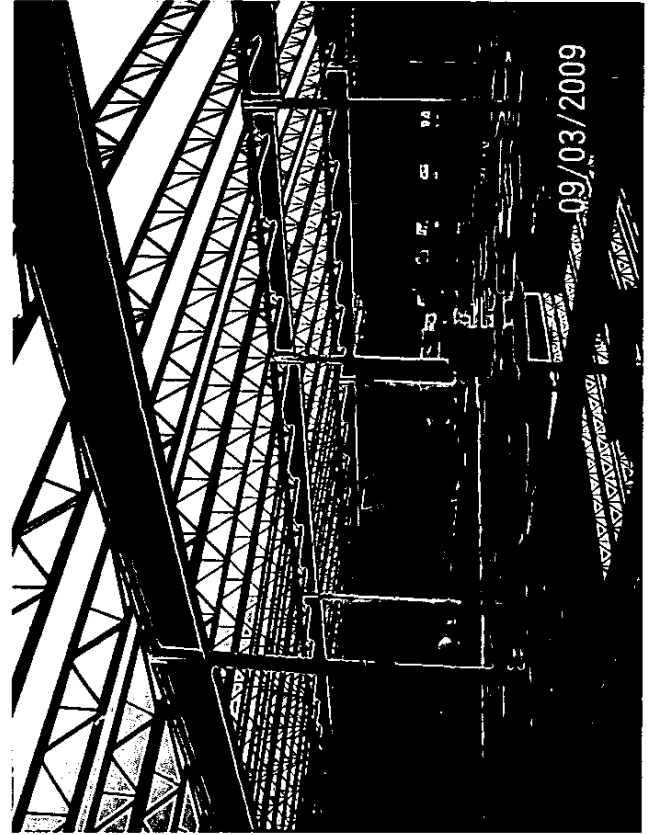
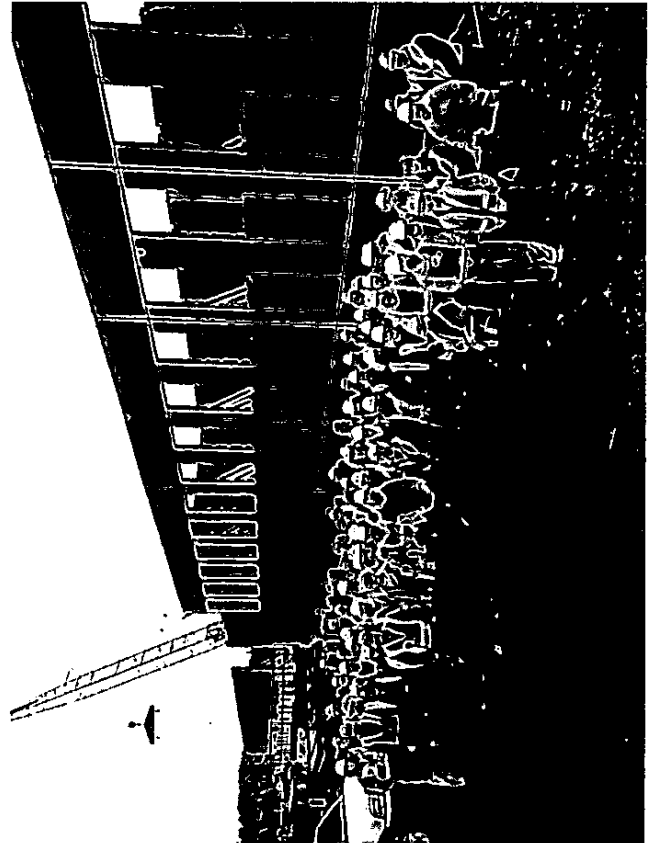
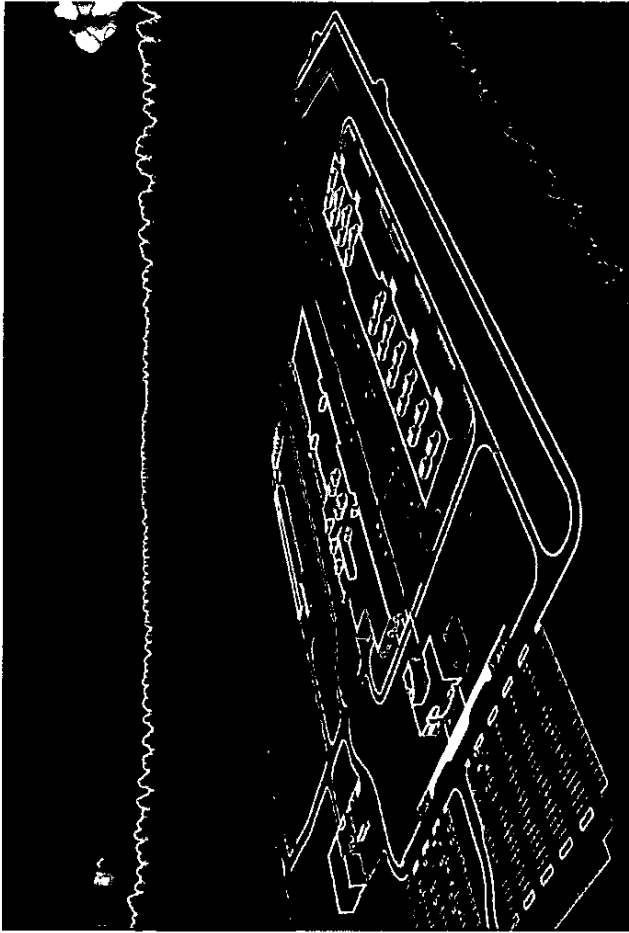
Warehouse &  
Storage Areas  
have been  
Constructed



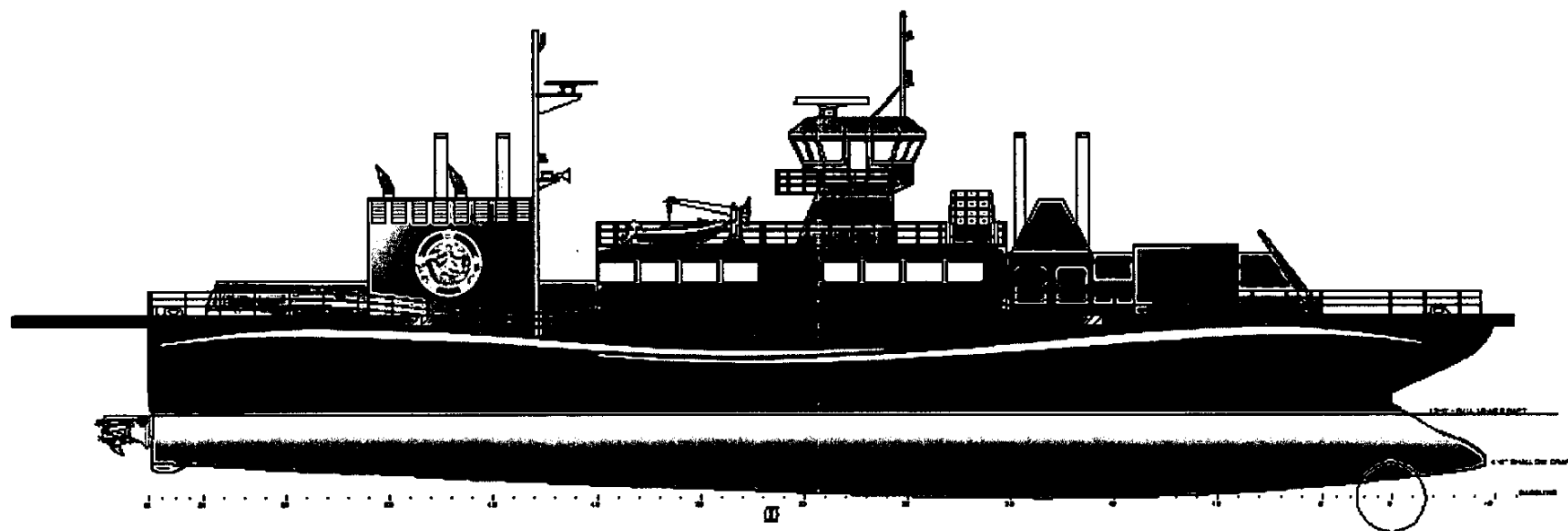
Roads have been  
Constructed or Paved



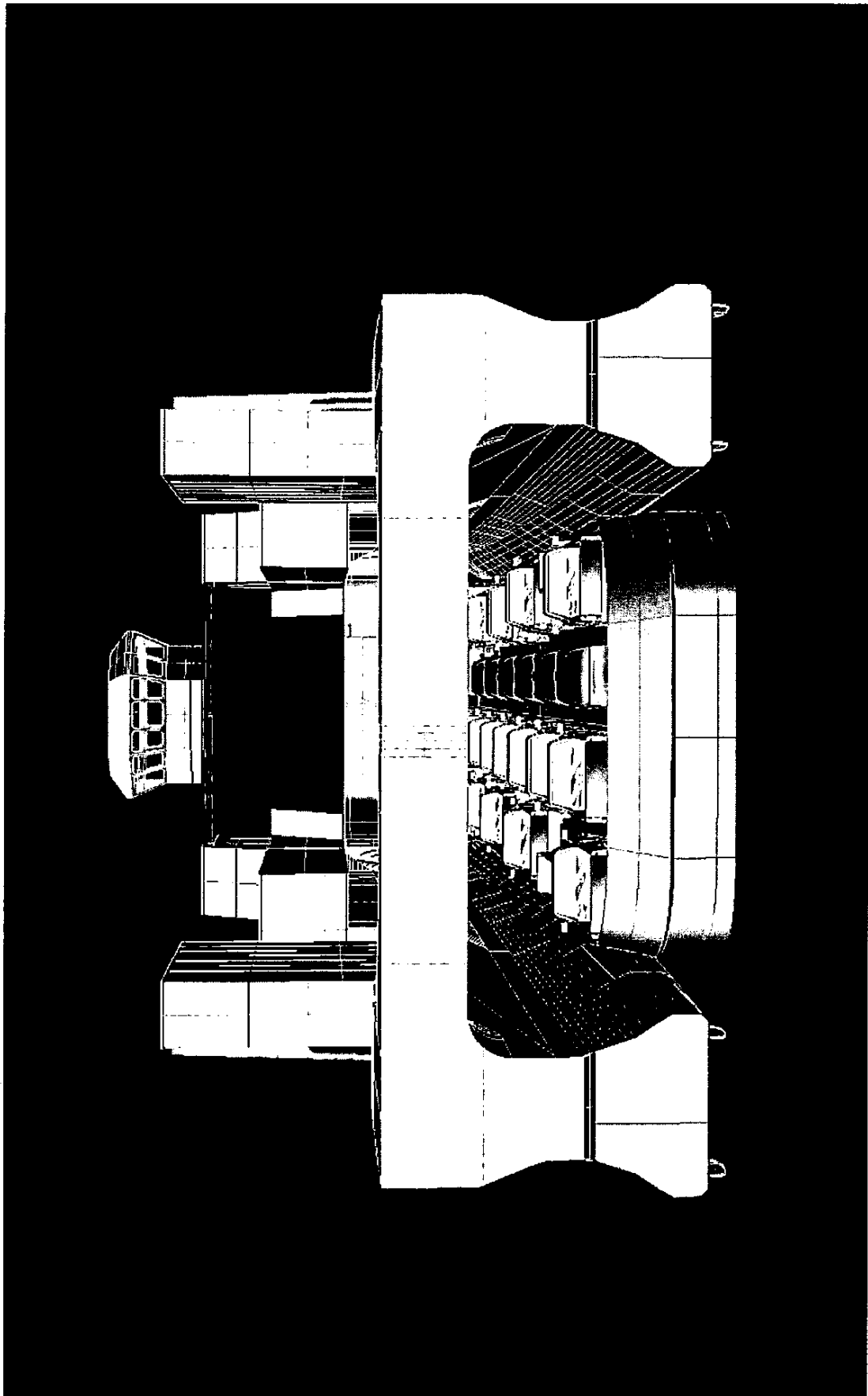
# A 1,534 Bed Prison is under Construction

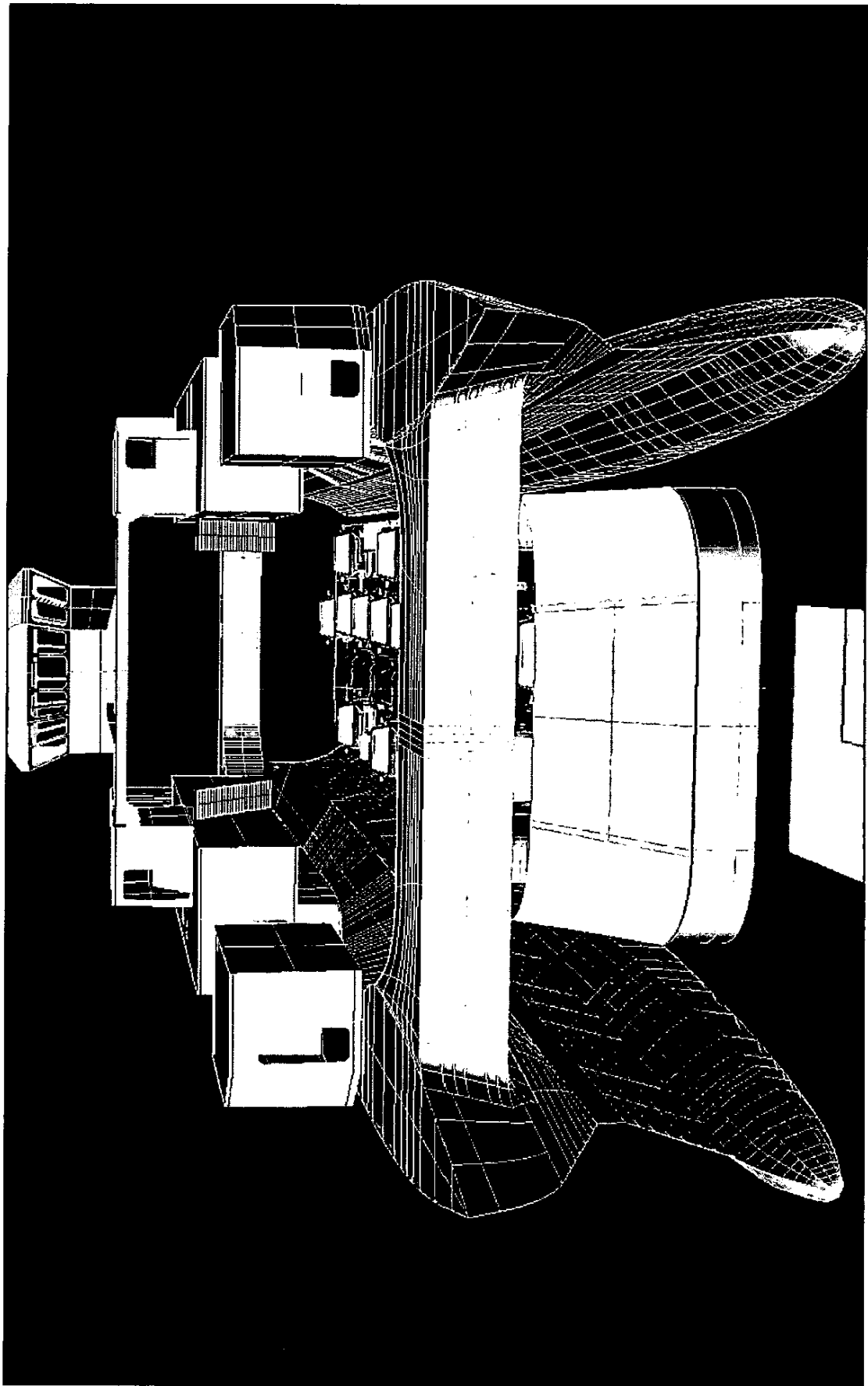


## M/V SUSITNA

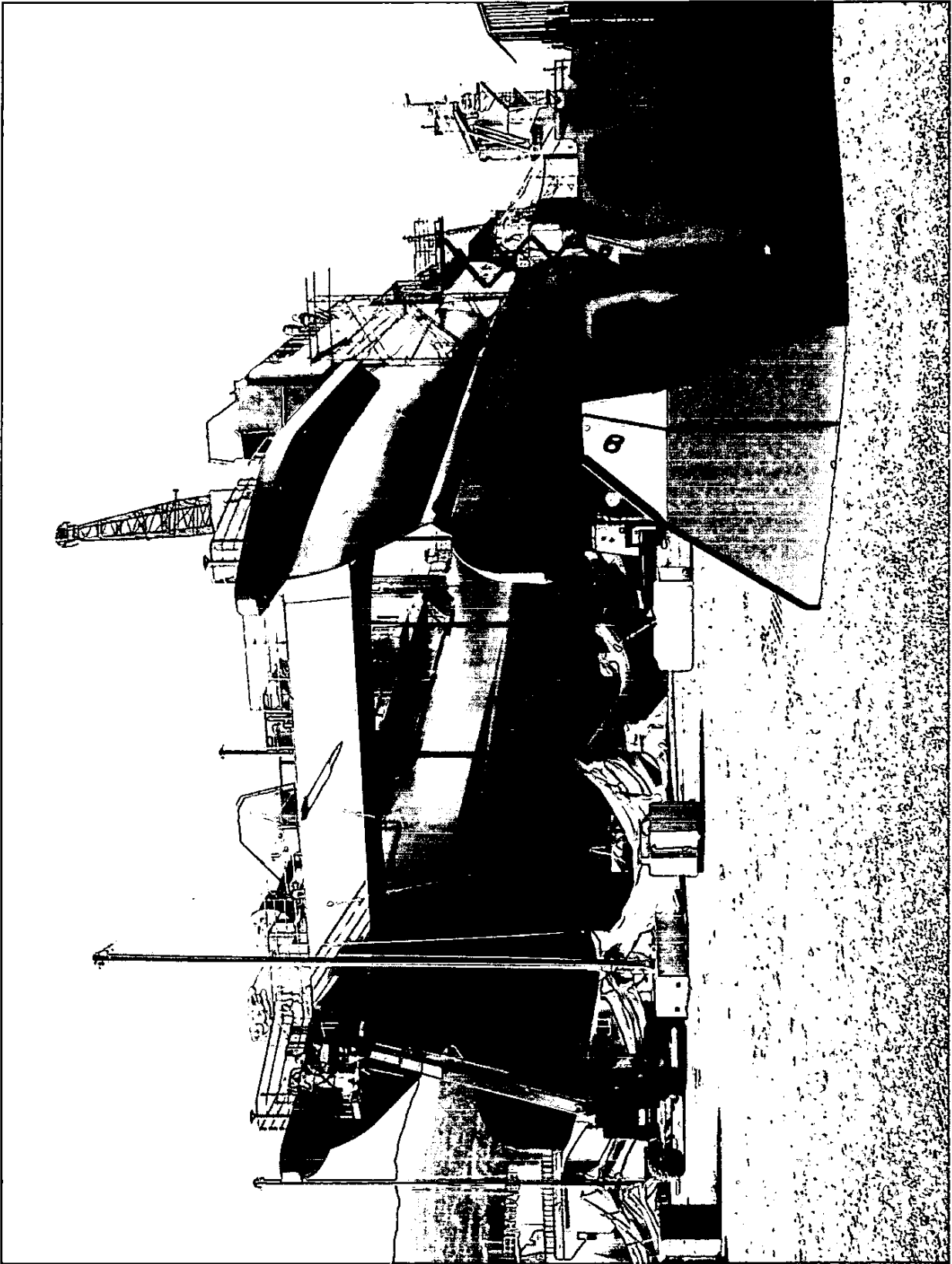


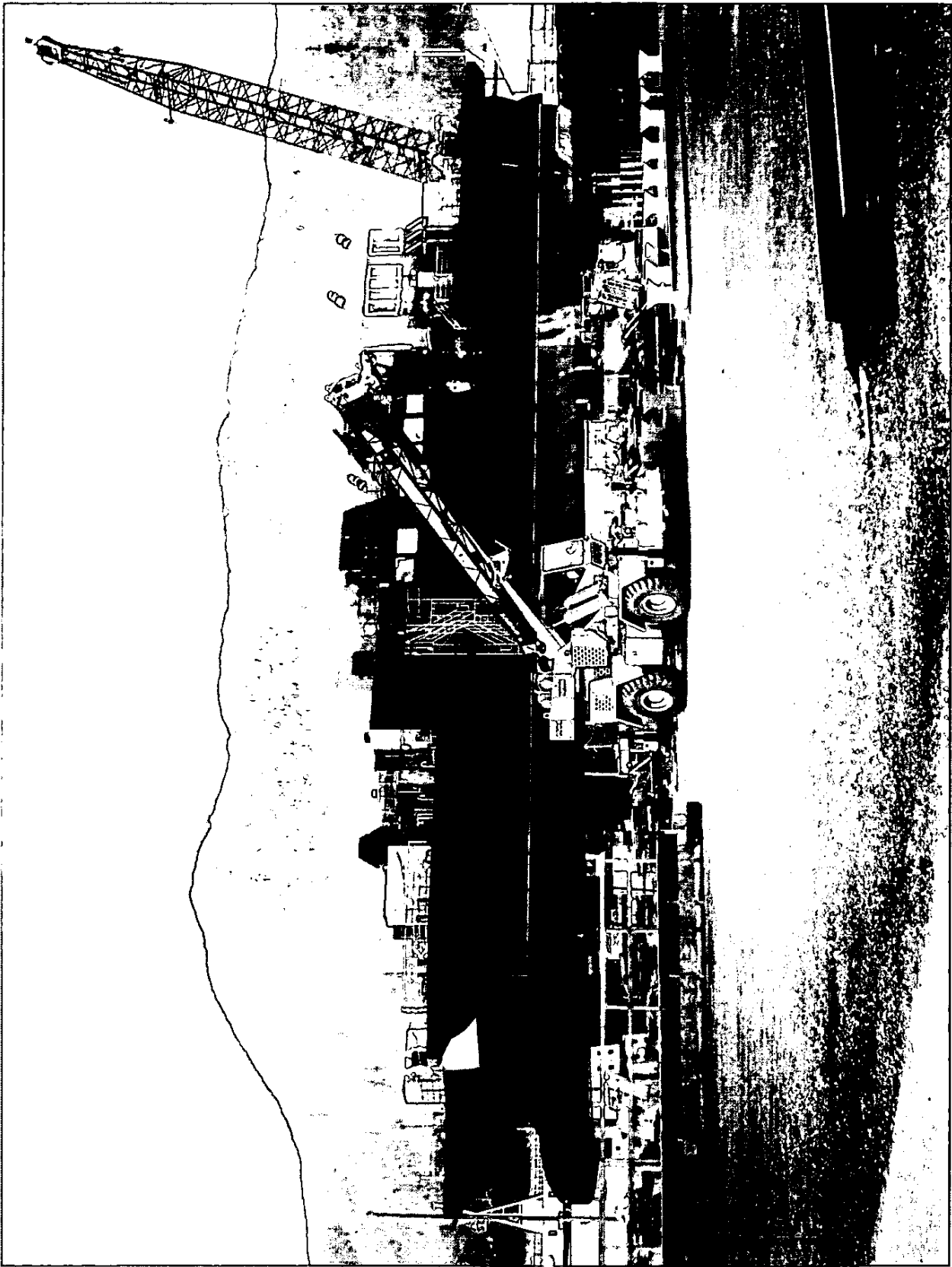
New State of the Art Ice Breaking Ferry currently under construction  
in **Ketchikan** scheduled to start operations in late 2011



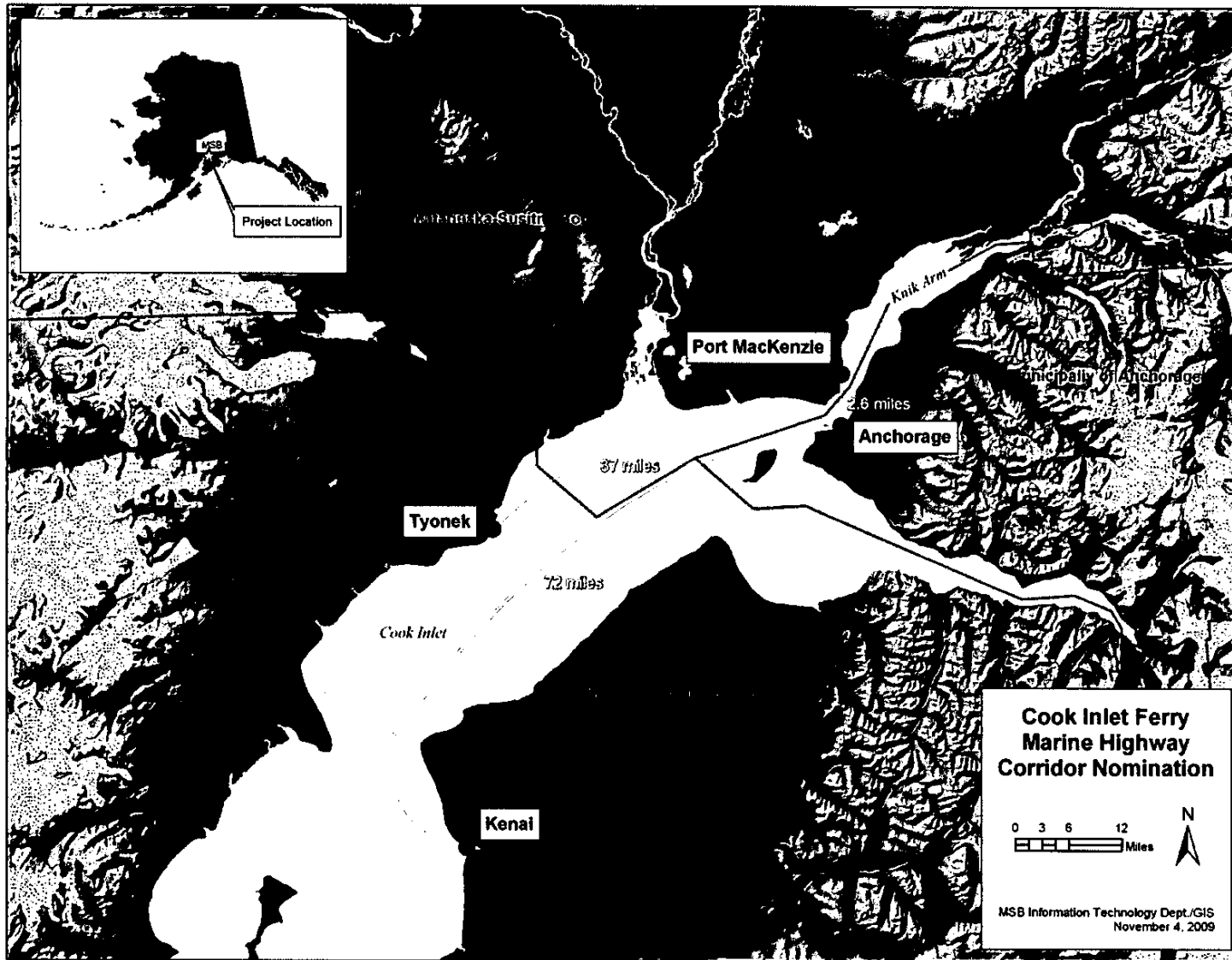








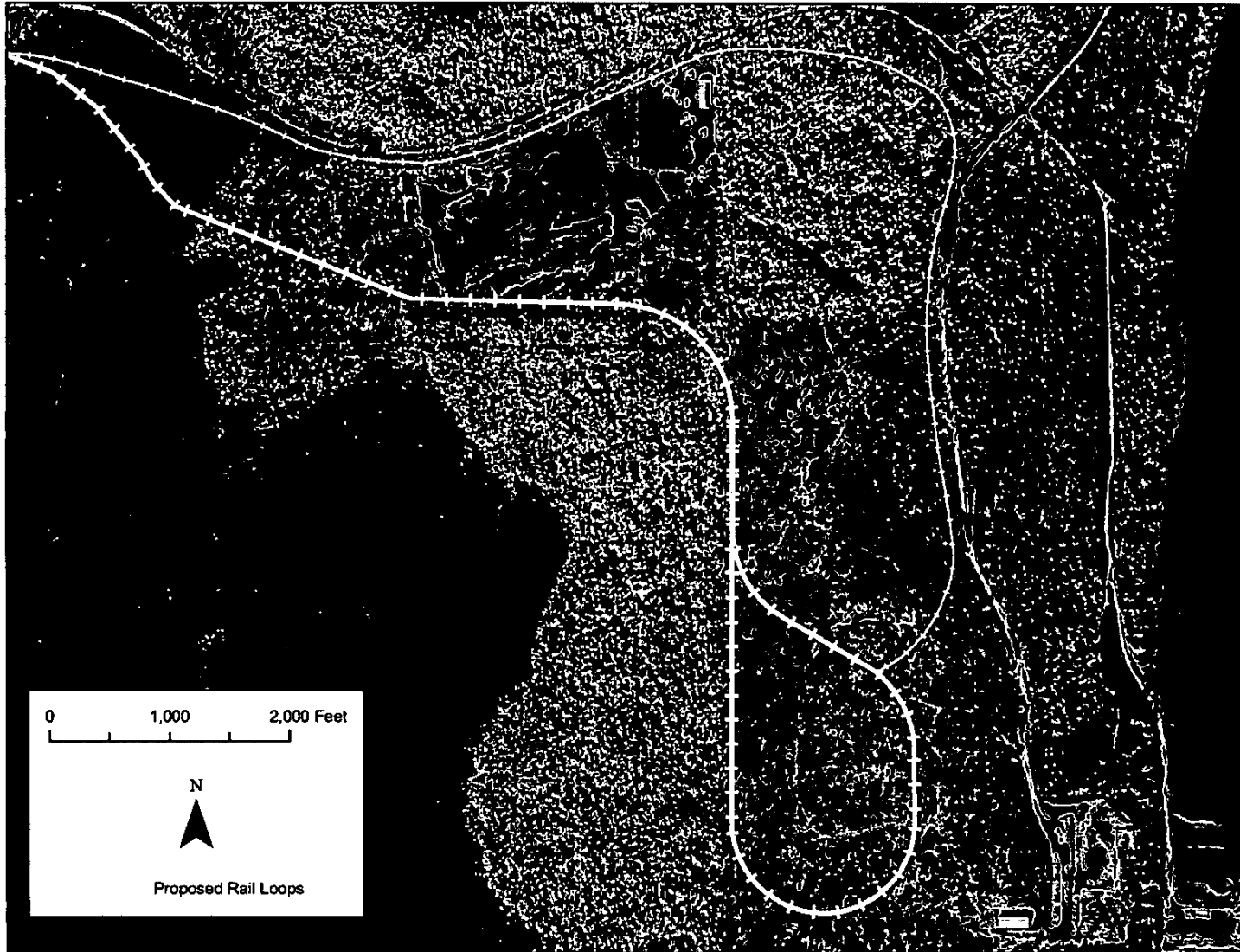
# Hourly Service between Anchorage and Mat-Su Plus Service to Kenai and Tyonek



Port MacKenzie also has a Recently Constructed Ferry Terminal for **Anchorage-Port MacKenzie hourly runs**



# Port MacKenzie and the Rail Extension Together are a Major Key to the Economic Development of the Region



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8. Increases employment in the Mat-Su Borough, the Denali Borough, the Fairbanks North Star Borough and Anchorage

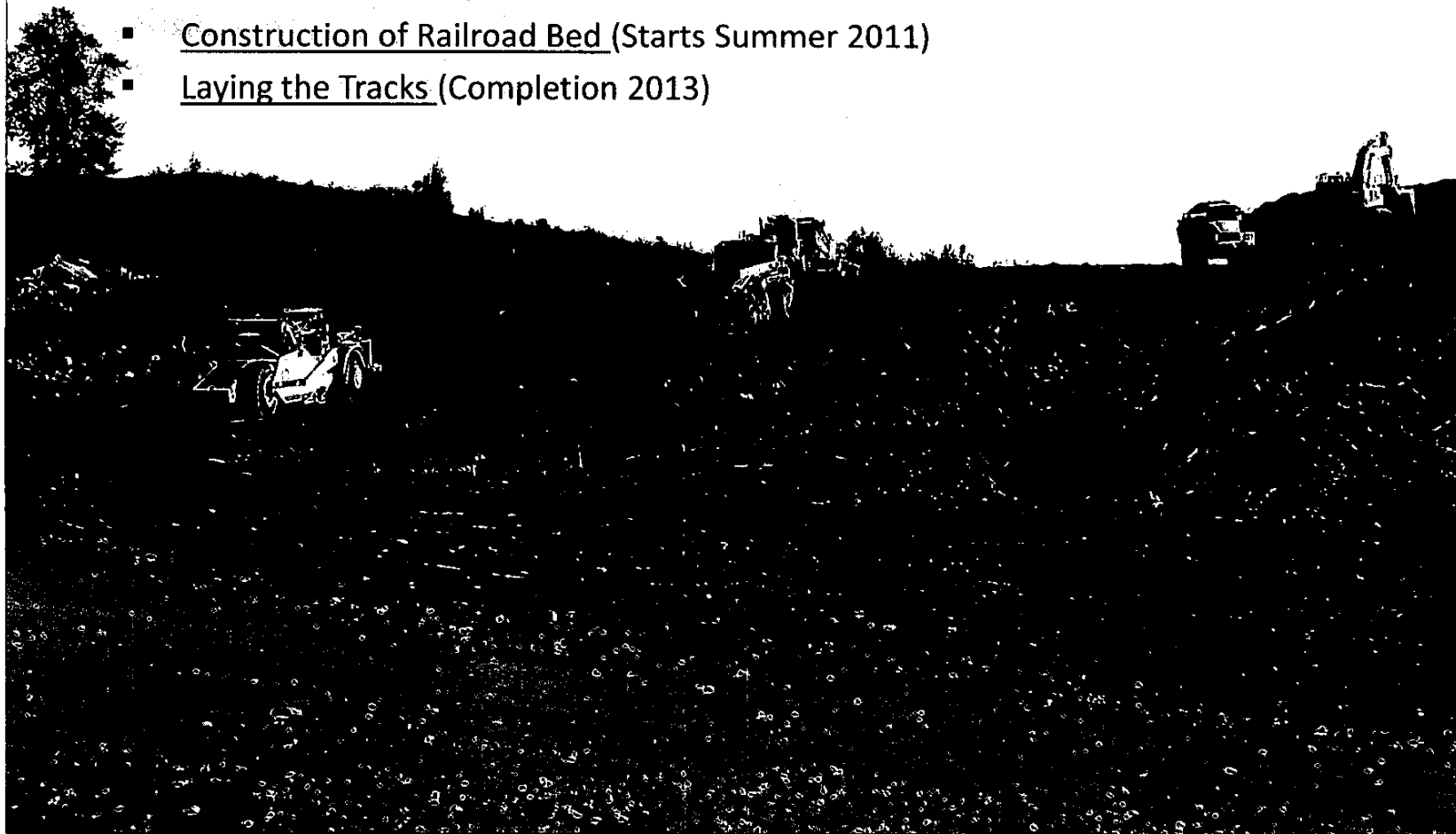
## Jobs Created by Rail Extension and Port MacKenzie Expansion\*

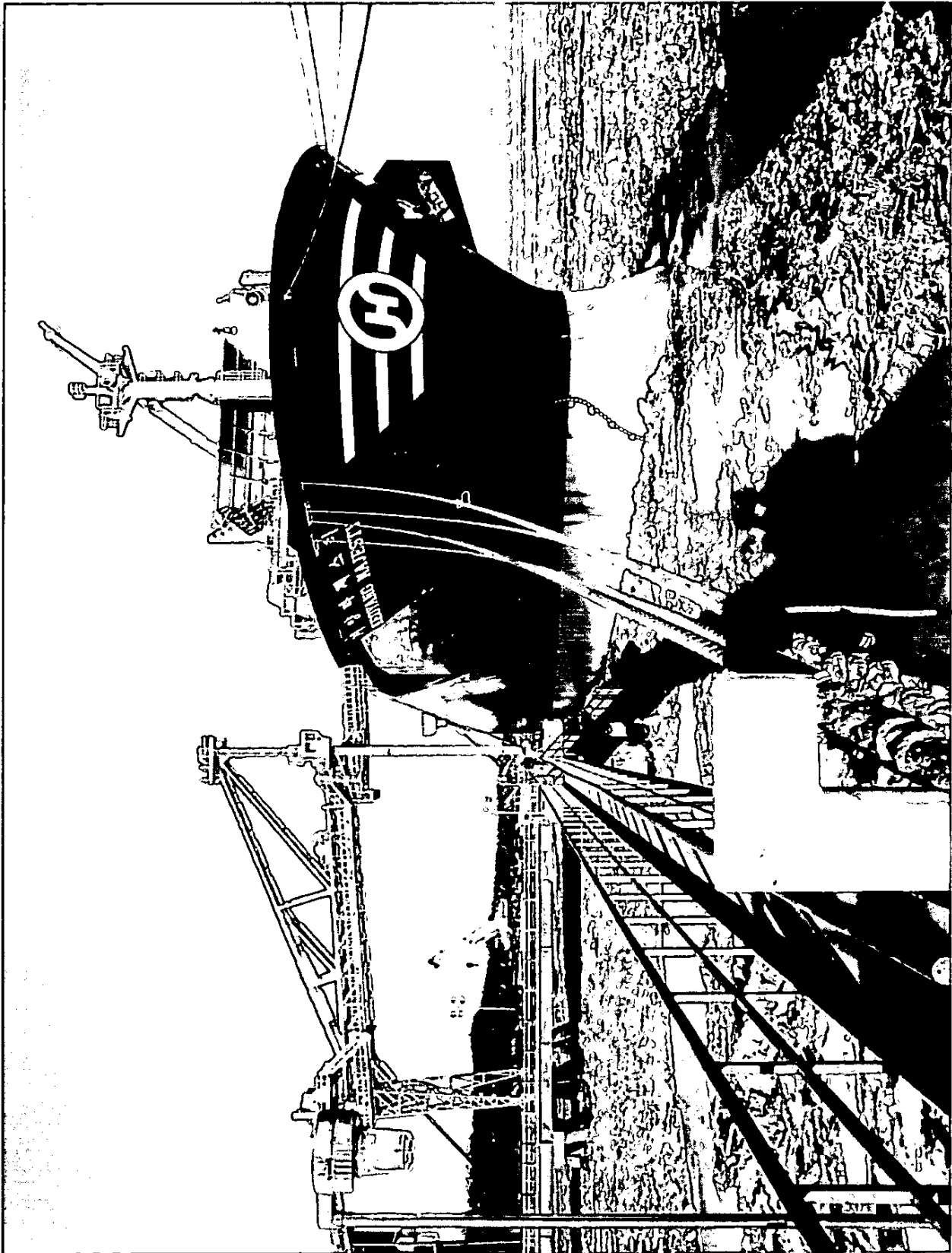
<b><u>Project Segment</u></b>	<b><u>JOBS</u></b>
Rail Extension Construction Related Jobs (2010-2013)	3000
Port MacKenzie Constructon Related Jobs (2010-2013)	500
<b><u>Private Development</u></b>	<b><u>JOBS</u></b>
Mining Development Jobs along Rail Line	4000
Industrial Development of Port MacKenzie	3500

\*Estimates by HDR and ISER

## What's Next for the Rail Extension?

- Completion of the Environmental Impact Study (Spring 2010) \$10 Million
- Construction of the Road/Rail Bimodal Loop (Under Construction) \$17 Million
- Permitting, Design and Begin Construction of EIS Selected Alternative (Can Start Summer 2010) \$57 Million
- Construction of Railroad Bed (Starts Summer 2011)
- Laying the Tracks (Completion 2013)

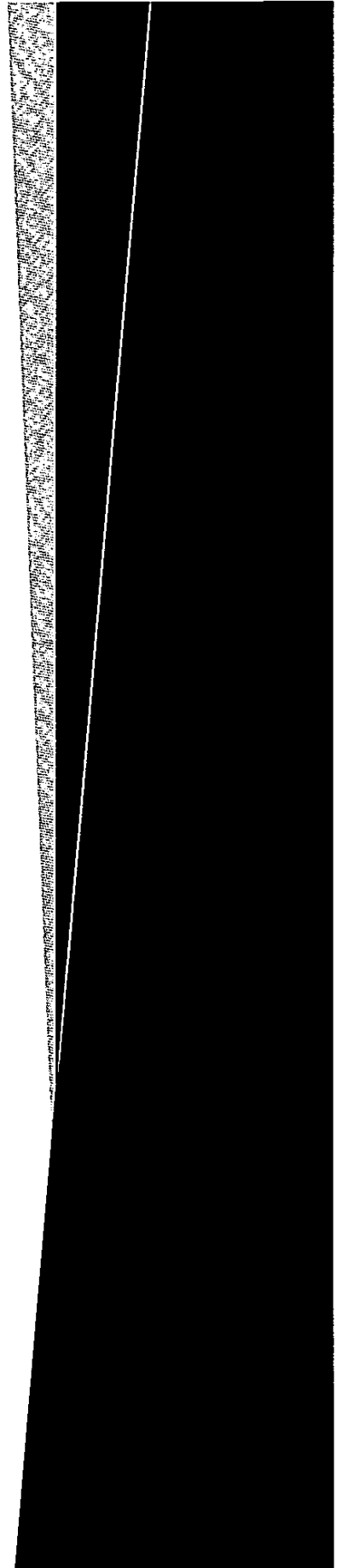


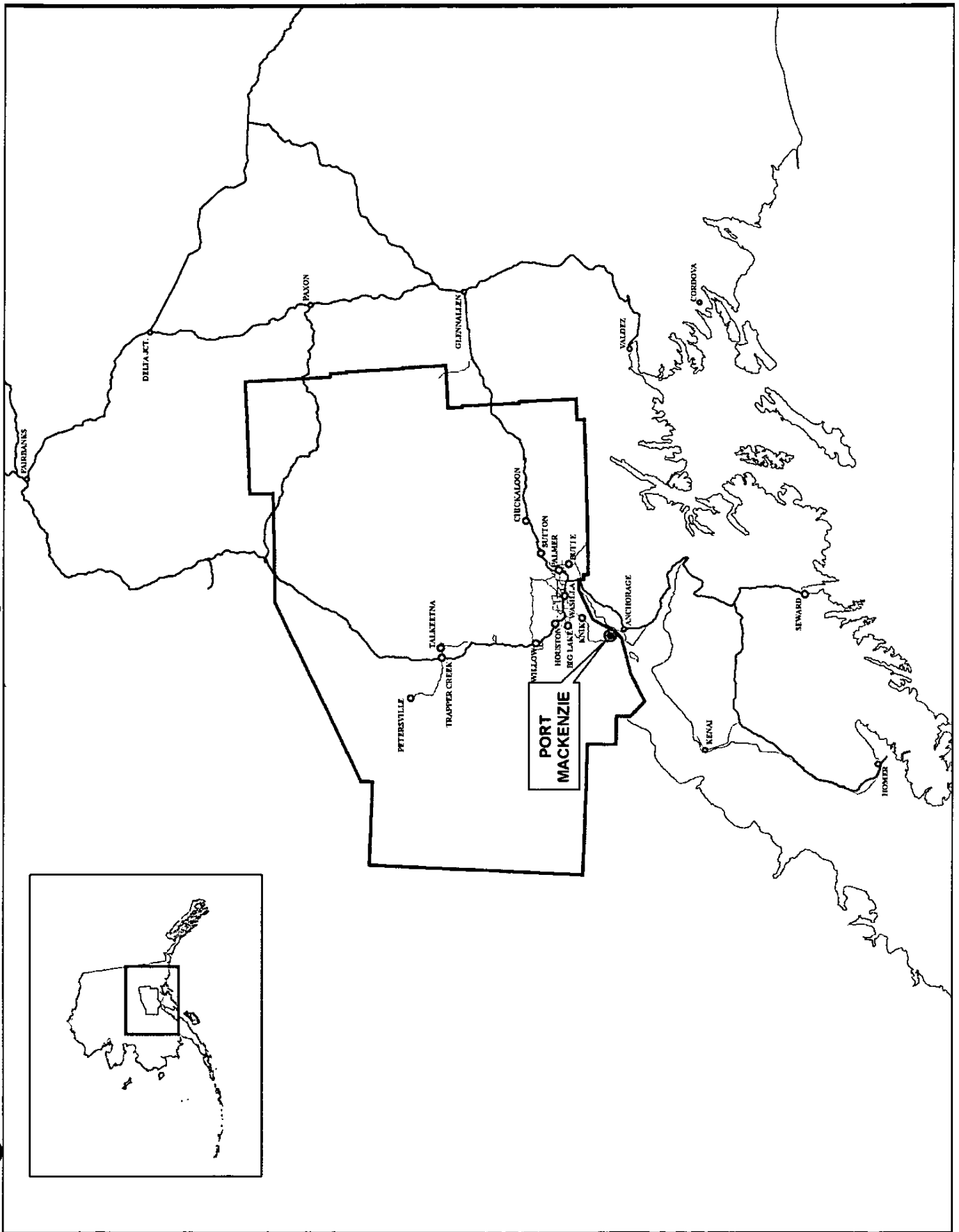




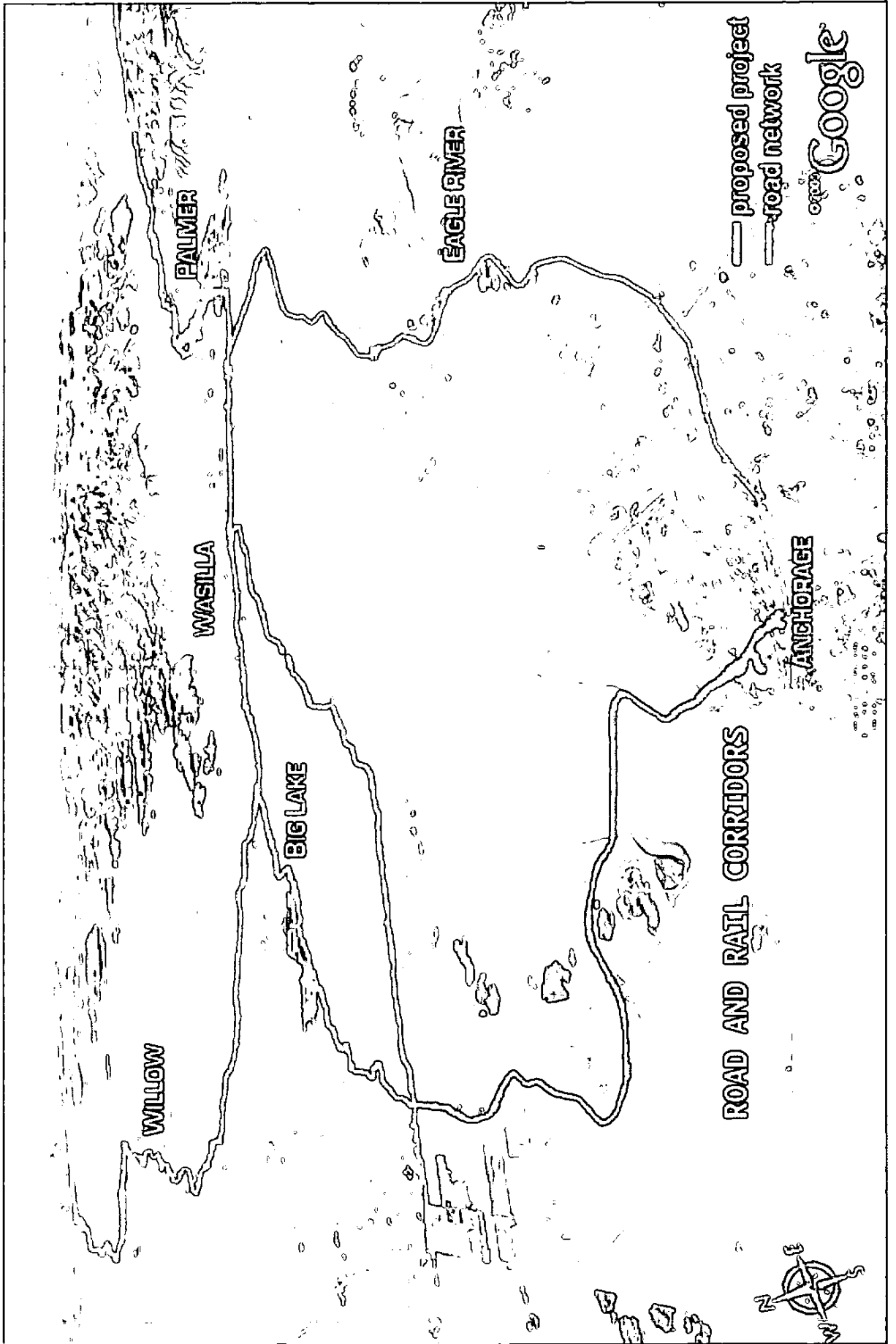
# Southcentral Rail Exension Project

February, 2010

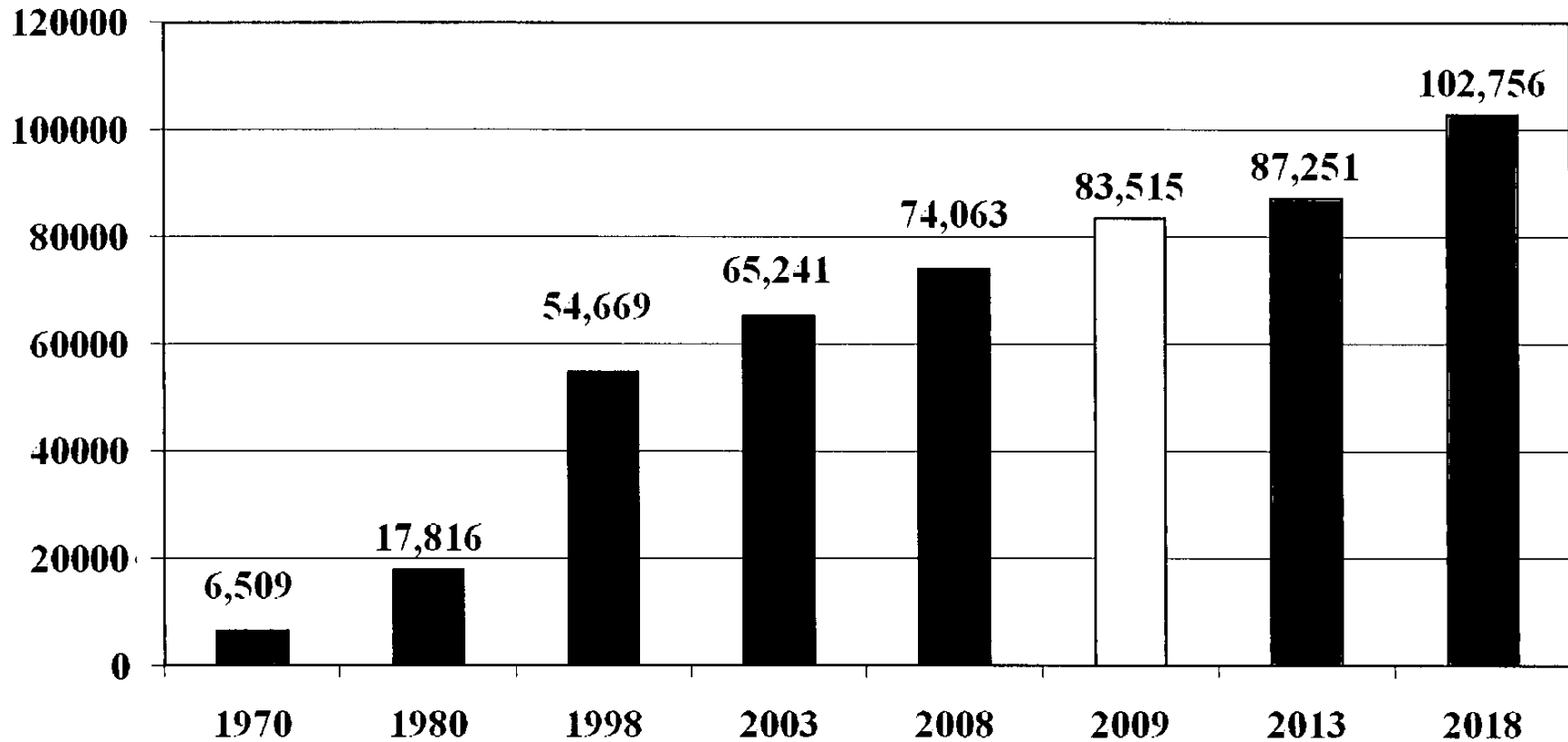




# Location Map



# Trends-Population Forecasts



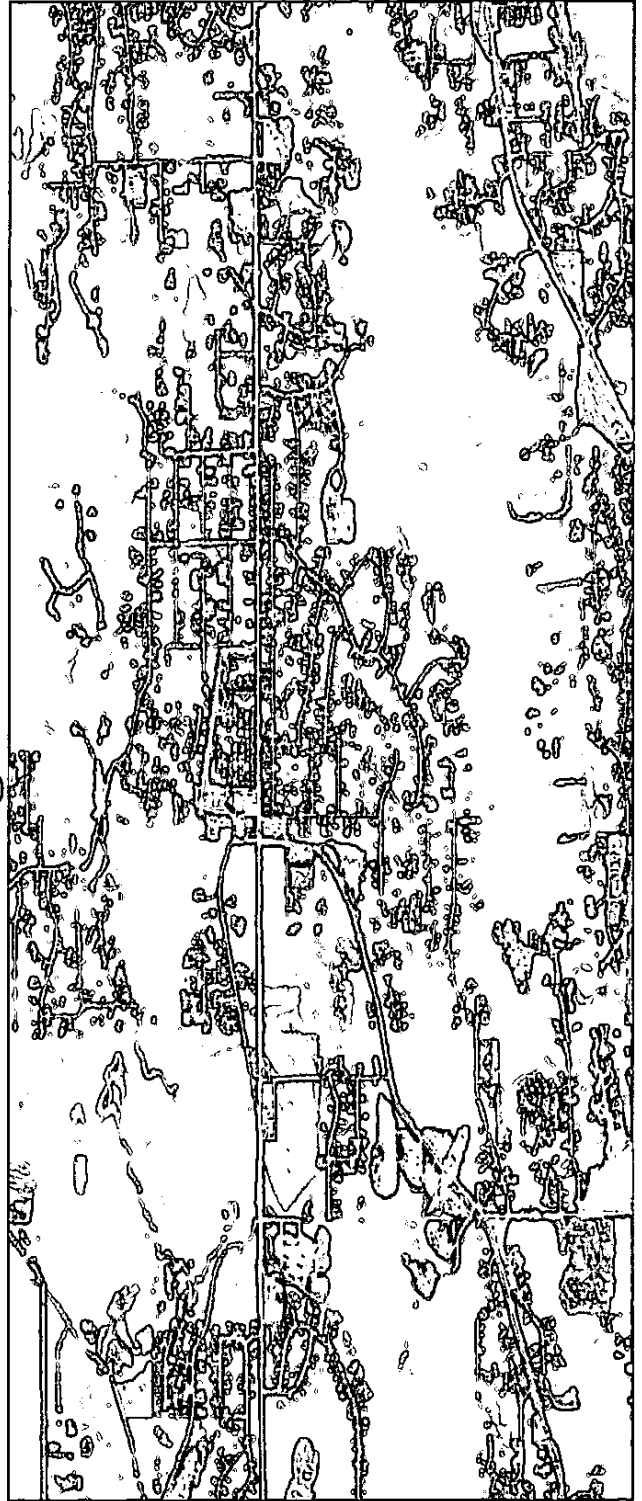
Note: 2009 is the actual population estimate.



1985 - Bogard

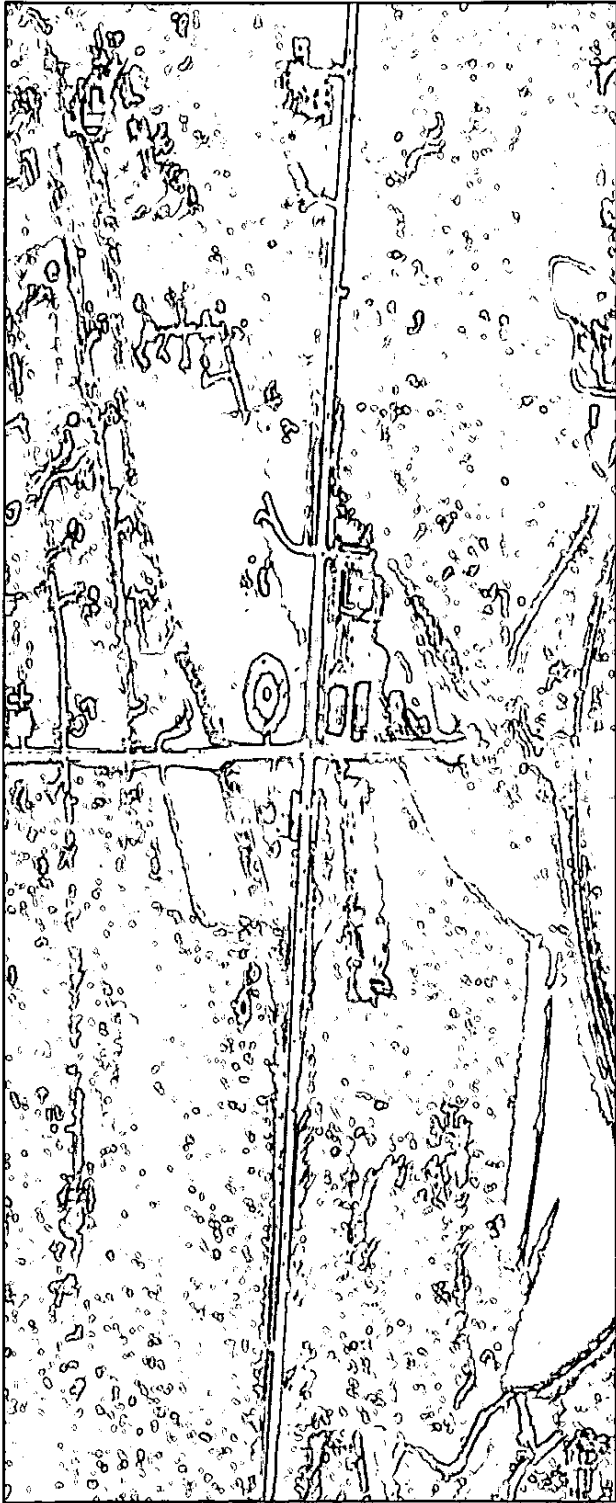


2004 - Bogard & Seldon





2004 - PARKS & SEWARD MERIDIAN

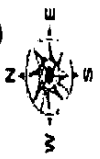


2004 - Parks & Seward Meridian

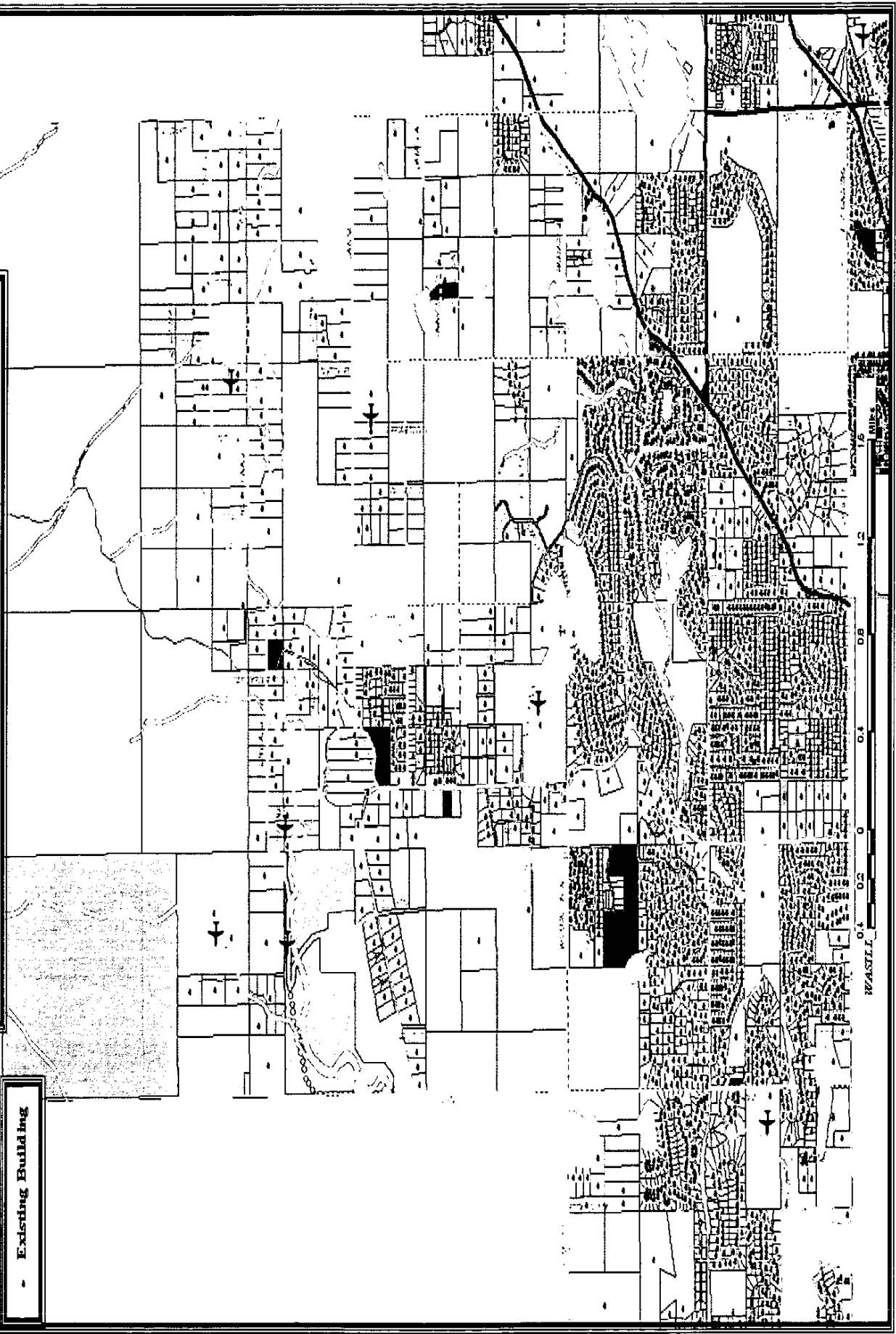




**Tanaina Community Council  
2008  
Existing Buildings**



- Existing Building

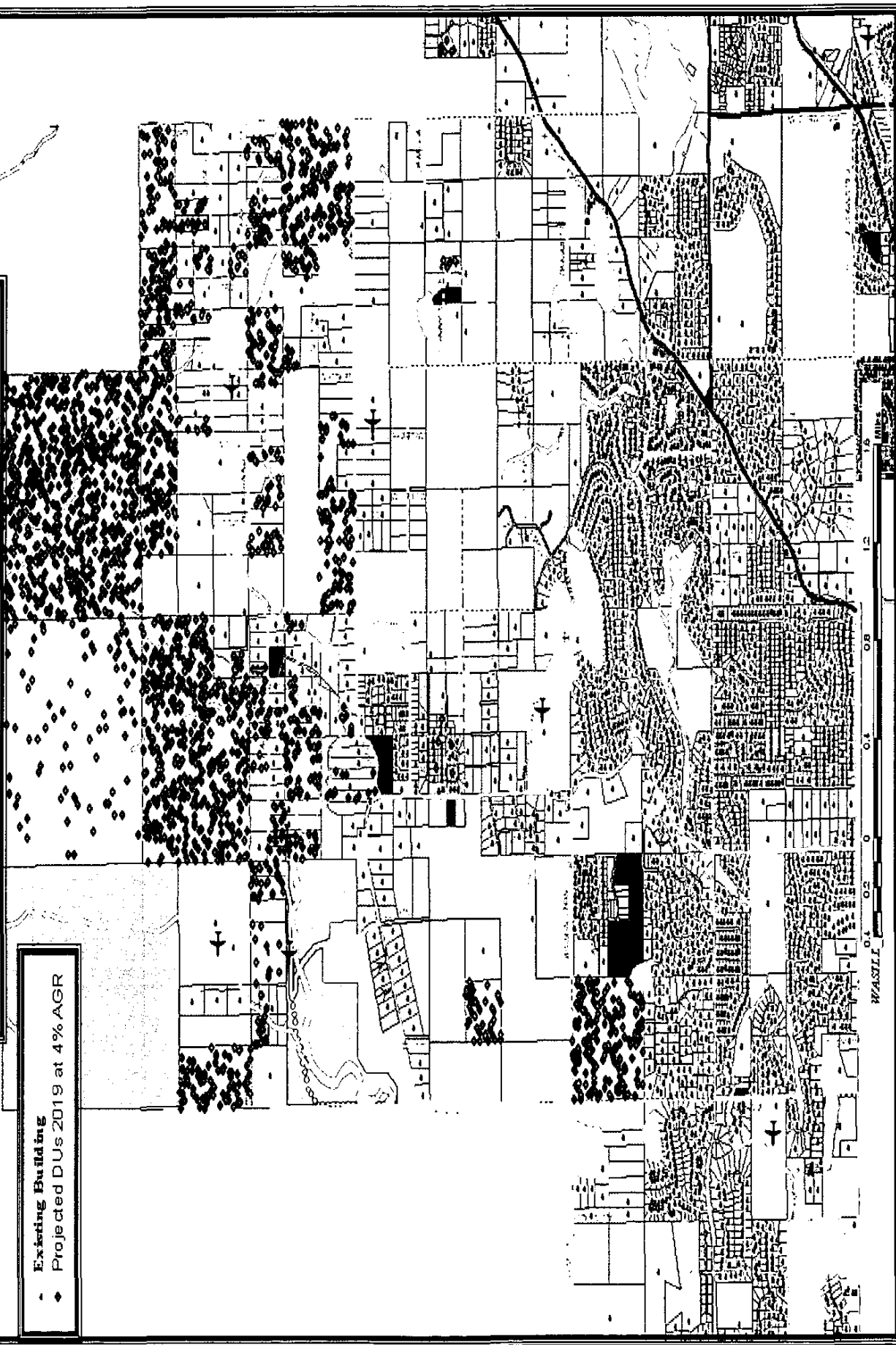




**Tanaina Community Council**  
**2019**  
**4% growth**



- Existing Building
- ◆ Projected DUs 2019 at 4% AGR

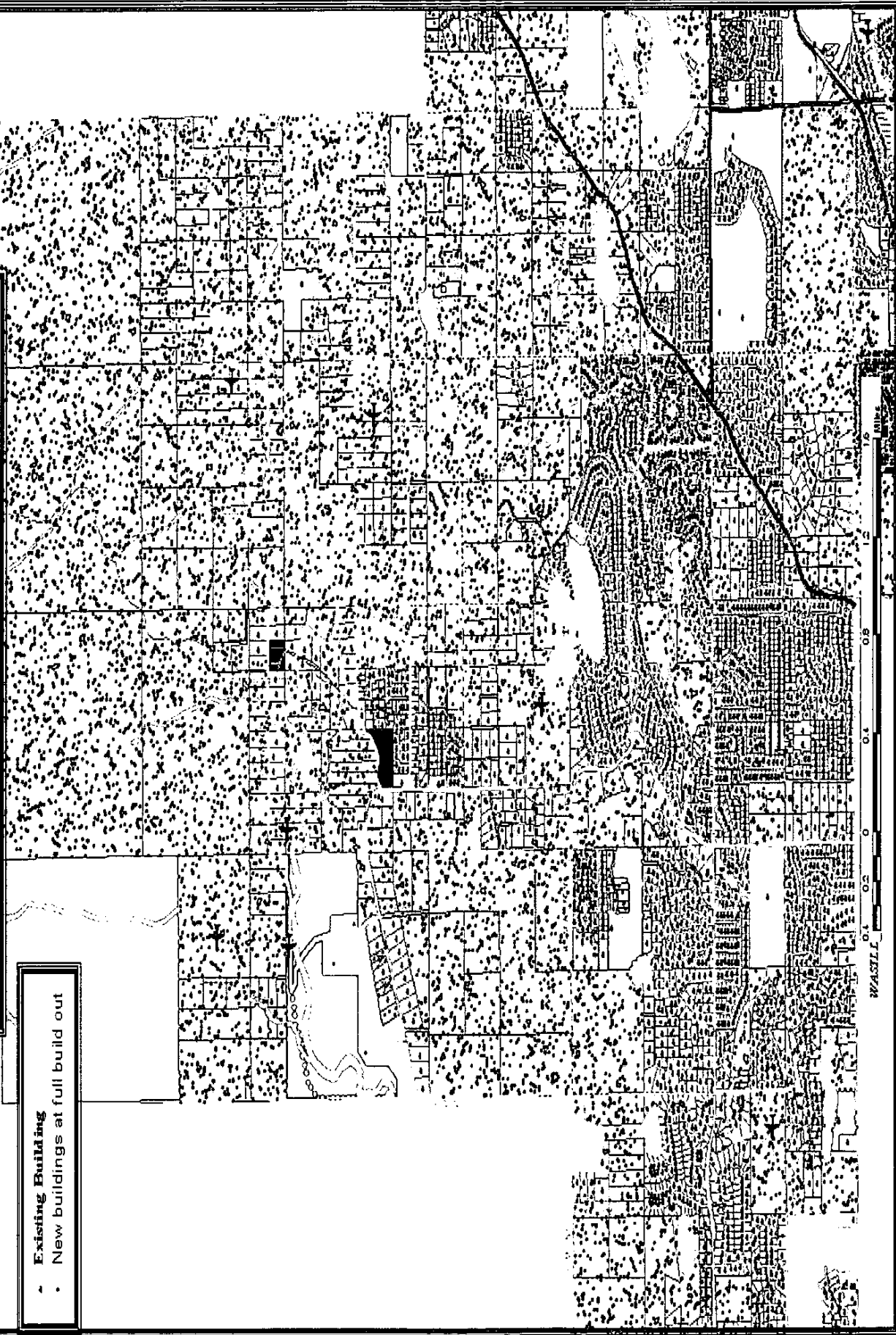




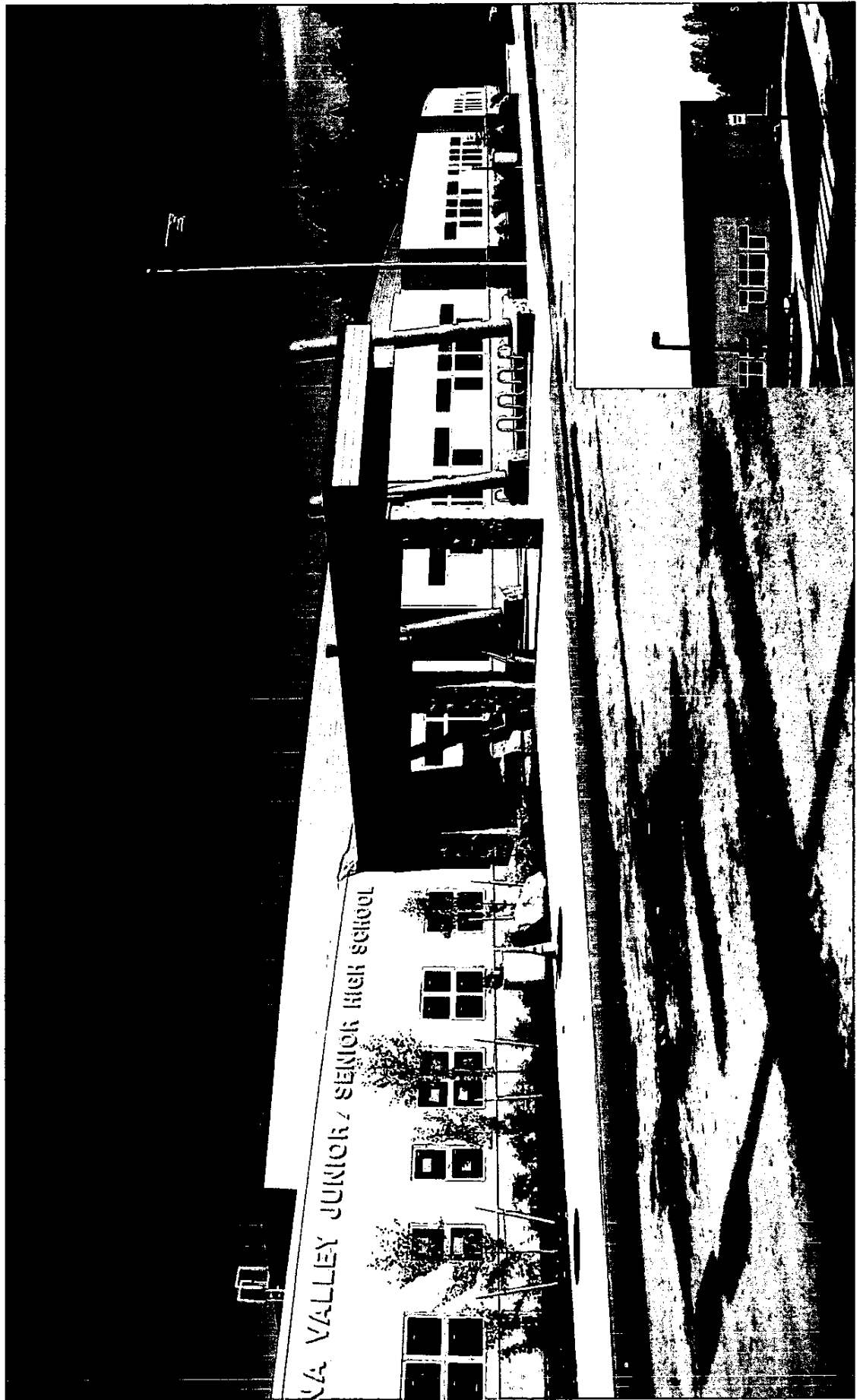
# Tanaina Community Council Full Build-out 4% growth



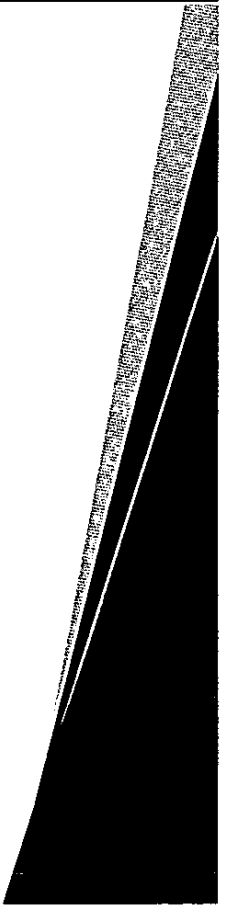
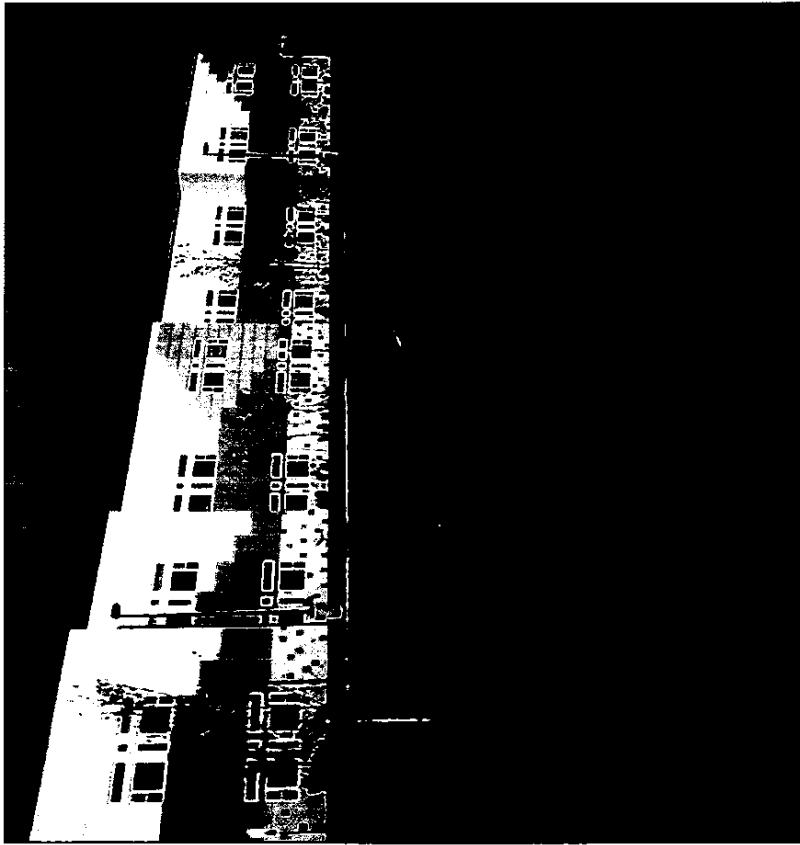
- Existing Building
- New buildings at full build out



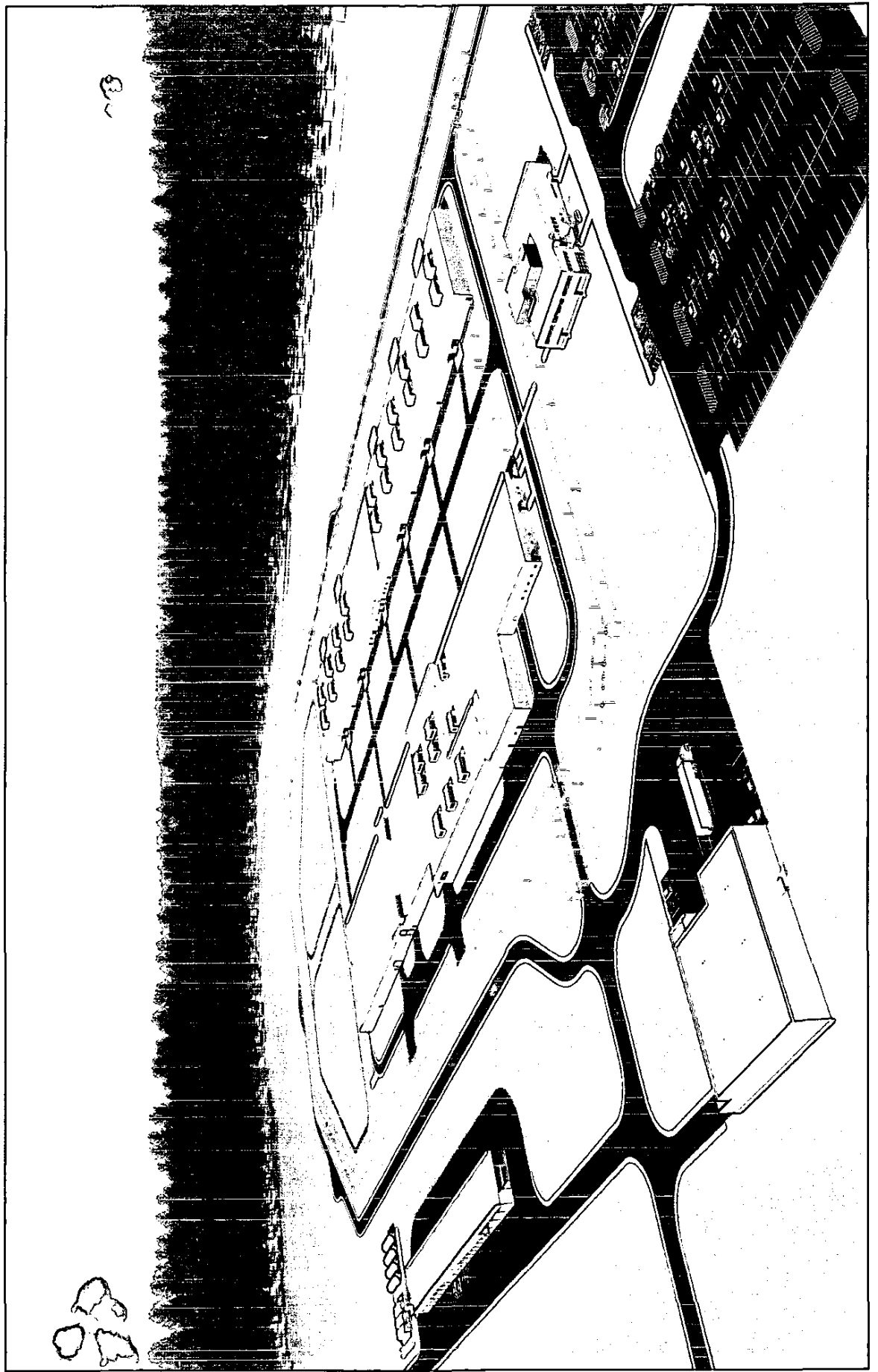
# Su Valley HS



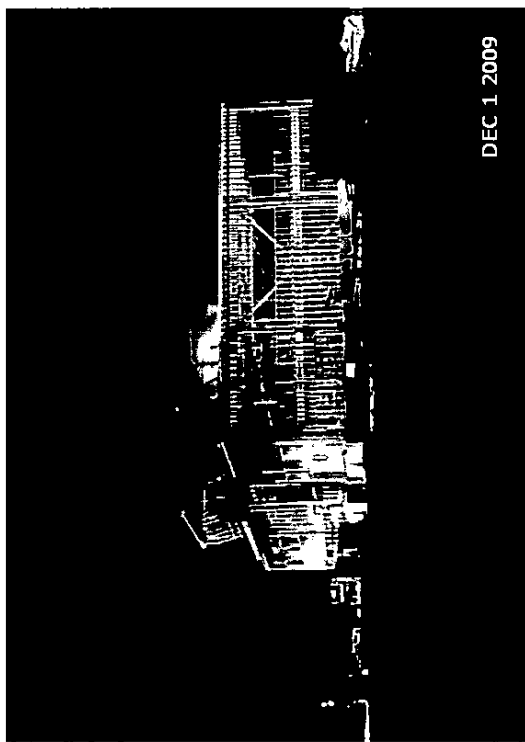
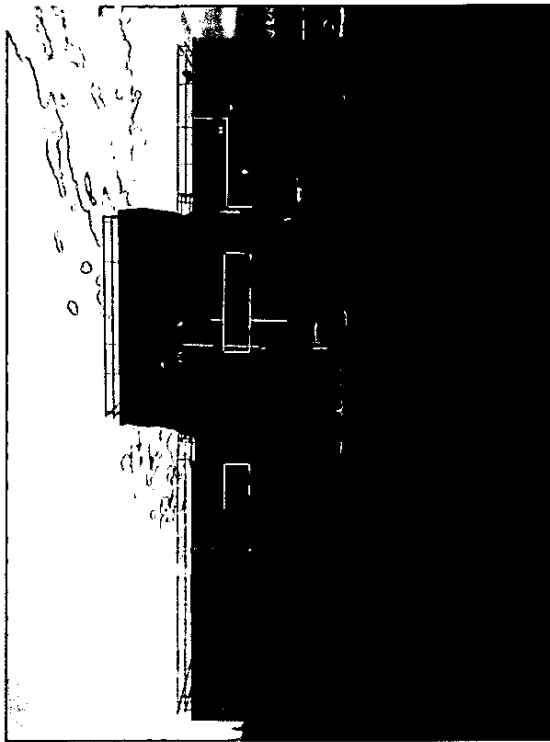
# Machetanz Elementary School



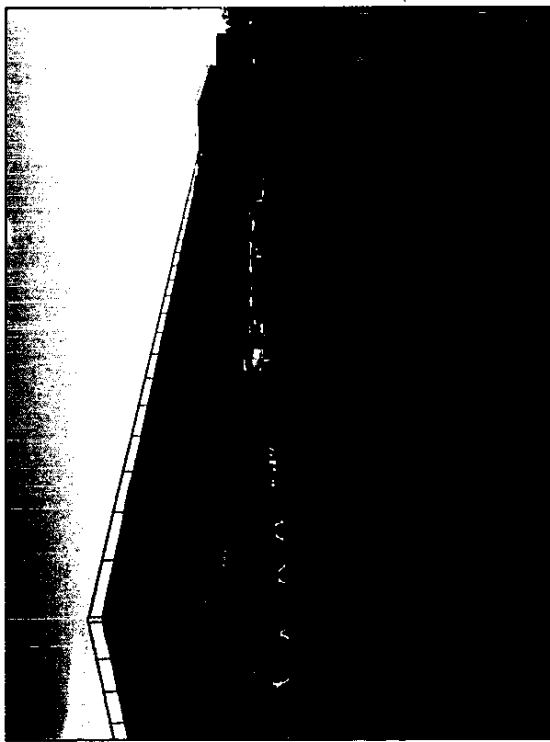
# Goose Creek Corrections Facility



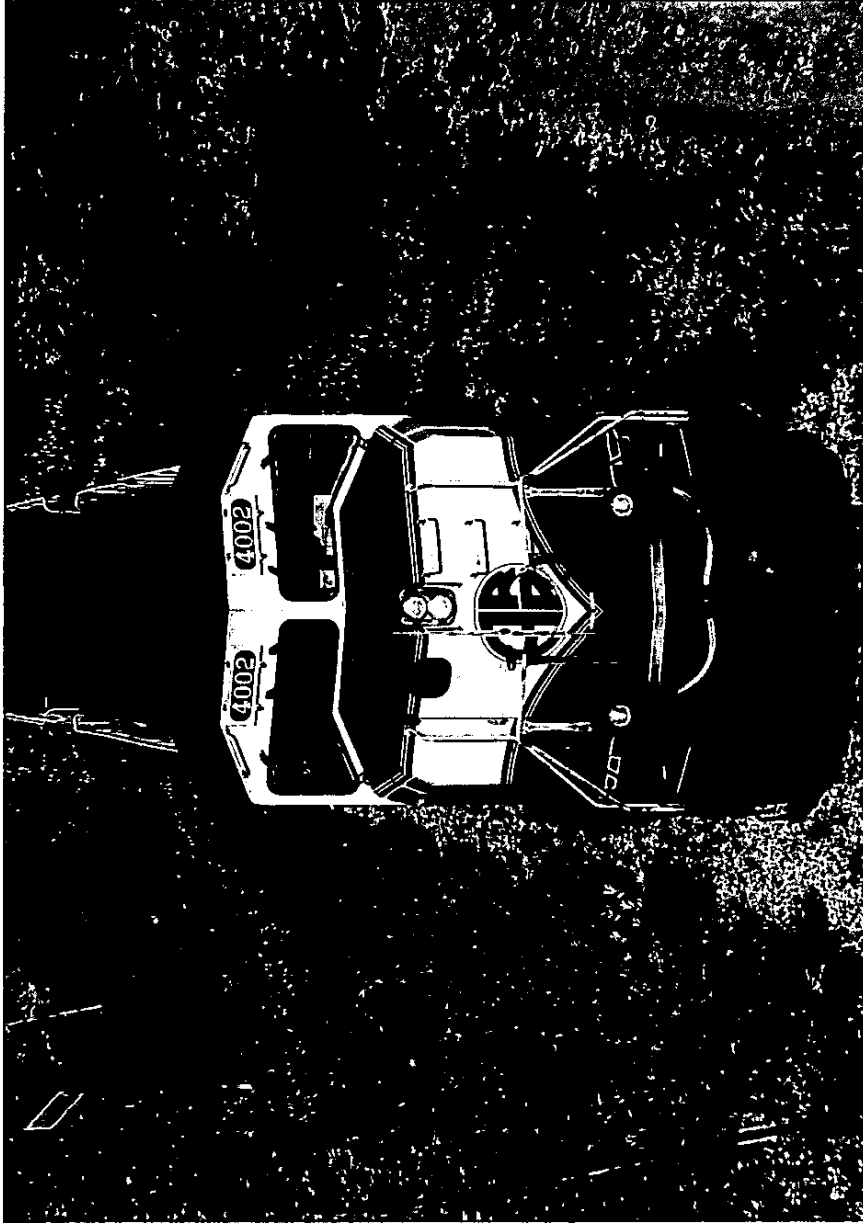
# Goose Creek Corrections Facility



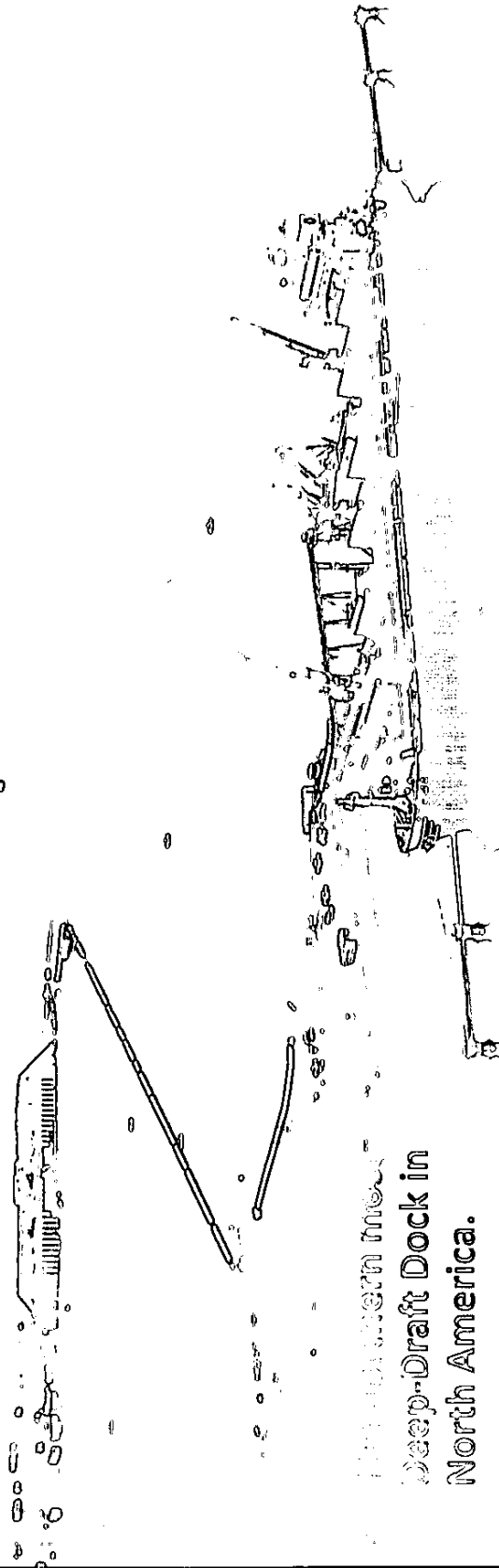
DEC 1 2009



# South Central Rail Extension



# DEEP-DRAFT DOCK (-60' MLLW)



Western Dock  
Deep-Draft Dock in  
North America.

- o 485' trestle from existing barge dock leading to a dock face of 1,200'.

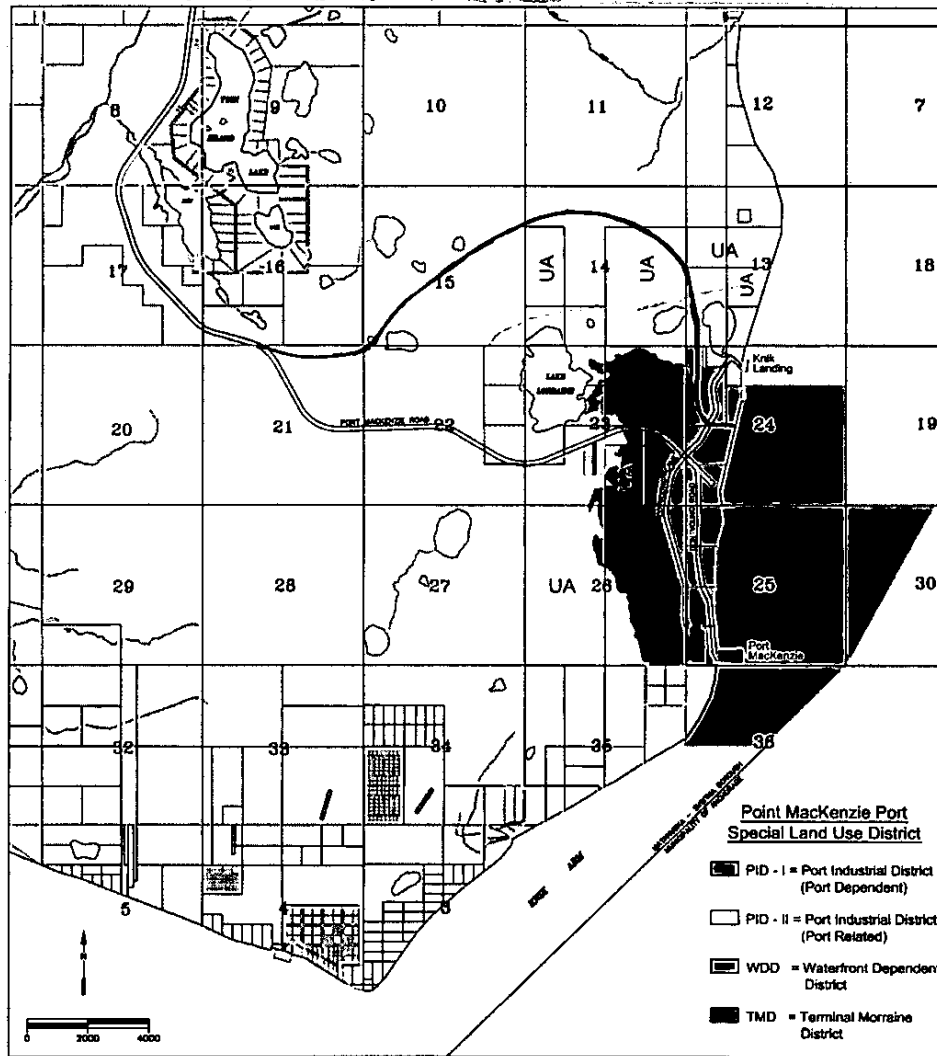
**PORT DISTRICT**

**8,940 Acres**

**Commercial and Industrial Development**

**1,130 Acres**

**Borough Owned Tidelands**



This is to certify that this is the official Point MacKenzie Port Special Land Use District adopted by Ordinance Serial No. 00-154. Revised by Ordinance Serial No. 02-206.

TIMOTHY L. ANDERSON, Borough Mayor

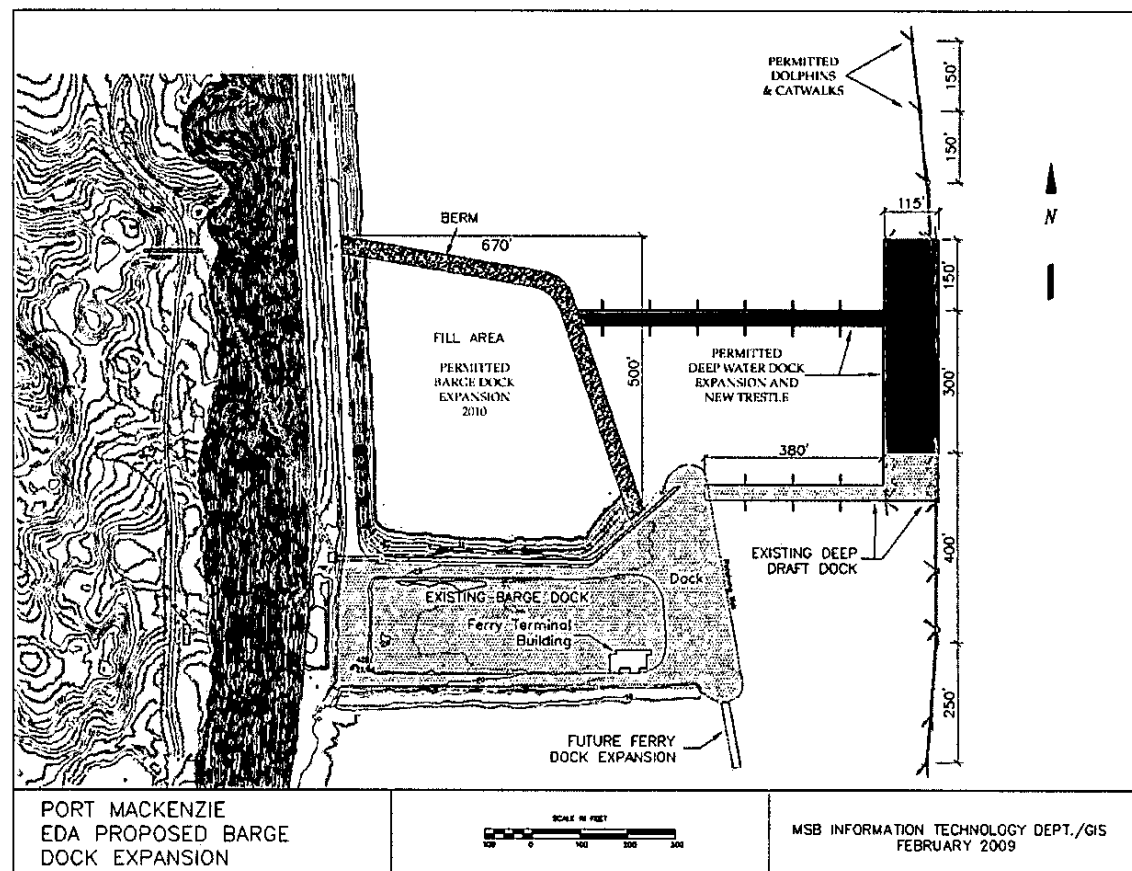
ATTEST:

SANDRA A. DILLON, Borough Clerk

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OFFICE OF INFORMATION TECHNOLOGY/GIS  
February 10, 2004

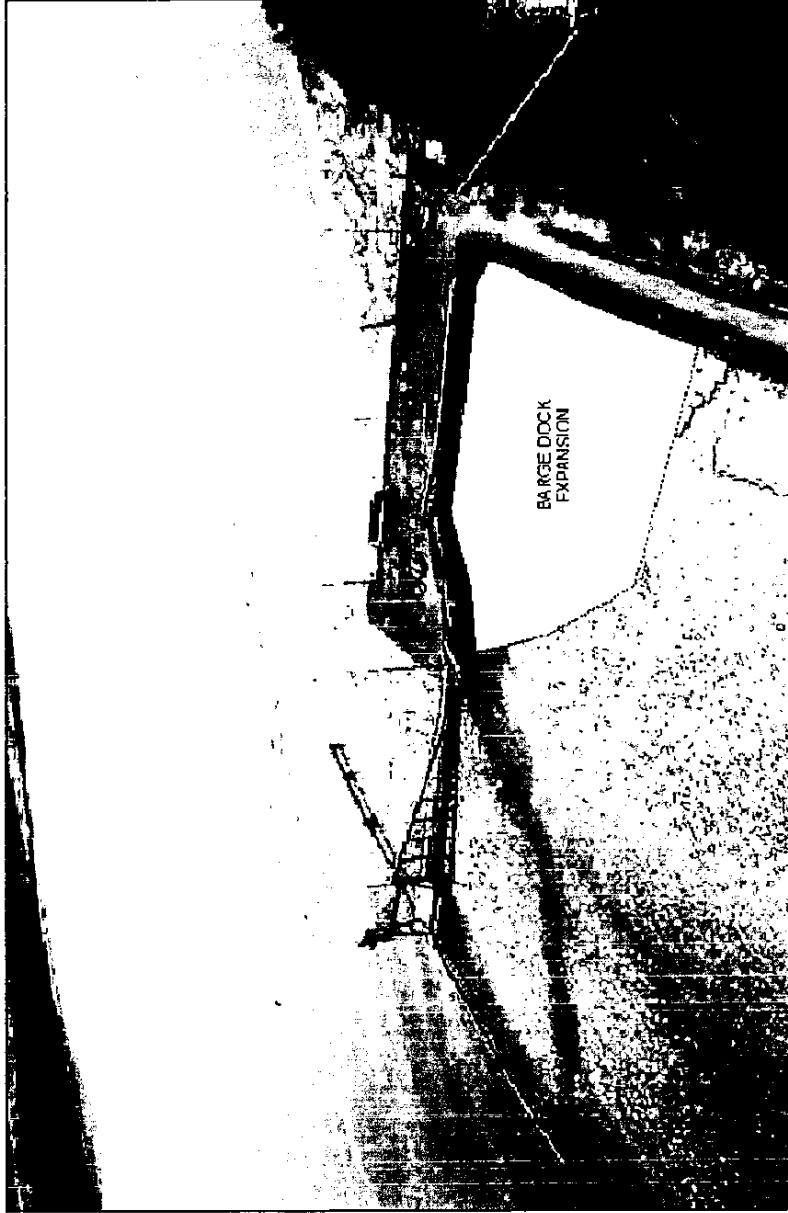
# Permitted Expansion of Barge Dock and Deep-Draft Dock



- 
- 

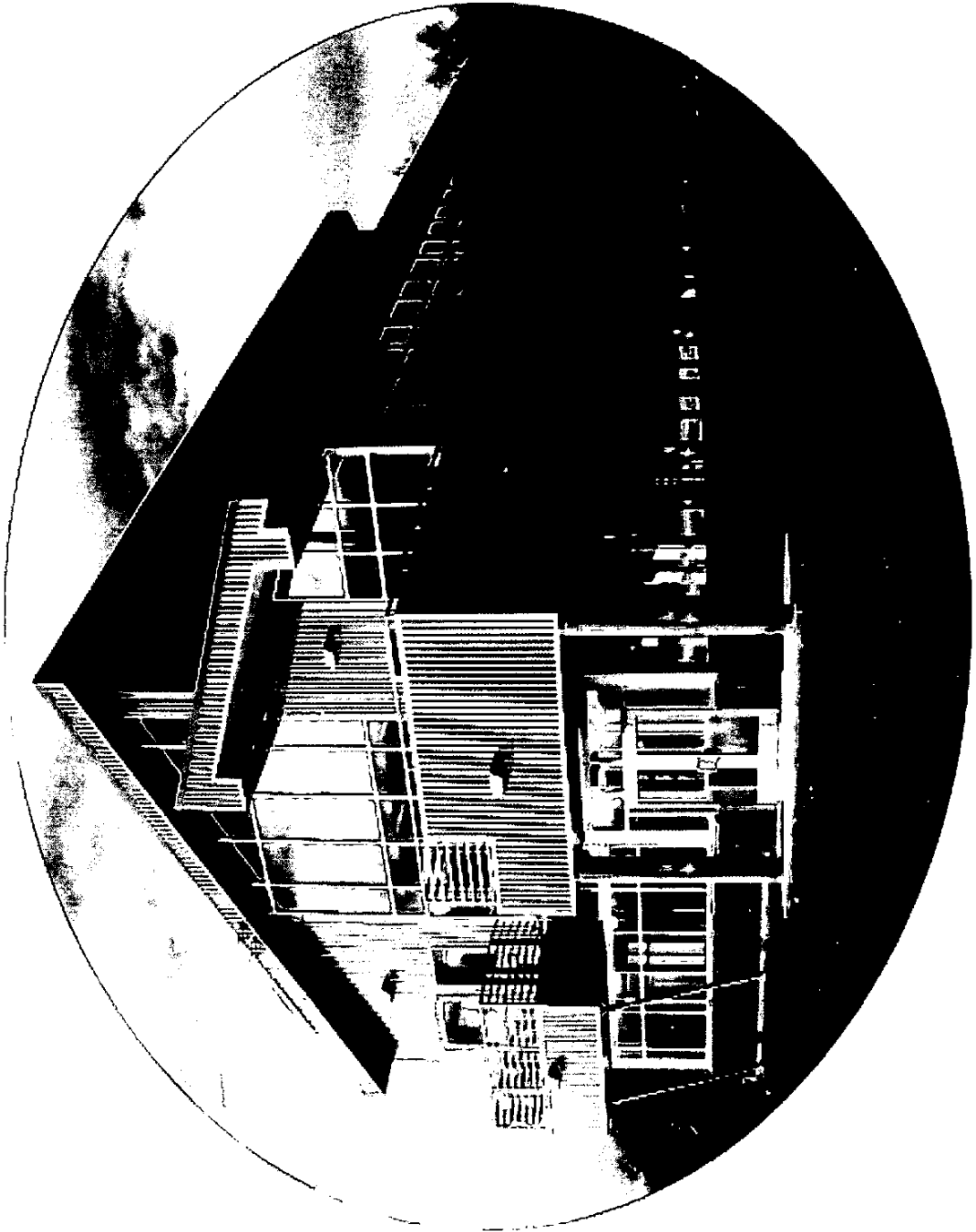
# Barge Dock to be constructed Summer

## 2010



# Winter/Summer Operations

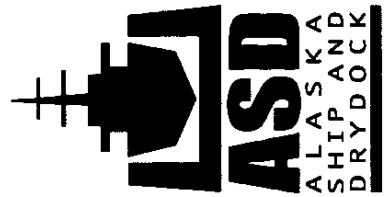
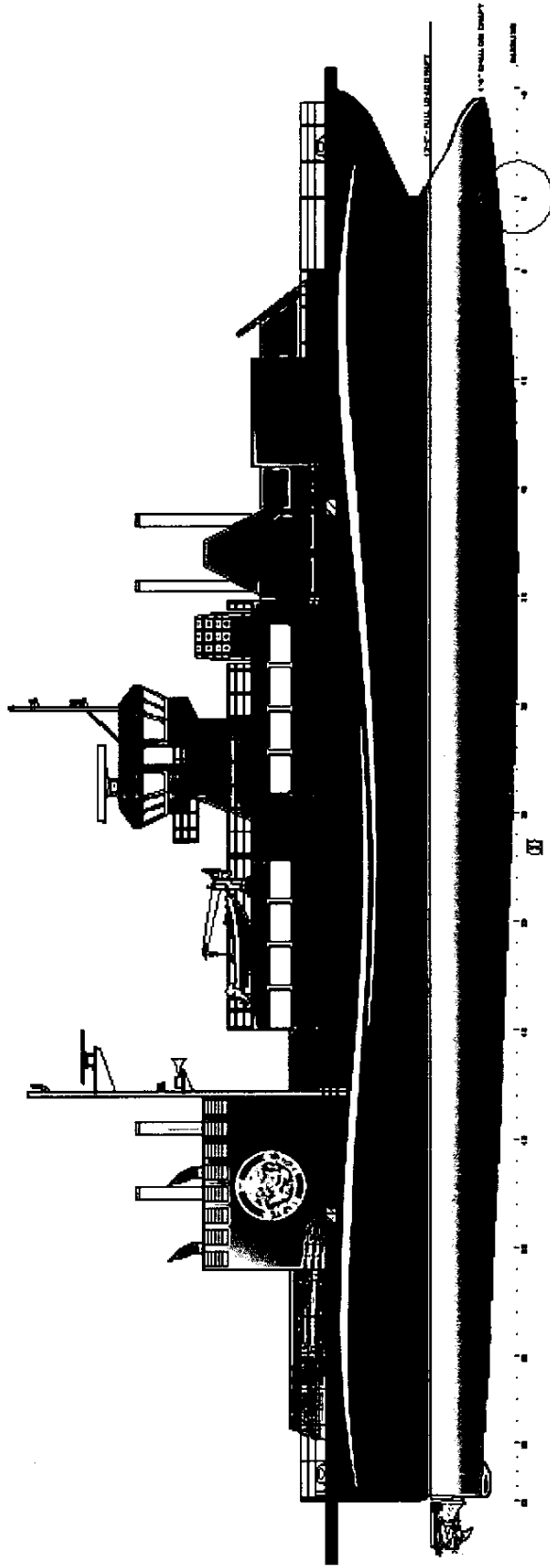


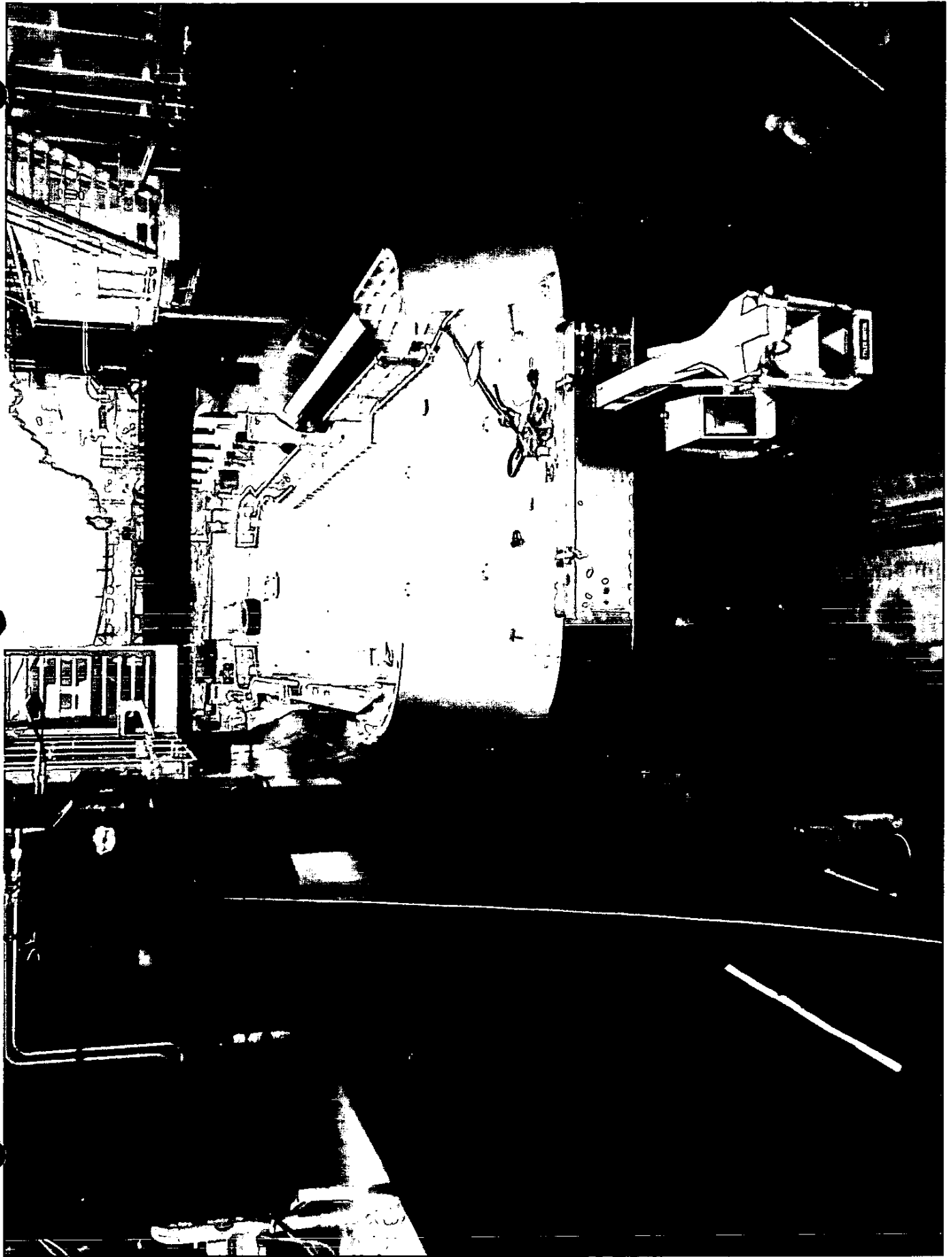


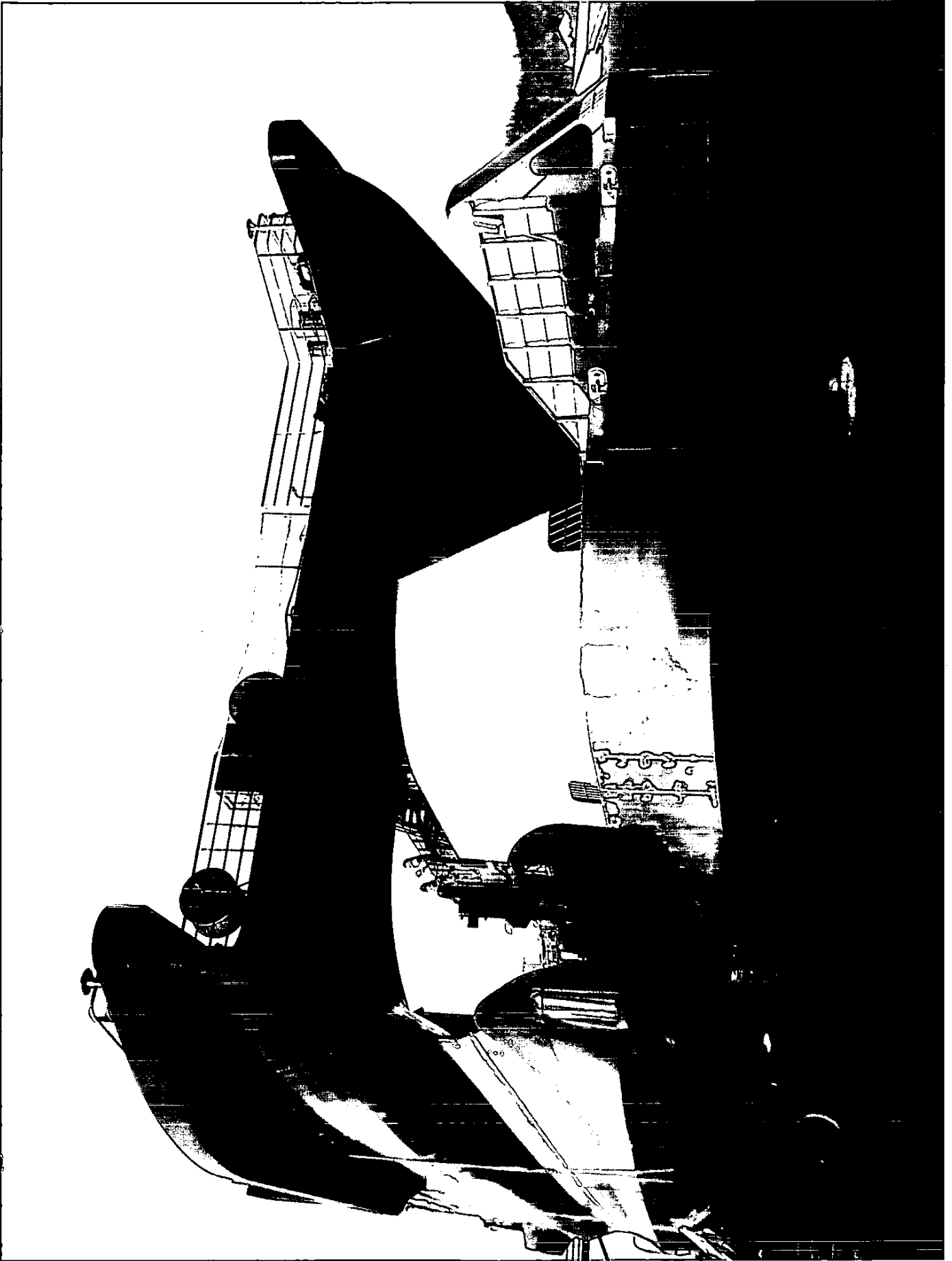
Port MacKenzie Ferry Terminal Building

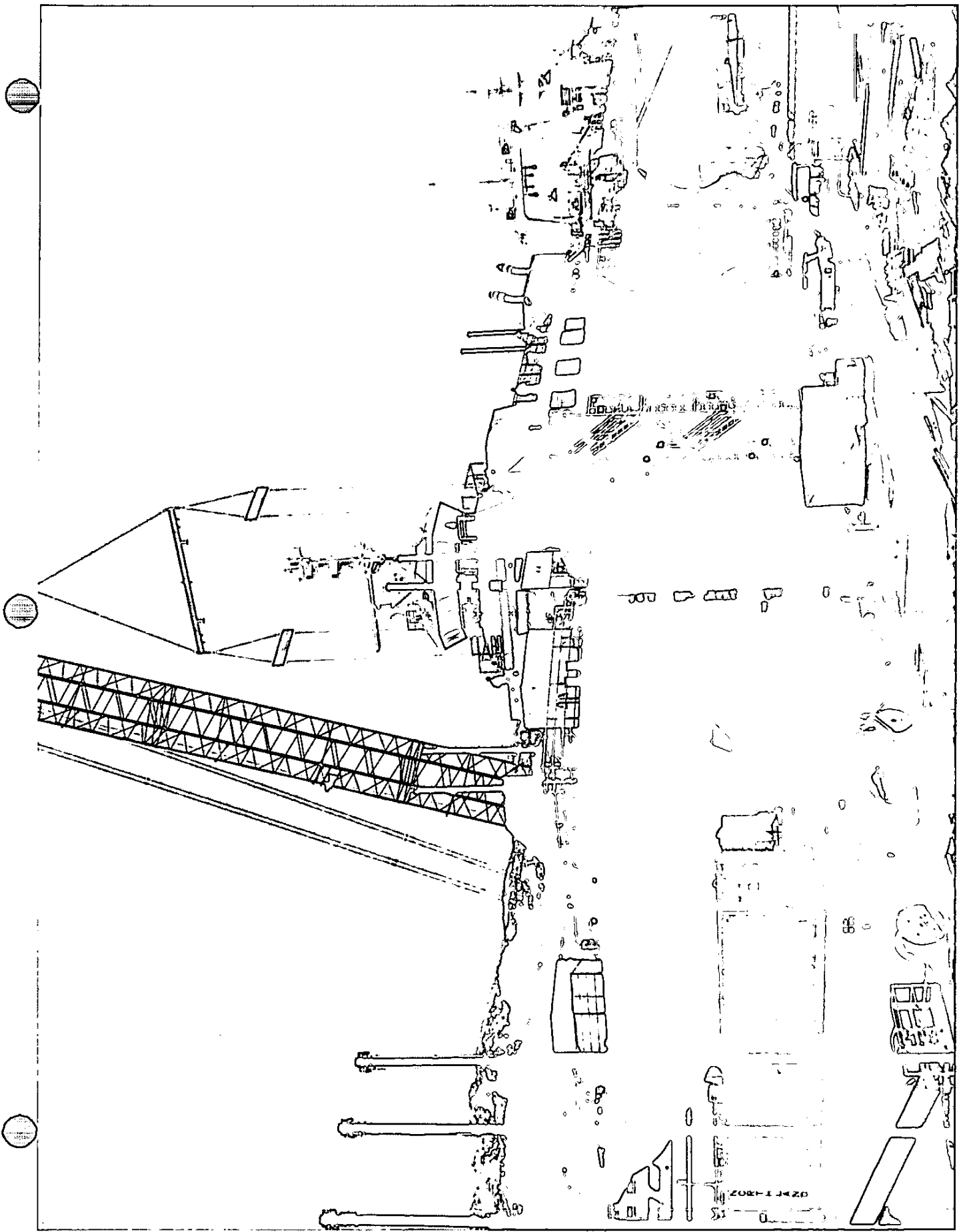
# E-Craft

## M/V SUSITNA

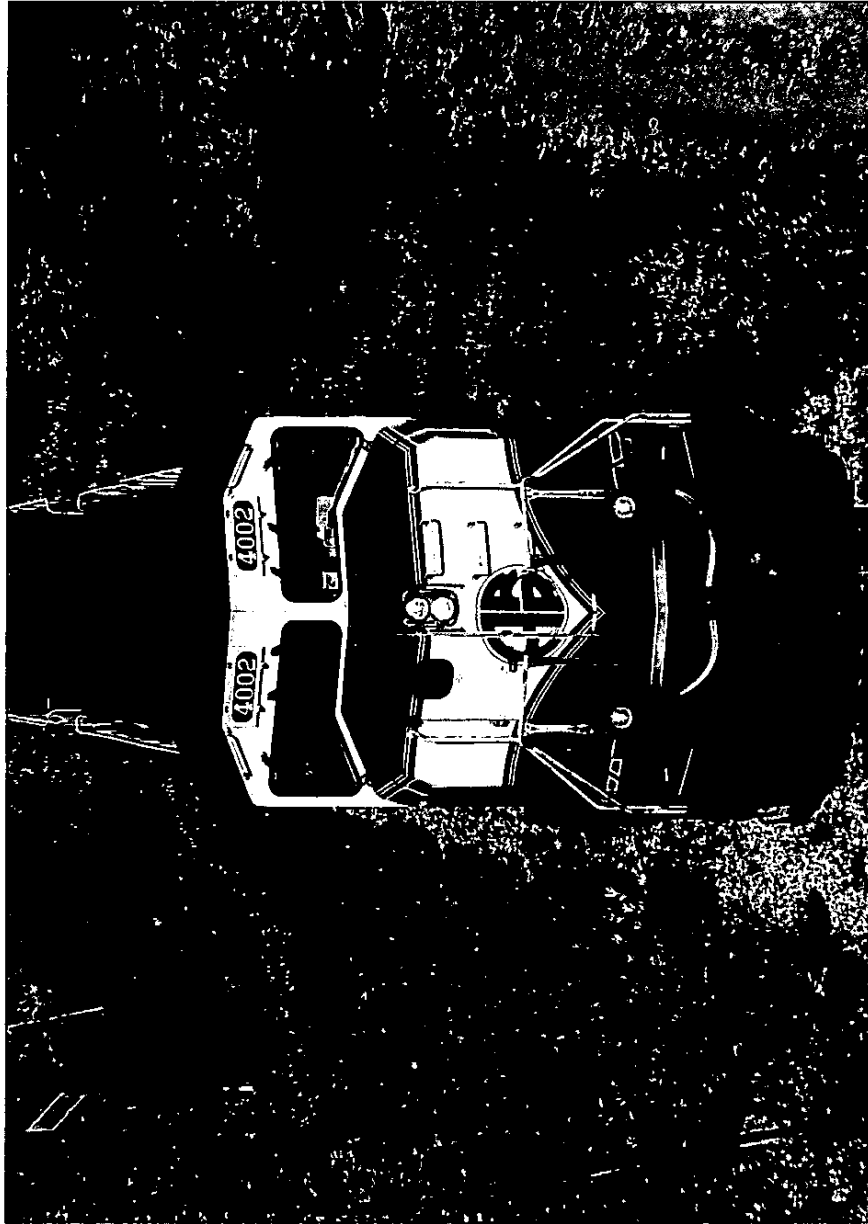








# South Central Rail Extension



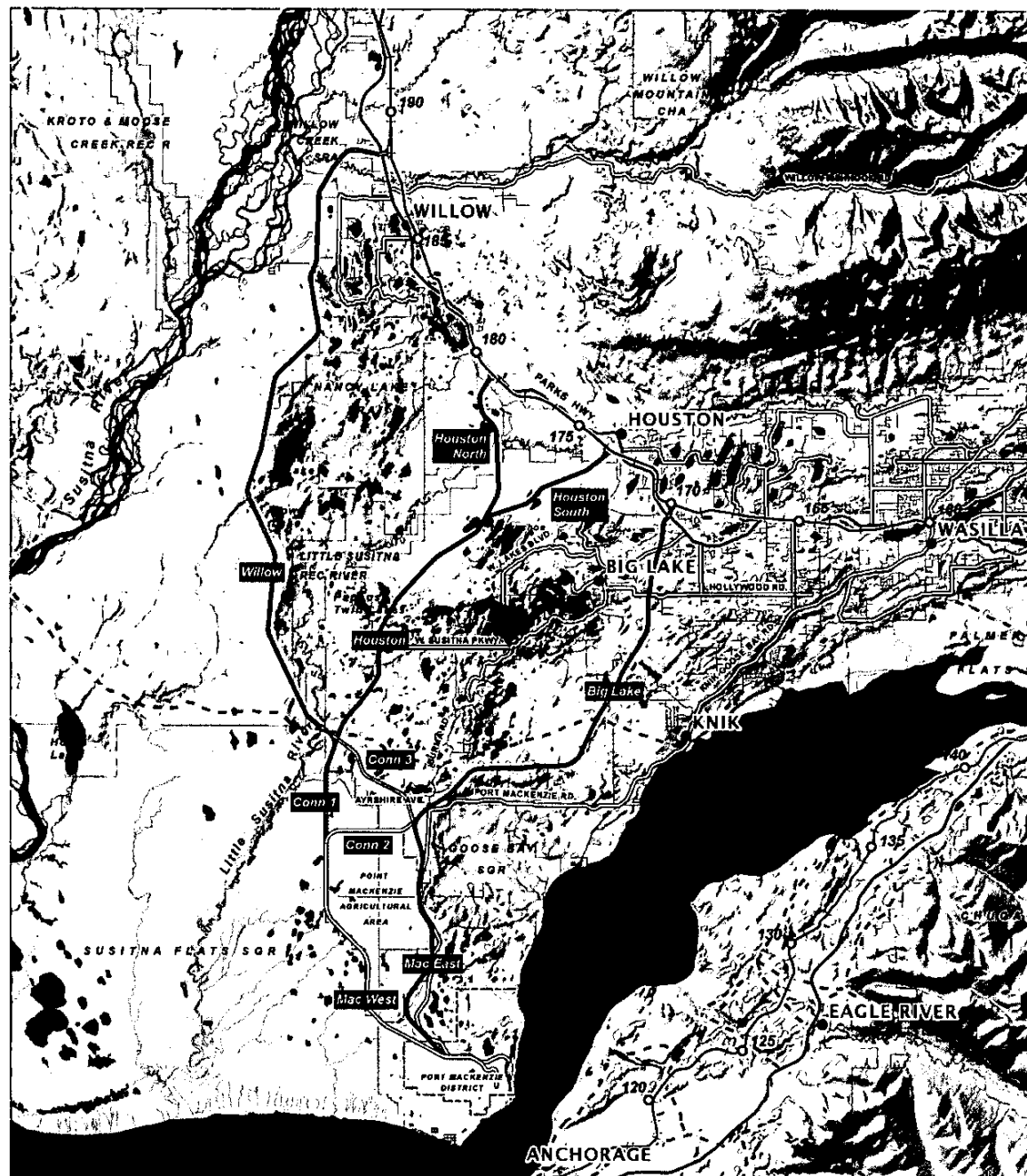
# EIS Corridors Under Consideration

*Draft EIS – Expected for public review in October 2009*

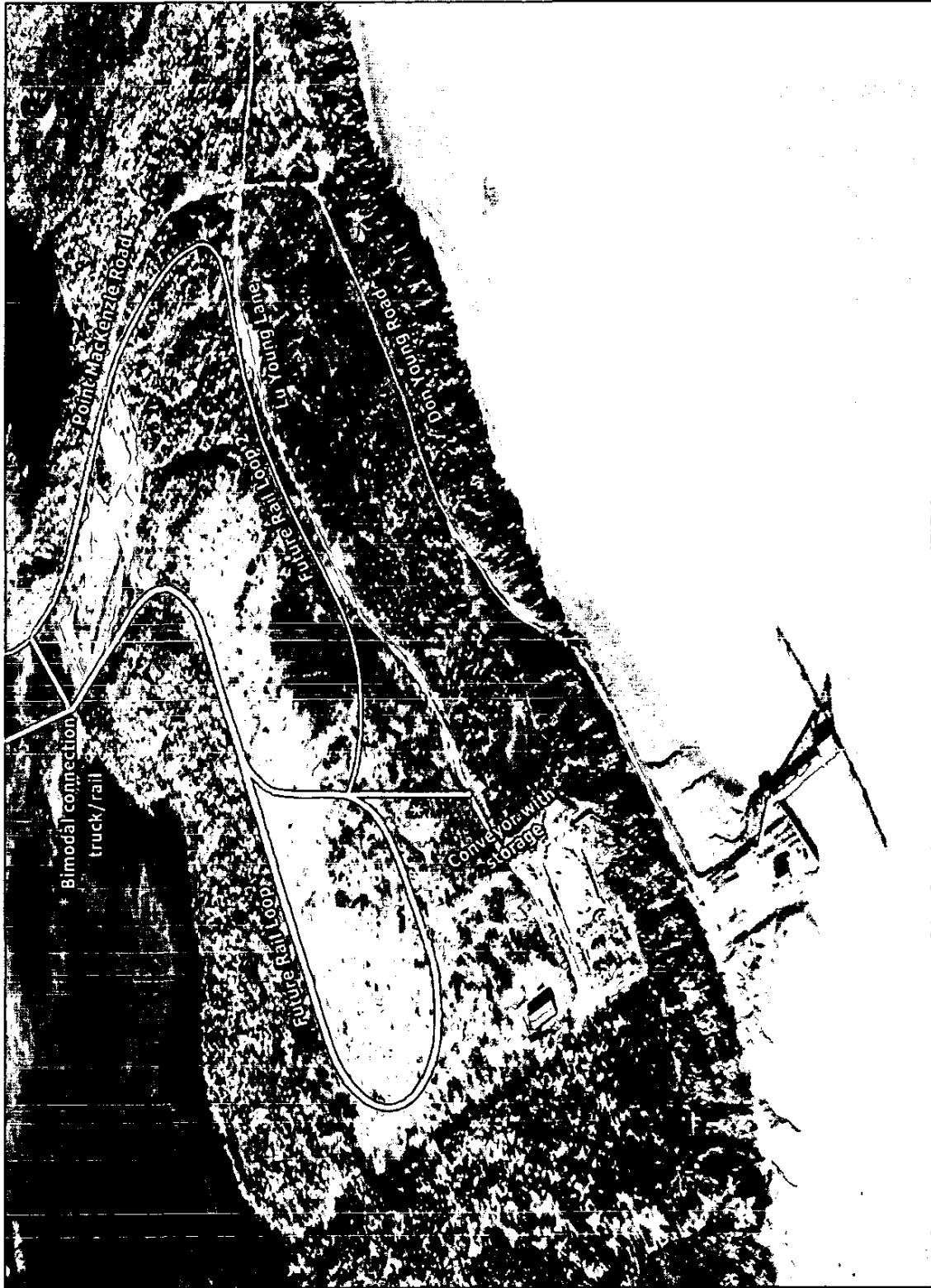
*Final EIS – Expected in early Spring 2010*

*Note: These lines represent possible corridors and are subject to change.*

*3<sup>rd</sup> party contractor may arrive at additional routes as part of EIS process.*

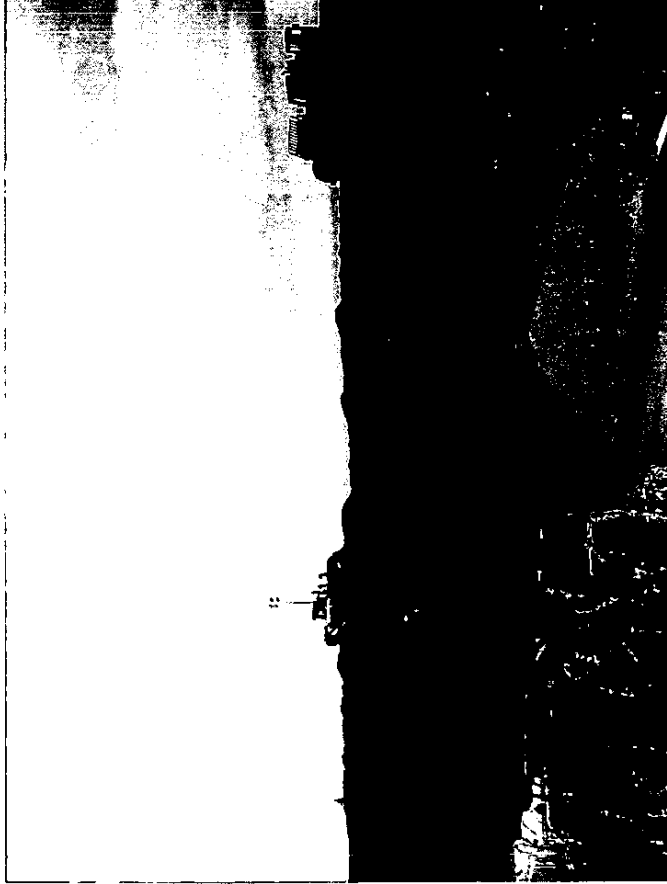
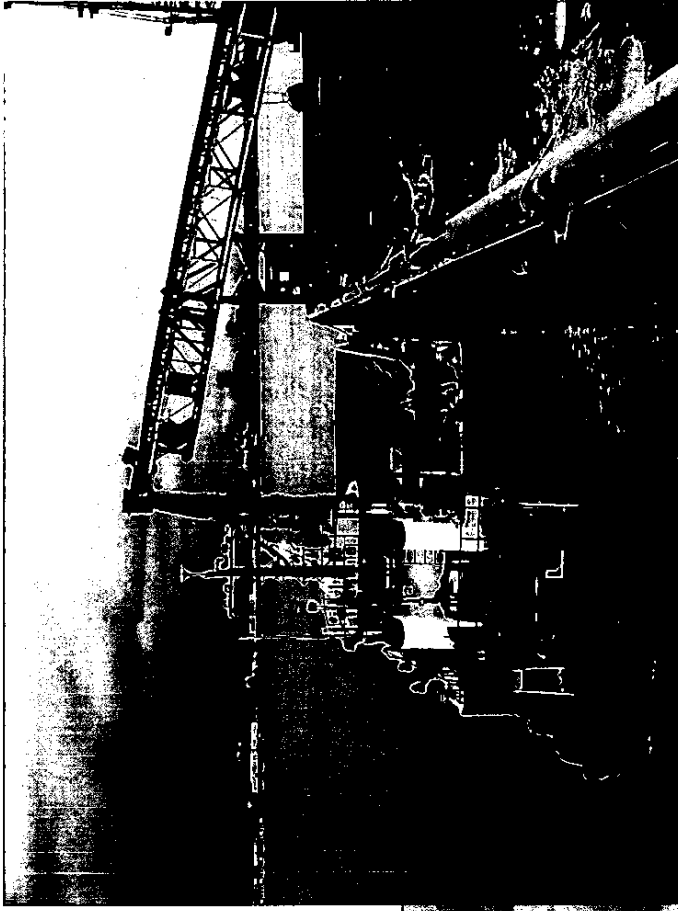


# Rail Loop Under Construction



**Gravel Excavation Project**  
**451,000 tons for the Port of**  
**Anchorage Expansion Project**

July 2008

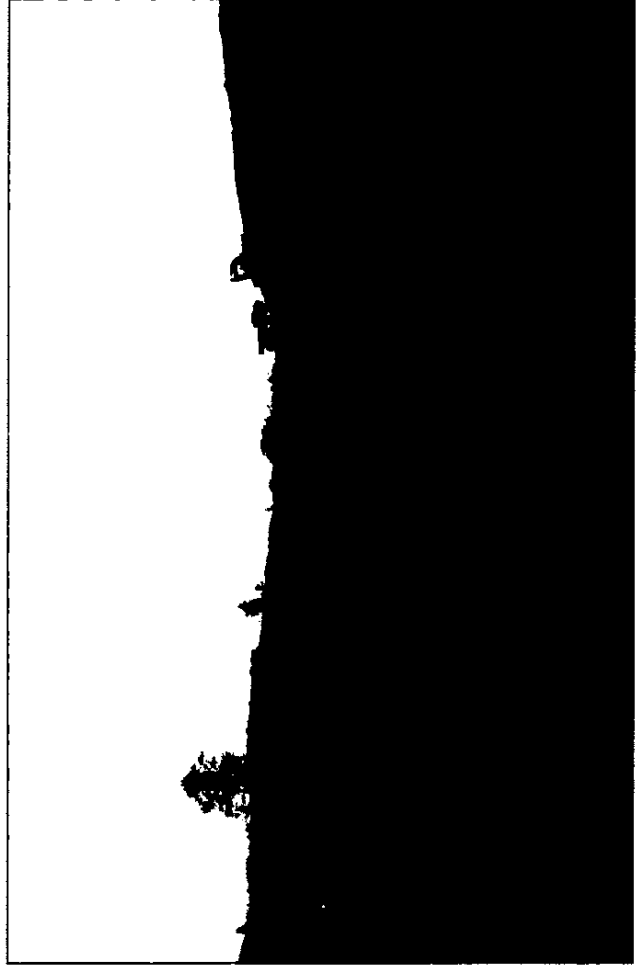




Summer Topsoil Removal  
Operations



Bi-Modal Alignment Spring  
Tree Removal

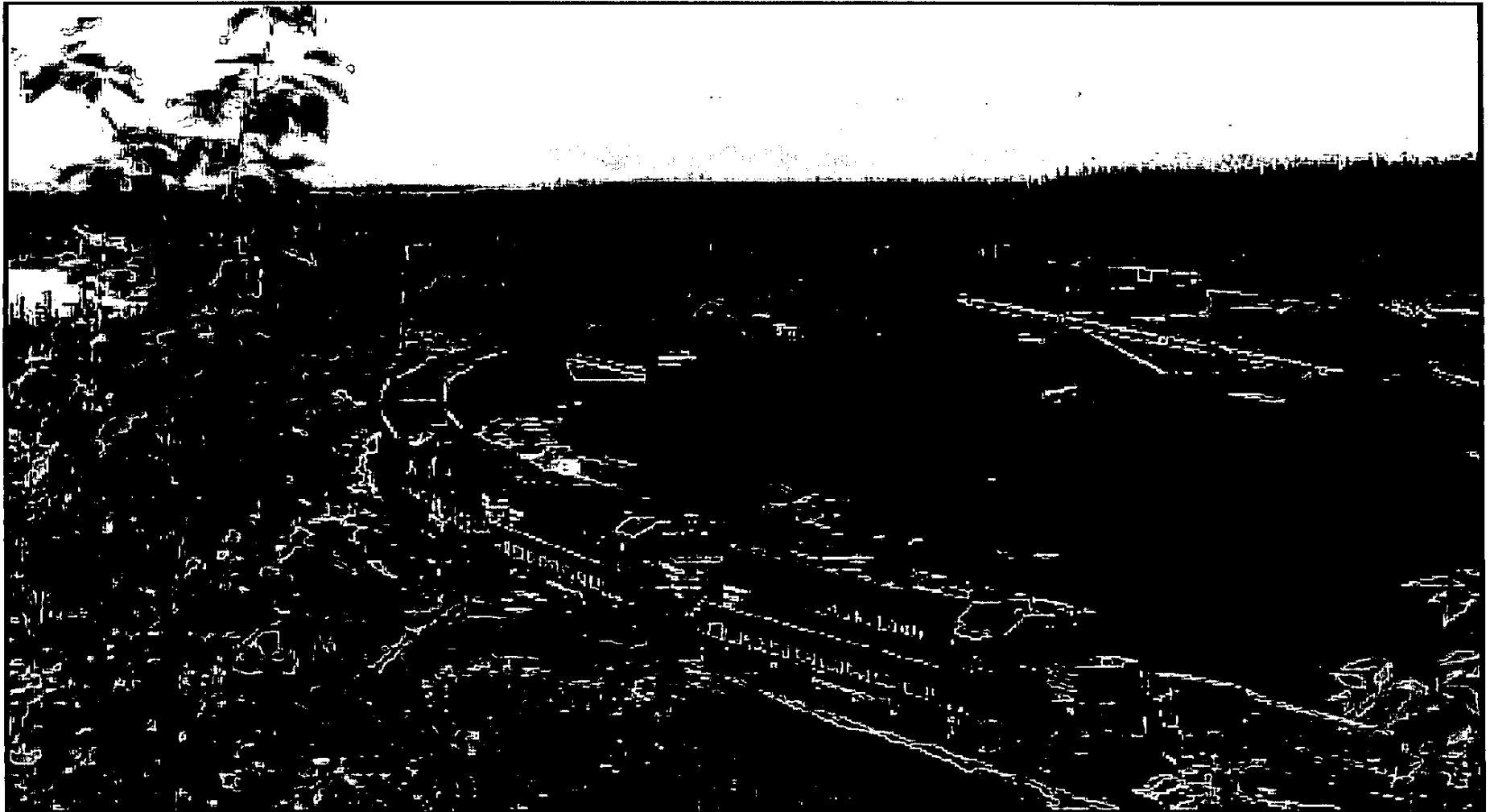


Fall Excavation and Fill  
Work



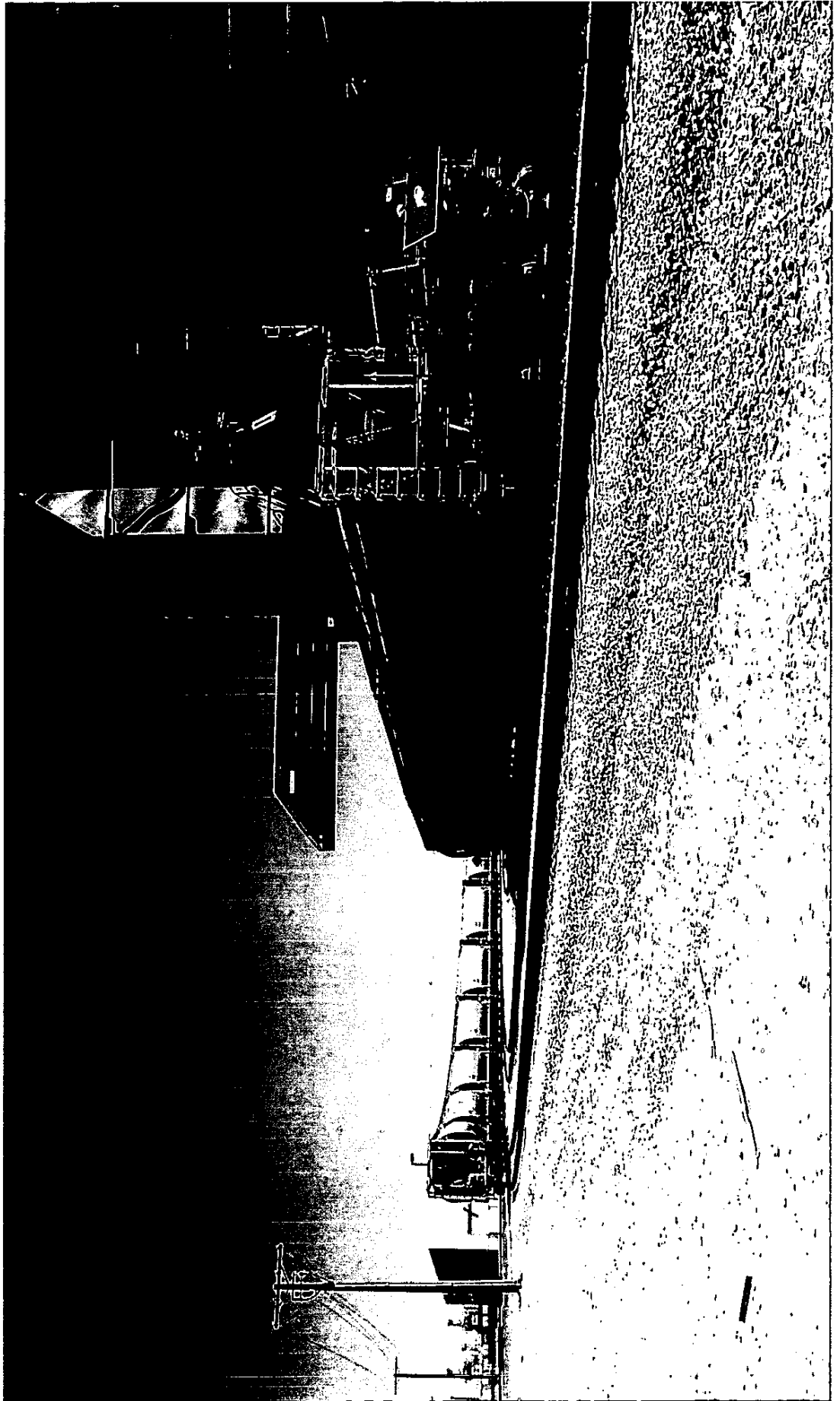
# Port Mackenzie; the Shortest Distance to Tidewater

(Coal now has to travel to Seward)

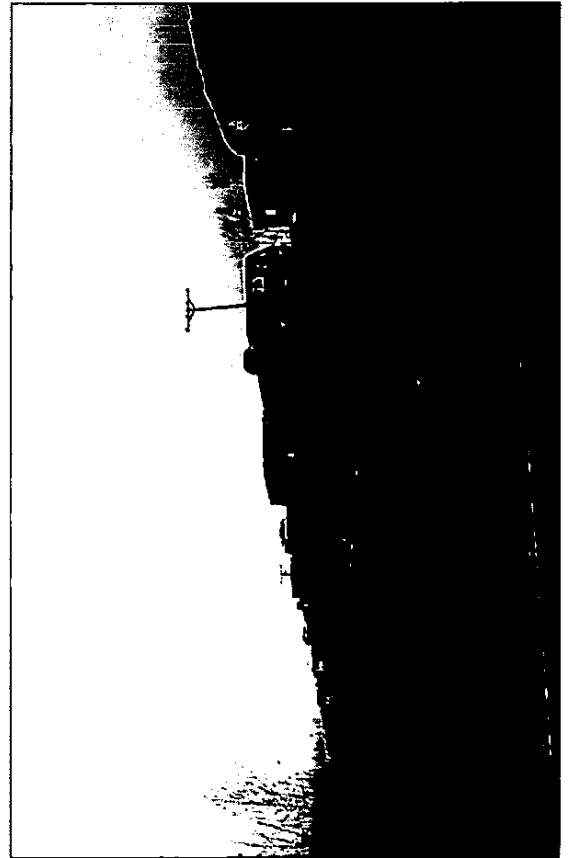


- Only Alaskan Port with space for a Mile Long Rail Loop

(Example of loading cement on Loop Track)



*Port MacKenzie - Military Logistics Option*



## Advantages and Savings of Using South Central Rail Extension to Port MacKenzie

- Transportation Savings.....\$533 million  
(Benefit/Cost Ratio).....(1.9/1)
- Benefits to Alaska from New Mines
  - Gross Metal Value.....\$172 billion
  - Community Benefits.....Permanent Jobs and  
Long-term Economic Engine
- State Revenue.....\$6.3 billion

# Summary of Rail Extension Statewide Benefits

- Supports Gas Pipeline Construction (mainline & spur line)
- New Interior Resource Development Opportunities (Benefits are \$61M to \$737M per year for 100+ years)
  - Limestone
  - Portland cement manufacture
  - Strategic Minerals (nickel, molybdenum)
  - Improved global price competitiveness of Alaska coal
- Transport Low Sulfur Fuel North (Interior, Southwest Alaska, North Slope)
- Alternate rail link to Interior (military mobilization/natural disaster /terrorism)
- Decreased rail congestion (Willow to Anchorage)
- Diversified Economy

# Rail Project Project Scheduling

- ✓ **Phase 1 – EIS - \$10 Million: 2007-2009**
- ✓ **Phase 2 – Bi-Modal Loop & first 11 mile segment - \$17.5 Million: 2008-2009**
  - Permitting
  - Design of Bi-Modal Loop, Reserve and 11 miles
  - Right-of-way acquisition for Bi-Modal and 11 miles
  - Construction Bi-Modal Loop
- **Phase 3 – First 11 Mile Segment and EIS selected alternative – (\$57 Million): 2010**
  - Construction of First 11 Mile Segment
  - Permitting, Design of EIS Selected Alternative
- **Phase 4 – EIS Selected Alternative – (\*\$150 Million): 2010-2011**
  - Construction
- **Phase 5 – Track and Ancillary Facilities – (\*\$41 Million): 2012**
  - Construction (laying rail, installing signals, etc.)
  - Project Completion Fall of 2012

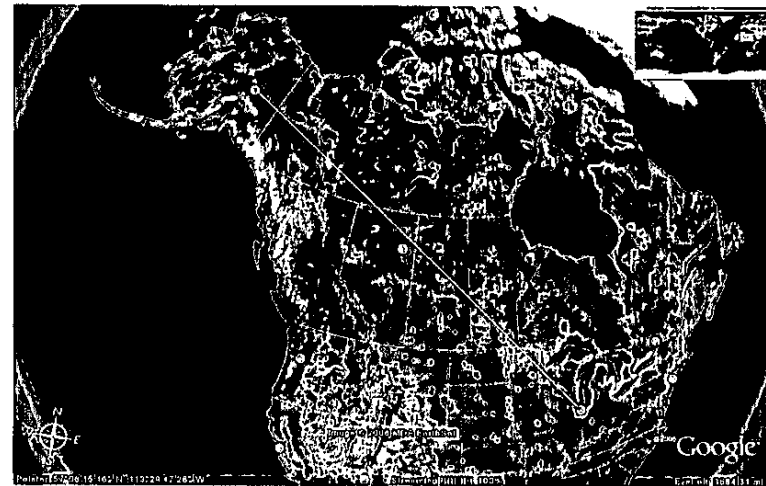
\*Note: Projected cost of \$274 is expected to be adequate. Cost will be dependent on alternative selected in EIS

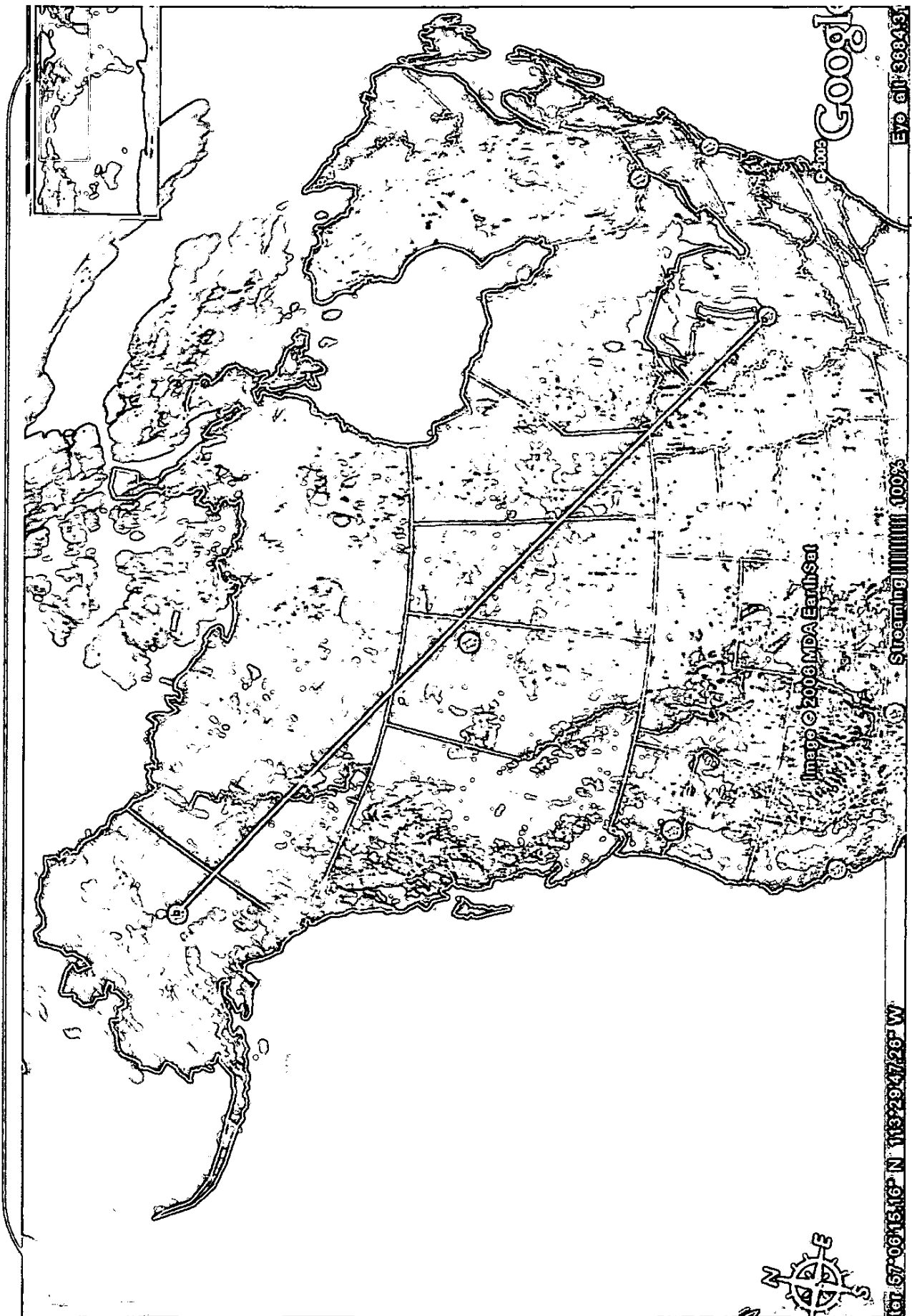
*Mineral Occurrences and  
Potential Sources of Freight for  
the Alaska Railroad Extensions –  
Port MacKenzie to the Canadian  
Border*

By  
Paul Metz, Ph.D., DIC, P.G.  
Director, Mineral Industry Research  
Laboratory  
University of Alaska Fairbanks  
February 2007-2010

# Objectives

- Estimation of the expected tonnage of mineral concentrates that would be generated within a 200 km wide corridor along the proposed route of the railroad extensions from Fairbanks to the Canadian Border over the next 100 years.
- Estimation of the expected economic impact of the mines that would generate those mineral concentrates.





Google

Eye alt: 36843'

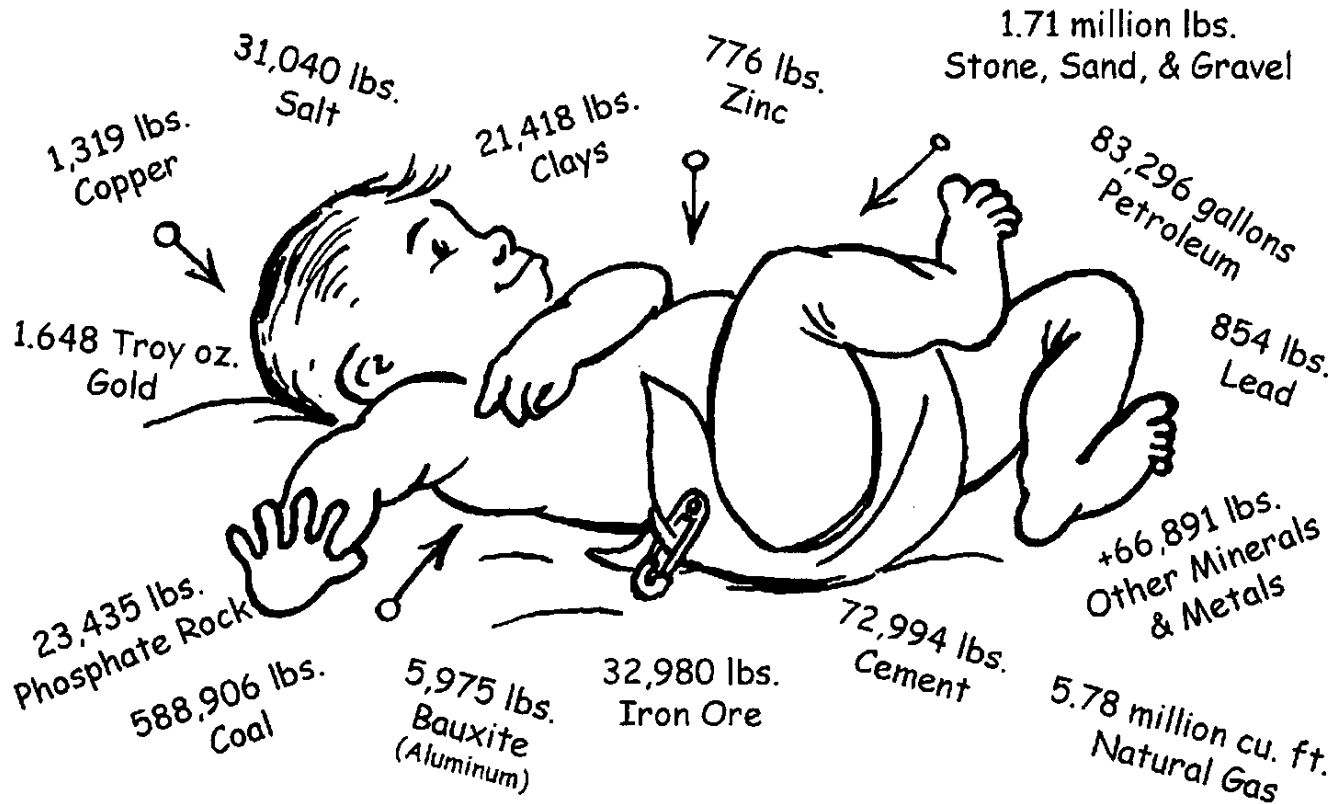
Images © 2006 MDA EarthSat

Streaming 100%

lat: 67.0015, 16° N 113.2947, 26° W



# Every American Born Will Need . . .



**3.7 million pounds of minerals, metals, and fuels in their lifetime**

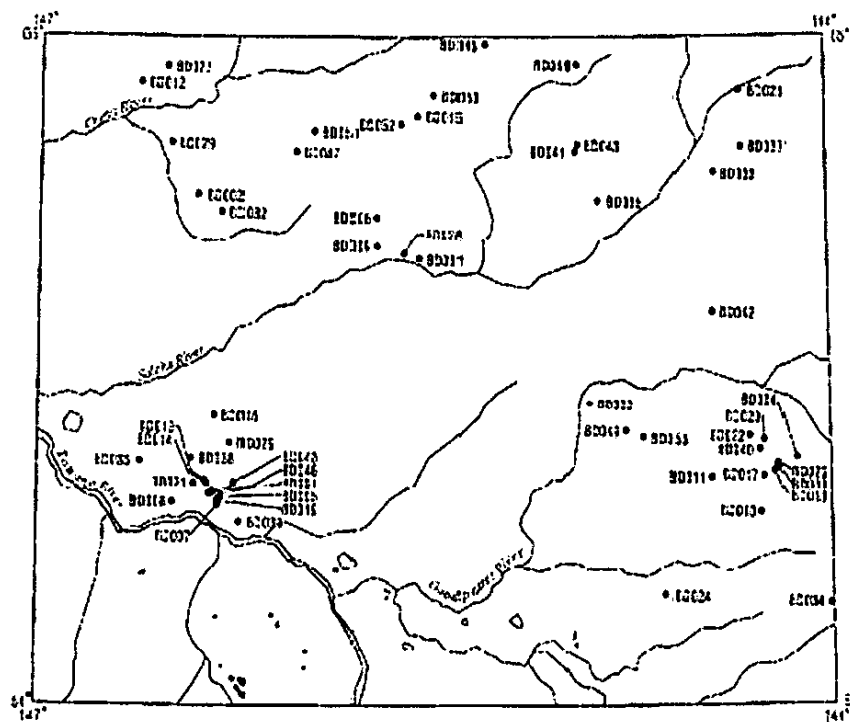
© 2006, Mineral Information Institute

## **Sources of Data**

---

- Alaska Resources Data Files (ARDF)
- Mineral Deposit Models in ARDF from Cox and Singer (1986).
- Mineral Evaluation Models developed for each mineral deposit model utilizing U.S. Bureau of Mines Cost Estimating System adjusted for current costs and mineral commodity prices.

# Example of Alaska Resource Data Files Mineral Locations



*Distribution of mineral occurrences in the Big Delta  
1:250,000-scale quadrangle, Alaska*

# Example of Tonnage Curve for Mineral Deposit Model from Cox and Singer 1986

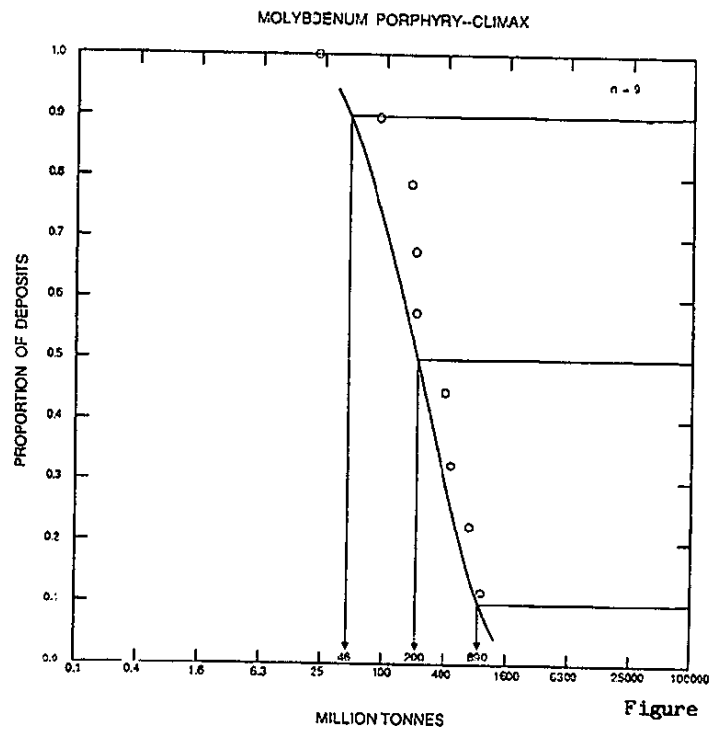


Figure 48. Tonnages of Climax Mo deposits.

# Example of Grade Curve from Cox and Singer 1986

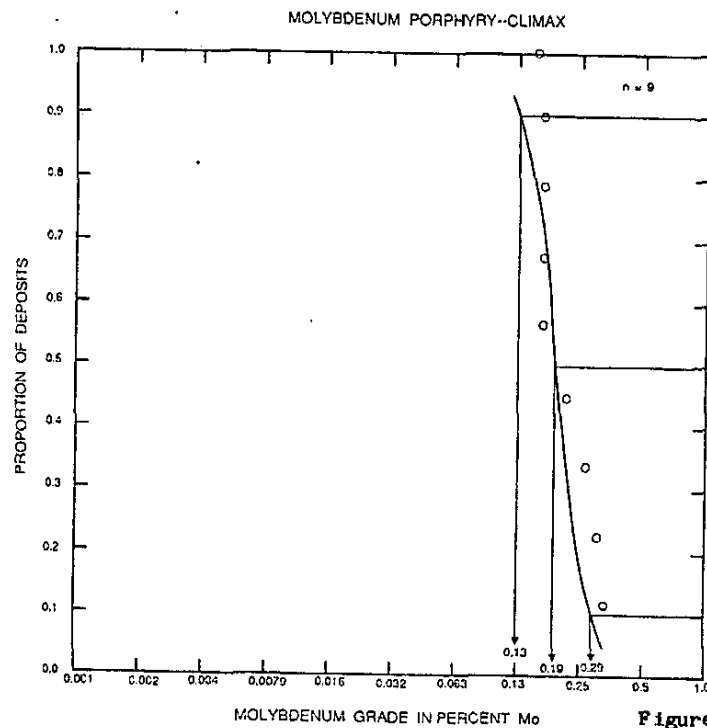


Figure 49. Molybdenum grades of Climax Mo deposits.

# Mineral Valuation Models

## Input and Output Data

---

- Mineral valuation models for 50 and 90 percentile tonnage and grade for 43 different mineral deposit types.
- Deposit type.
- Surface or underground mining method.
- Total tonnage/grade.
- Extraction rate.
- Dilution/waste rate.
- Proposed mine life.
- Daily production.
- Maximum ore depth.
- Stripping ratio.
- Site haulage distance.
- Distance to power.
- Beneficiation method.

## **Mineral Valuation Models Input and Output Data**

---

- Mine capital and operating cost estimates
- Mill capital and operating cost estimates
- Infrastructure and operating cost estimates.
- Revenue estimates based on current commodity prices
- Cash flow analysis base on current taxation rates.
- Minimum rate of return on capital = 10%.

## Mineral Occurrences in Each Quadrangle Transected by Proposed Railroad Extension Corridor

---

• Quadrangle	No. Min. Occur.
Tyonek	17
Anchorage	98
Talkeetna	37
Talkeetna Mts.	147
Healy	37
Fairbanks	115
Livengood	155
Circle	2
Big Delta	14
Mt Hayes	153
Gulkana	29
Eagle	17
Tanacross	21
Nabesna	<u>45</u>
Total	887

# **Mineral Deposit Model Types**

## **(After Cox and Singer, 1986)**

---

- 1. Stillwater Ni-Cu
- 7a. Synorogenic-synvolcanic Ni-Cu
- 8a. Minor podiform Cr
- 8b. Major podiform Cr
- 8c. Limassol Forest Co-Ni
- 8d. Serpentine hosted asbestos
- 10. Carbonatite
- 14a. W skarn
- 14b. Sn skarn
- 14c. Replacement Sn
- 15a. W veins
- 16. Climax Mo
- 17. Porphyry Cu

## **Mineral Deposit Model Types (After Cox and Singer, 1986)**

---

- 18b. Cu -skarn
- 18c. Zn-Pb skarn
- 18d. Fe skarn
- 20c. Porphyry Cu-Au
- 21a. Porphyry Cu-Mo
- 21b. Porphyry Mo low-F
- 22a. Volcanic hosted Cu-As-Sb
- 22b. Au-Ag-Te veins
- 22c. Polymetallic veins
- 23. Basaltic Cu
- 24b. Besshi massive sulfide
- 25a. Hot-springs Au-Ag
- 25c. Comstock epithermal veins

## **Mineral Deposit Model Types (After Cox and Singer, 1986)**

---

- 26a. Carbonated-hosted Au-Ag
- 27d. Sb deposits
- 28a. Kuroko massive sulfide
- 29a. Quartz-pebble conglomerate Au-U
- 36a. Low-sulfide Au-quartz veins
- 36b. Homestake Au
- 37a. Unconformity U-Au
- 39a. Gold on flat faults

# Mineral Commodity Prices

(as of January 2007)

Metal Prices Use in this Investigation (January 2007)		
Commodity	Units	Price
Aluminum	\$/lb	1.28
Antimony	\$/lb	0.85
Arsenic	\$/lb	0.45
Asbestos	\$/ton	125.00
Barite	\$/ton	23.00
Bismuth	\$/lb	0.18
Cadmium	\$/lb	0.25
Chromite	\$/lb	2.18
Cobalt	\$/lb	18.00
Columbium	\$/lb	8.07
Copper	\$/lb	2.85
Fluorite	\$/lb	152.00
Germanium	\$/lb	391.00
Gold	\$/tr.oz	625.00

## Mineral Commodity Prices (Continued)

Iron	\$/ton-unit	0.60
Lead	\$/lb	0.79
Mercury	\$/flask	700.00
Molybdenum	\$/lb	28.00
Nickel	\$/lb	6.75
Palladium	\$/tr oz	286.00
Rhodium	\$/oz	3095.00
Platinum	\$/tr oz	1050.00
Silver	\$/tr oz	12.30
Tantalum	\$/lb	182.62
Tin	\$/lb	2.48
Titanium	\$/lb	1.30
Tungsten	\$/lb	1.82
Vanadium	\$/lb	1.75
Zinc	\$/lb	1.94

# Probabilities

---

- Probabilities of discovery and development at a given tonnage and grade
  - Mineral occurrence not in historic mining district – 90th percentile;  $P = 0.0001$
  - Mineral occurrence not in historic mining district – 50th percentile;  $P = 0.0005$
  - Mineral occurrence in historic mining district – 90th percentile;  $P = 0.001$
  - Mineral occurrence in historic mining district – 50th percentile;  $P = 0.001$
  - Mineral occurrence in historic mining district, adjacent to major mine;  $P = 0.01$

## **Expected Tonnage of Concentrates**

---

- 50 Percentile tonnage and grade;  
Expected Tonnage = 11,000,000 tons per year for 100 years.
- 90 Percentile tonnage and grade:  
Expected Tonnage = 26,000,000 tons per year (equivalent tonnage from the development of only one porphyry Mo deposit or one layered mafic complex Cu-Ni deposit every 10 years).

## **Expected Economic Benefits from the Development of the Mineral Occurrences in the Extension Corridor**

---

- Economic benefits of the Fort Knox Mine – Information Insights, 1999 estimated \$100 million per year to Fairbanks North Star Borough
- Over 12 year mine life the mine would provide economic benefits equivalent to the gross metal value of the deposit at the time of completion of the feasibility study.
- Expected gross metal value at 50 percentile = \$9 billion
- Expected gross metal value at 90 percentile = \$83 billion.

# Benefit-Cost Assessment of the Port MacKenzie Rail Extension

## Executive Summary

prepared for  
Matanuska-Susitna Borough

prepared by  
Steve Colt  
Nick Szymoniak

Institute of Social and Economic Research  
University of Alaska Anchorage

20 June 2008



Contact:  
Steve Colt  
907-786-1753  
[steve.colt@uaa.alaska.edu](mailto:steve.colt@uaa.alaska.edu)

This is the executive summary of a longer report. The full report is available at:  
[http://www.iser.uaa.alaska.edu/Publications/PMK\\_RailExtension.pdf](http://www.iser.uaa.alaska.edu/Publications/PMK_RailExtension.pdf)

## **Executive Summary**

### **Costs**

We assume that the Port MacKenzie rail extension would cost \$275 million to construct.<sup>1</sup> This is a conservative estimate based on a range of between \$200 million and \$300 million for different route options. The time horizon runs 50 years from 2012 to 2061. O&M costs are assumed to be \$1.5 million per year, with a net present value of \$26.1 million. The net present value of all costs using a 5% real discount rate<sup>2</sup> and a base year of 2010 is \$301.1 million.

### **Benefits**

The rail extension would provide two distinct types of benefits: 1) It reduces the cost of rail transportation; and 2) It is likely to stimulate significant new mines and other major development. These benefits come from a diverse mix of potential projects – thus a strength of the rail extension is that its economic viability does not depend on any one project.

### **Reduced transportation costs**

Relative to Seward, using the extension would save 140.7 miles per one-way trip.<sup>3</sup> Assuming an average cost savings of 6 cents per ton-mile and a 5.0% real discount rate, we estimate that using the extension would save \$572 million in avoided rail costs, avoided port costs, and avoided railroad and road upgrades. These savings are shown in the table and figure on the following page.

In addition to the above, we estimate that about 22,000 train crossings of Pittman Road and other roads would be avoided by the extension, saving motorists up to 64,000 vehicle-hours of travel time delay between now and 2061.

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<sup>1</sup> AK Railroad submission to Federal Surface Transportation Board requesting license to build rail extension. January 2008.

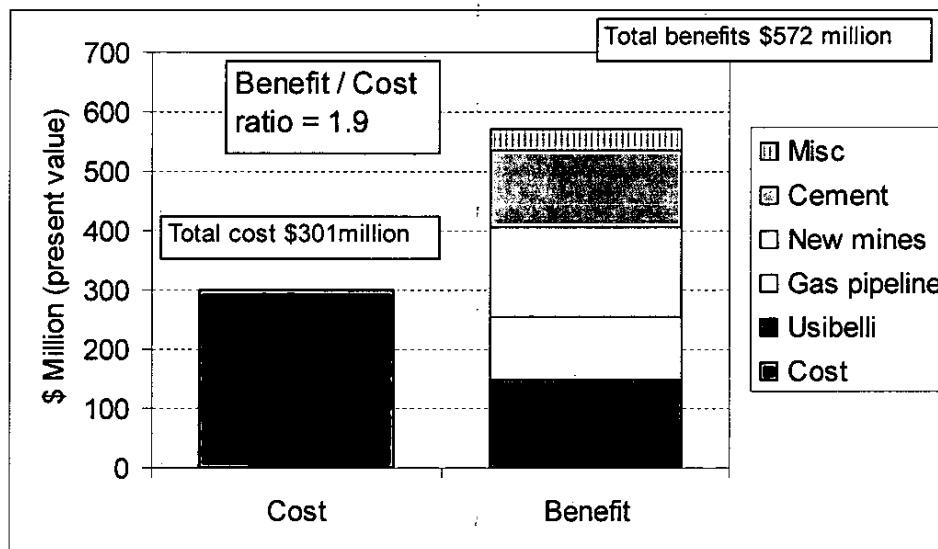
<sup>2</sup> “real discount rate” means adjusted for inflation. This rate is based on the real rate of return from the Alaska Permanent Fund.

<sup>3</sup> Paul Metz, Economic Analysis of Rail Link Port MacKenzie to Willow, Alaska. February 2007

**Benefits of Port MacKenzie rail extension from reduced transportation costs**  
(Present value in year 2010 @ 5.0%; does not include motorist time savings)

	Tons per year	Years of operation	Benefits from reduced rail and port cost NPV at 5%	Notes
Usibelli Coal	1,000,000	2012 - 2061	\$ 148,711,175	
Gas pipeline materials	N/A	2013 - 2015	\$ 105,838,887	1
Ore from new mines	1,879,750	2017 - 2056	\$ 151,038,111	2
Cement plant	1,095,000	2020 - 2061	\$ 130,031,810	3
Misc commodities	250,000	2012 - 2061	\$ 36,694,410	4
<b>Total benefits</b>			<b>\$ 572,314,393</b>	
Construction cost			\$ 275,000,000	
O&M cost (NPV of \$1.5 million/yr)			\$ 26,079,894	
<b>Total cost</b>			<b>\$ 301,079,894</b>	
<b>Benefit / Cost ratio from transportation savings</b>				<b>1.9</b>

- Notes:
1. Gas pipeline savings includes \$82 million NPV of avoided rail and road upgrade costs
  2. Mines would commence operation in various years; the tonnage number in this table is peak production reached after 2037. The analysis of benefits is based on the actual time profile of tonnage produced.
  3. Assumes 3,000 tons per day output shipped to tidewater for export.
  4. Assumes a combination of gravel, wood chips, additional fuel imports to meet growing demand, and other miscellaneous bulk commodities.



**Direct fiscal return to State of Alaska**

Because much of the savings from reduced rail transportation costs would flow through to increased taxable income, we estimate that direct annual fiscal returns to the State of Alaska

would have a present value of between \$107 million (tied to rail cost savings) and \$4.4 billion (including all mineral revenues from new mines). These break down as follows:

- Between \$1 million and \$3 million per year in additional corporate income taxes, with a present value of \$32.7 million
- About \$7 million per year in additional oil and gas revenue due to lower pipeline construction cost reflected in lower pipeline tariffs, with a present value of \$33 million.
- A direct saving to the state of \$41.2 million from avoided railroad and road upgrades<sup>4</sup>
- Assuming new mineral development and attributing it to the rail extension, \$42 million per year increasing to \$602 million per year from mining license taxes, royalties, and corporate income taxes. The present value of all these mineral revenues is \$4.3 billion.

### **Economic development from new mineral activity**

According to a detailed analysis by Paul Metz<sup>5</sup>, the rail extension would provide a significant stimulus to new mineral developments within a 120-mile wide corridor surrounding the existing railroad. Metz projects likely minerals development with a cumulative gross metal value of \$173 billion. This value would generate taxes and royalties to the State of Alaska starting at \$42 million per year (in 2017) and increasing to \$543 million per year in 2027 and to \$602 million per year beginning in 2037. In addition these developments could generate up to \$3 billion per year in additional economic activity in Railbelt communities.

### **Conclusion**

This project provides a benefit/cost ratio ranging from 1.9 (based only on transportation cost savings) up to about 40 (assuming that additional mineral activity is attributable to the rail extension). In addition, there will be community benefits -- jobs and income -- that we have not explicitly considered here. These are extraordinarily good returns on an infrastructure investment in Alaska.<sup>6</sup>

---

<sup>4</sup> We have assumed that the state would pay half of these upgrades and pipeline builders would pay half.

<sup>5</sup> Metz, P. A. 2007a. *Economic Analysis of Rail Link Port MacKenzie to Willow, Alaska*. Prepared for Matanuska-Susitna Borough. February.

<sup>6</sup> By comparison, the Bradley Lake hydroelectric project now appears to have a B/C ratio of less than 1.5, even when based on high and rising natural gas prices. Most public projects in Alaska have not been subjected to formal cost-benefit analysis.

## Benefits of the Southcentral Rail Extension to the Municipality of Anchorage

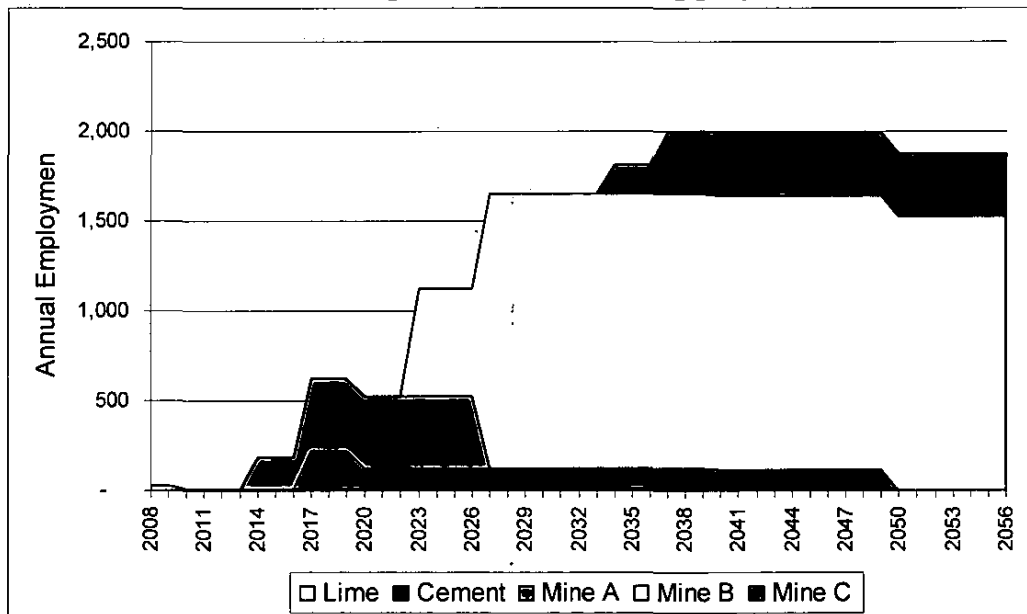
### Summary of Findings

The proposed Southcentral rail extension to Port MacKenzie is likely to generate significant economic benefits for the residents of Anchorage. These benefits are due to a combination of reduced transport costs, the ability to ship bulk commodities over shorter distances, and economical access to industrial land. We considered and analyzed these benefits under a set of assumptions about job creation, transportation costs, land use considerations and future mineral development. Our major findings include the following:

#### Jobs

- Port MacKenzie.** The rail extension will generate new jobs for Anchorage workers by stimulating industrial development and jobs at Port MacKenzie. Under a base case scenario with a rail extension and ferry service, Anchorage residents would gain 730 average annual jobs and \$50 million of annual income during the period of 2013 -2017 from industrial development at Port MacKenzie. Hundreds more jobs would be gained after 2017. The rail extension will play an important role in this process. For example, it will allow coal exports through the port as early as 2013, generating more than 100 jobs.
- New Mines.** Major new mines shipping concentrate via the rail extension would generate thousands of new jobs, and a significant fraction of these jobs would be held by Anchorage residents. Our detailed analysis of the potential employment from five specific mining projects indicates that more than 2,000 average annual jobs would be created in Anchorage or held by Anchorage residents once the mines are fully developed. Most of these jobs would be in mining and in professional sectors that pay good wages. Also, during initial mine development, many of the jobs would be in construction and fabrication.

**Projected average annual employment of Anchorage residents due to new mining activity and multiplier effects, by mining project**



- **Rail Construction.** The construction of the rail extension would generate up to 3,000 total jobs, and ongoing operations would generate up to 150 total jobs. It is likely that many of these jobs would be held by Anchorage residents.
- **State Revenues.** State mining taxes generated from new mines will boost the Anchorage economy. Estimated tax revenues and royalties would grow steadily, reaching \$267 million per year by 2040. A large share of these potential tax revenues, roughly proportional to Anchorage's share of state population, would likely flow into the Anchorage economy, sustaining hundreds of direct jobs and reducing property tax burdens that would otherwise stifle private sector job creation.

### Regional Competitiveness

- **New Economic Opportunities.** Port MacKenzie and the rail extension, operating together, are a significant new strategic asset for the entire regional economy. This infrastructure will create expanded opportunities for mineral, timber, and energy resource development, and the export of bulk commodities by rail through Port MacKenzie constitutes a new economic sector for the Southcentral regional economy. As the region's commercial and financial hub, Anchorage will gain jobs and income from all of this activity.
- **More Efficient Land Use.** The rail extension allows for higher-valued use of land in Anchorage. The rail extension will allow for railroad-dependent industrial development to take place at Port MacKenzie. This development would allow limited existing industrial-zoned land throughout Anchorage to be used for other, higher-value uses such as commercial development, while still meeting the regional economy's need for industrial land.

### Fiscal Benefits

- **New State Revenues.** As noted above, revenues to the State of Alaska from new resource development would grow steadily, reaching \$267 million per year by 2040. These revenues will reduce the need for other taxes, stimulating capital formation and job creation by the private sector.
- **Higher Local Tax Base.** Local governments will also see higher tax revenues from a higher-valued property tax base. The stimulated new development will increase the tax base and reduce the need to raise taxes on homeowners or existing businesses.

### Other Benefits

- **Port of Anchorage.** The industrial and mineral development stimulated by the rail extension to Port MacKenzie will likely increase both the volume and the value of cargo going through the Port of Anchorage. For example, if large mines are developed, the goods and equipment used by the mines for development and operations will flow through Anchorage.
- **Rail Shipping Costs.** The unit cost of shipping on the Alaska Railroad is likely to fall as fixed costs of roadbed maintenance and administration are spread over a higher volume of shipments.

This is the executive summary of a longer report. The full report is available at:  
[http://www.iser.uaa.alaska.edu/Publications/Benefits2MOA\\_SC\\_Rail\\_Extension.pdf](http://www.iser.uaa.alaska.edu/Publications/Benefits2MOA_SC_Rail_Extension.pdf)

Name	Position/Title	Organization	Presentation ?	Testimony ?	In Juneau or LIO?
John Duffy	Borough Manager	Matanuska-Susitna Borough	Yes	Yes	Juneau
Rick Mystrom	Former Mayor of Anchorage	American Multiplex	Yes	Yes	Juneau
Pat Gamble	Chief Executive Officer	Alaska Railroad		Yes	Juneau
Joe Perkins	Former DOT Commissioner	Perkins Consulting		Yes	Juneau
Dr. Steve Colt	Professor	UA-Institute Social & Economic Research		Yes	Juneau
Dr. Paul Metz	Professor	UAF		Yes	Juneau
David Talerico	Mayor	Denali Borough		Yes	Juneau
Karl Gohlke	Transportation Committee Chair	Fairbanks Chamber of Commerce		Yes	Fairbanks LIO
John McKinnon	Executive Director	Associated General Contractors-Anchorage		Yes	Juneau
Tony Johanson	Director	Associated General Contractors-Fairbanks		Yes	Fairbanks LIO
?	Executive Director	Fairbanks Economic Development Corp.		Yes	Fairbanks LIO
Steve Burell	Executive Director	Alaska Miners Association		Yes	Anchorage LIO
Lacher/Maloney		CH2MHill		Yes	Wasilla LIO
Ron Arvin	Borough Assembly	Matanuska-Susitna Borough		Yes	Juneau
?	Commercial Realtor	Anchorage		Yes	Anchorage LIO
Greg Striker (?)	Vice President	Alutiiq		Yes	Anchorage LIO
Kim Cunningham	Vice President	CIRI		Yes	Anchorage LIO
Roger Purcell	Mayor	City of Houston		Yes	Wasilla LIO

## **Railroad outlines plans for extension to Port MacKenzie**

If the Alaska Railroad sticks to its schedule, there could be rail traffic to Port MacKenzie in three years or less.

In its project fact sheet, the railroad said the final design of the route would be complete this year. Construction would be complete by 2012. After that, the engines and cars would start rumbling down to water's edge.

If that happens, places as far away as Fairbanks can start shipping goods to this area's only deep-water port. Freighters can bring in material from distant lands. Industry will flourish statewide. Good-paying jobs will be created.

If the railroad's fact sheet is correct, this is a project that we can see in the immediate future, something we can hang our hat on — unlike the gas pipeline that continues to seem like a pipe dream.

Speaking of the gas pipeline, with lots of room to grow at the port, it would make a great staging area for the pipe project. Heavy equipment could come there by ship. The materials to build the pipeline could be stored there until needed.

This line extension, along with the port emerging as an industry hub, puts the Valley in a good position to do great things down the road.

In a press release, the railroad says it has budgeted more than \$43 million for capital improvements for this year.

Much of that money is scheduled to be spent in the Mat-Su Borough. In addition to line extension to the port, there are plans for relocating tracks in Wasilla, a commuter rail study, restrooms in Talkeetna and some bridge work, including the Matanuska River.

Other than seeing a train pass by, many people don't think much about railroads. The image that comes to mind is that railroads are old school in this day of digital this and Internet that.

The fact is, railroads are the backbone of the country's freight hauling.

If you need further convincing, think back to last year when Warren Buffett, the billionaire, started buying railroads like he had Monopoly money. If Buffet thinks railroads are a sound investment, then who is anybody to argue? He's done pretty well for himself.

The rail extension connecting to existing tracks somewhere north of Wasilla will be a boon to the statewide economy and the Valley will be at the heart of it.

That can't happen soon enough.



# Port MacKenzie Rail Extension



## PROJECT FACTS

12/30/2009

### Project Scope

The Matanuska-Susitna Borough (MSB) and the Alaska Railroad Corporation (ARRC) jointly propose construction and operation of a new rail line to connect the Borough's Port MacKenzie to ARRC's rail system.

The port lies about 30 miles southwest of Wasilla and about 5 miles due north of Anchorage, across Cook Inlet. Depending on the route selected, the project would involve 30 to 45 miles of new rail line extending from Port MacKenzie to the Alaska Railroad's mainline at some point between Meadow Lakes and north of Willow.

Port MacKenzie has a deep draft dock that requires no dredging and can serve the world's largest ships (Panamax and Cape Class vessels). The port's 8,940 upland acres and 1,300 tidal acres provide ample room to accommodate bulk resource storage, transport and processing facilities, as well as rail and terminal facilities for efficient train loading and unloading.

The project includes completion of an Environmental Impact Statement (EIS) as required by the National Environmental Policy Act (NEPA). The EIS and associated studies include identifying and analyzing feasible alignment alternatives, completing preliminary engineering design on alternatives, estimating anticipated construction costs, and determining the project's economic, financial and engineering feasibility.

When the EIS, design and construction are complete, the new rail line would operate as part of the Alaska Railroad system.

### Project Benefits

- The rail line would support Port MacKenzie's potential as a bulk resources export and import facility.
- The rail line would support natural resource development. Increased rail freight activity would benefit railbelt communities through

increased employment, contributions to state and community tax base, and overall economic health.

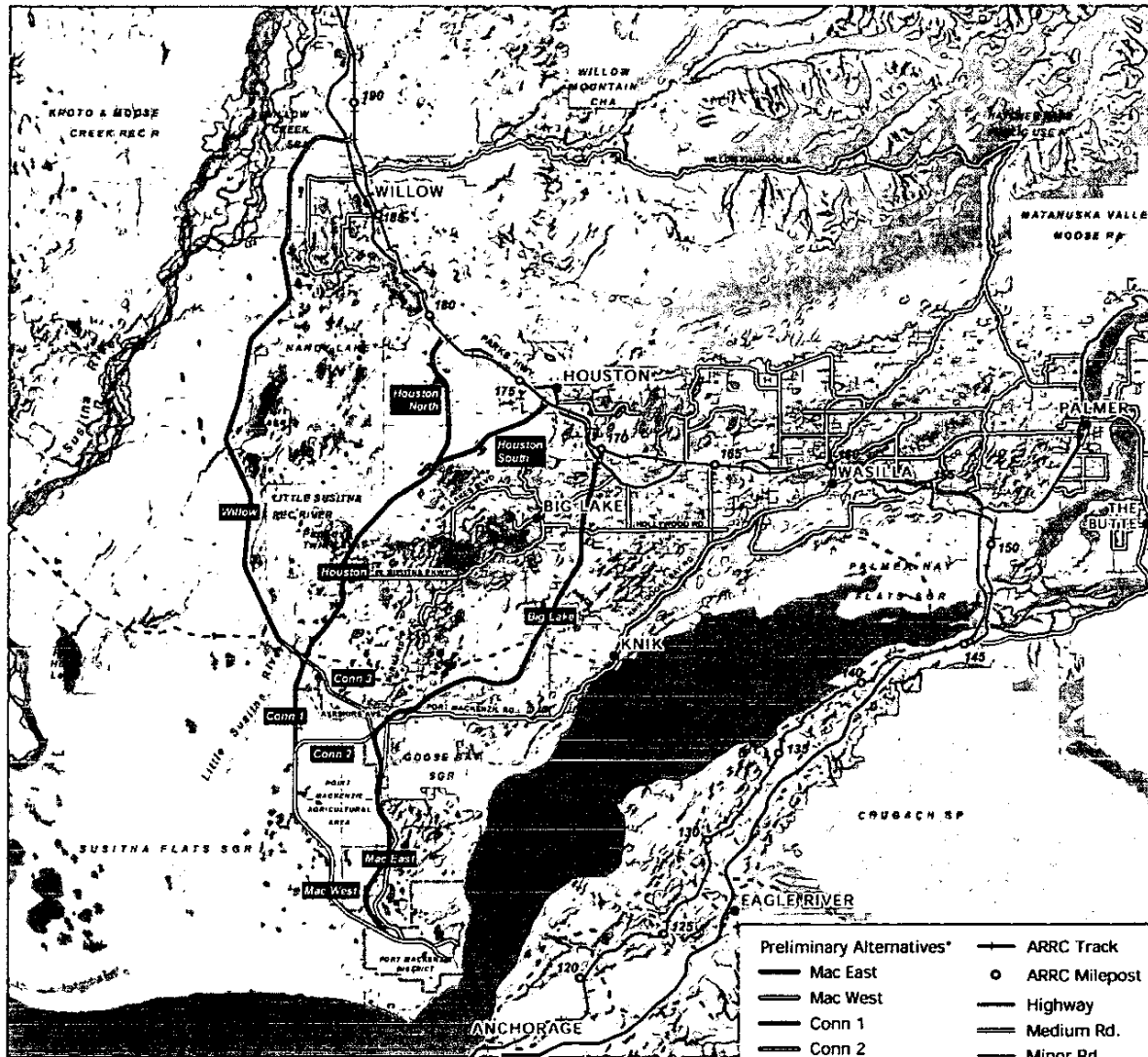
- With room for layout and storage, Port MacKenzie would be an ideal site to supply materials for pipeline and other construction projects.

### Project Status & Timeline

- In June 2007, MSB and ARRC signed a Memorandum of Agreement to pursue environmental work, engineering and alternative analysis in support of the Surface Transportation Board (STB)-led environmental document for a Port MacKenzie rail line extension.
- Ideally, the project will follow a tight schedule:
  - NEPA Environmental Study Completion / Identify Funding: 2007-2010
  - Project Final Design: 2009-2010
  - Construction: 2010-2012
  - Operation: 2012-2013
- In Summer 2007, MSB and ARRC hired HDR Alaska to assist with completing an Alternatives Analysis (AA). This entailed review of prior studies related to Port MacKenzie, as well as new preliminary engineering and environmental field work to support the NEPA process. Extensive public involvement activity took place September through December 2007, including five public meetings (Wasilla, Knik, Big Lake, Houston and Willow), and dozens of briefings and meetings with community and special interest groups, as well as with municipal, borough, state and federal regulatory agencies. A project web site was also developed, going live in September 2007 — [www.portmacrail.com](http://www.portmacrail.com).
- The railroad submitted the completed Alternatives Analysis as part of an application to the STB in January 2008. See the STB NEPA



# Route Alternatives



— Mac East	— ARRC Track
— Mac West	○ ARRC Milepost
— Conn 1	— Highway
— Conn 2	— Medium Rd.
— Conn 3	— Minor Rd.
— Houston	— Iditarod Trail
— Houston North	— City Boundary
— Houston South	— Park or Refuge
— Willow	
— Big Lake	

## Matrix Reference

Use this map as a reference for reviewing the project matrix on the following page. Footnotes regarding the matrix:

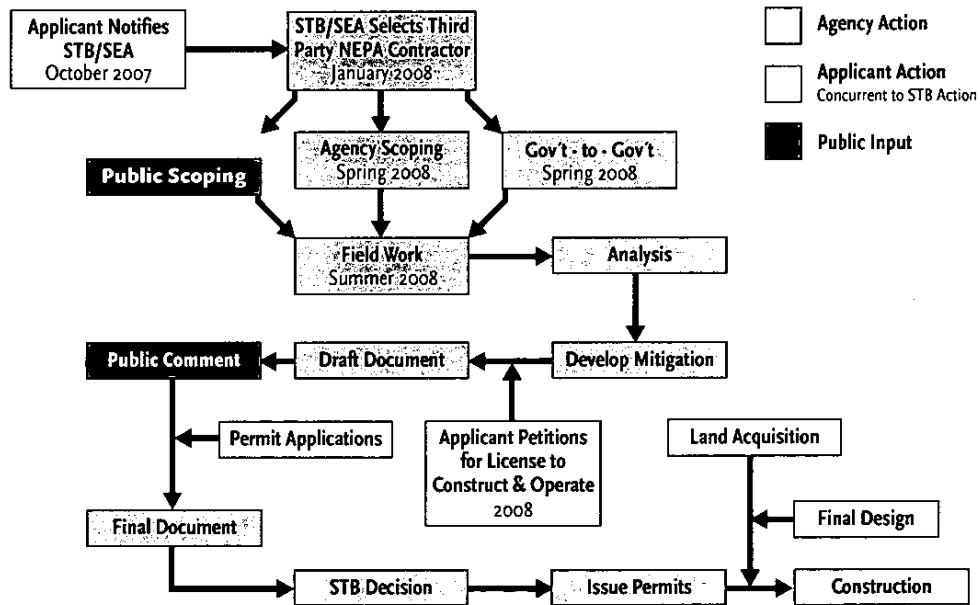
- a Criteria are rated as follows: (+) Positive; (0) Neutral; (-) Negative. Criteria are not weighted and routes are not ranked.
- b Large parcels of undeveloped land owned by the State (but not designated for parks or refuges), Mat-Su Borough, University of Alaska, Mental Health Trust, and Alaska Native Corporations.
- c Lands designated for parks, refuges or agricultural uses.
- d Routes impacting greater than 500 acres were given a minus (-) and routes impacting less than 300 acres were given a plus (+).
- e Costs do not include approximately \$10 million for a loop track constructed within the Port. This cost is common to all of the route alternatives.



## Port MacKenzie Rail Extension Criteria Matrix

PROPOSED ROUTES	CRITERION <sup>a</sup>										+ / 0 / -	Total	Cost Estimate <sup>c</sup> (millions of dollars)	
	Poor/Highly Compressible Soil (millions of cubic yards)	Number of New Road Crossings	Land Availability <sup>b</sup> (acres/mile)	Number of Developed Parcels	Designated Land Use <sup>c</sup> (acres)	Train Energy Needed (horsepower-hours)	Wetlands (acres)	Number of Mapped Anadromous Fish Streams	High Potential for Archeological Sites (acres) <sup>d</sup>	Fragmentation of Refuges or Recreation Areas (yes/no)				
Mac West • Willow	1.15 0	5 +	15.8 0	15 0	440 -	8,100 +	200 0	5 0	585 -	Yes -	2 / 5 / 3	-1	\$285	-
Mac West • Houston North	1.73 -	4 +	14.6 0	13 +	440 -	7,300 0	350 -	7 -	225 +	Yes -	3 / 2 / 5	-2	\$220	0
Mac West • Houston South	1.19 0	5 +	16.3 0	13 +	415 -	8,100 0	280 -	6 0	280 +	No 0	3 / 5 / 2	+1	\$200	+
Mac West • Big Lake	0.66 +	11 -	11.3 -	35 -	320 -	9,800 -	220 0	7 -	530 -	No 0	1 / 2 / 7	-6	\$240	0
Mac East • Willow	1.05 0	7 0	18.9 0	7 +	150 +	8,700 0	90 +	4 +	580 -	Yes -	4 / 4 / 2	+2	\$280	-
Mac East • Houston North	1.62 -	6 0	18.7 0	5 +	145 +	7,900 0	240 0	6 0	225 +	Yes -	3 / 5 / 2	+1	\$220	0
Mac East • Houston South	1.08 0	7 0	20.4 +	5 +	130 +	8,700 0	175 +	5 0	280 +	No +	6 / 4 / 0	+6	\$200	+
Mac East • Big Lake	0.56 +	11 -	15.4 0	26 -	120 +	9,100 -	160 +	7 -	540 -	No +	4 / 1 / 5	-1	\$220	0

### STB NEPA Process



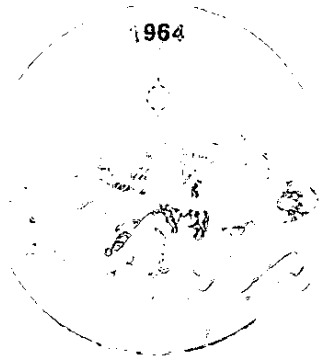


**LYNNE WOODS  
DEPUTY MAYOR  
ASSEMBLY DISTRICT 1**

MATANUSKA-SUSITNA BOROUGH  
P.O. Box 37  
Sutton, AK 99674  
E-mail: [aklynne@mtaonline.net](mailto:aklynne@mtaonline.net)

PH: (907) 745-4527  
CELL: (907) 232-5067  
FAX: (907) 746-6359

1964



*Southwestern Community College*

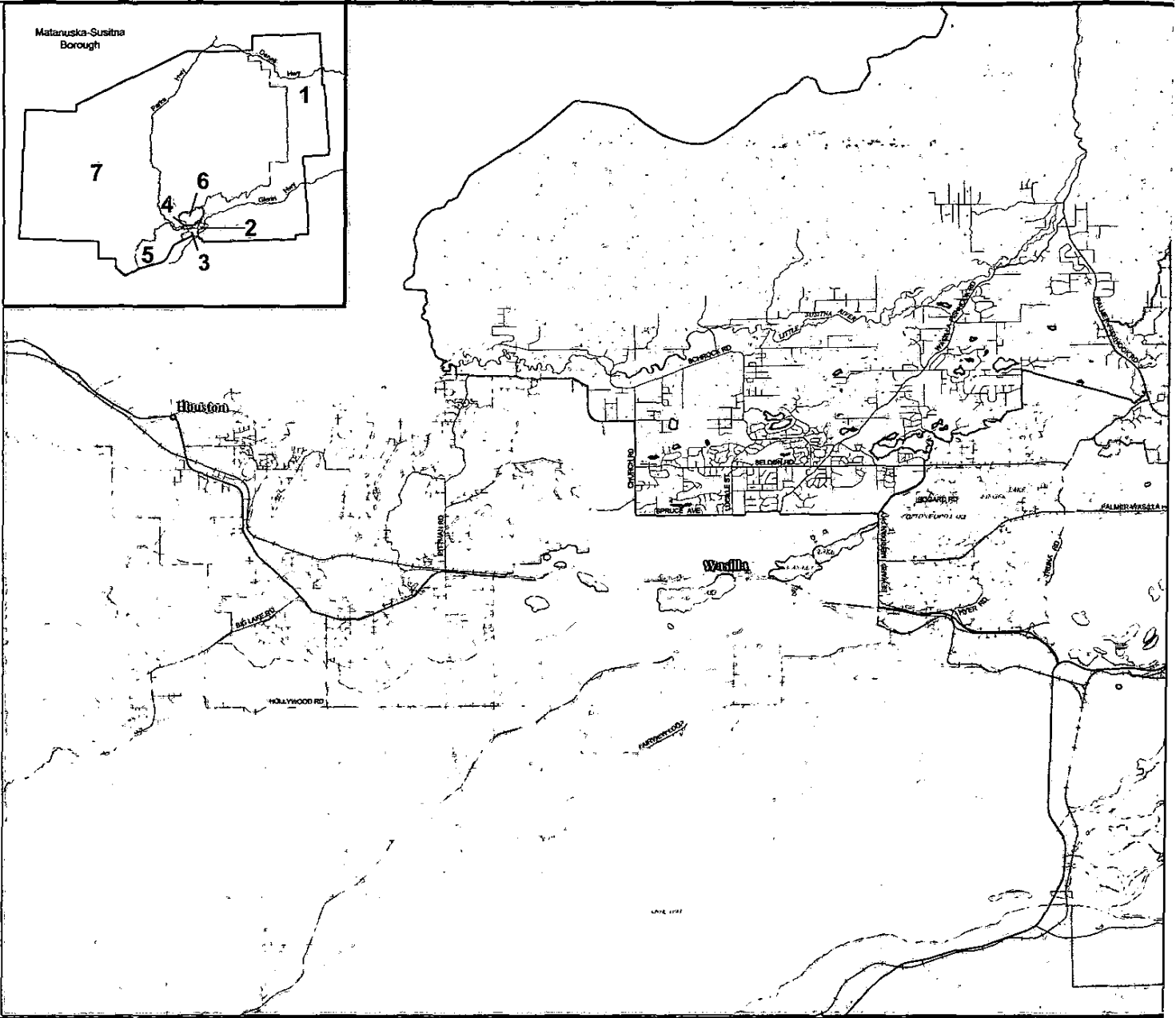
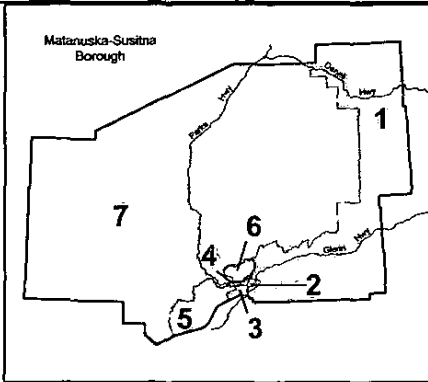
# Annual Report 2009



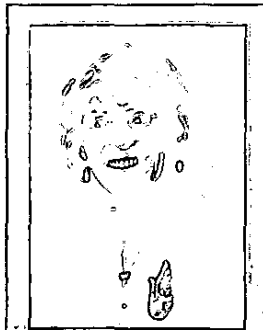
Photos by: *Patty Sullivan* *John Borland*

*Celtic Johniz*

# MAT-SU MATSU more than



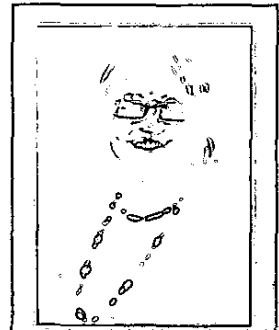
Talis Colberg, Mayor  
745-9682  
tcolberg@matsugov.us



Lynne Woods, #1  
745-4527  
aklynne@mtaonline.net



Pete Houston, #2  
354-6308  
akpete@mtaonline.net



Michelle Church, #3  
354-1887  
michellechurch@mtaonline.net



# A Letter to the Community



Dear Mat-Su residents,

We think we have it all.

In a striking Alaska setting our amenities are growing: the first Target and Walgreens in Alaska chose to come here. Chili's, Sportsman's Warehouse, & Sports Authority, came one after the other. Independent businesses such as Cubby's market, and tasteful restaurants such as Turkey Red, and The Red Beet have opened their doors.

The Borough economic base continues to expand and diversify. Our bond ratings remain solid at Standard & Poor's-AA, Fitch Ratings-A+ and Moody's-A1 — no small feat in tough economic times. New activities at the Port are generating revenue and returning profit on 6 years of infrastructure investment. The coming industry via the Port MacKenzie Rail Extension and the barge dock expansion will help reduce the burden of taxes on the homeowner by diversifying our tax base.

Goose Creek Correctional Center is under way. The \$240 million project creates up to 1,000 direct and indirect jobs in the Borough at a time when the rest of the country is searching for economic stability.

The Fred & Sara Machetanz Elementary school is not only an energy efficient new school but a magnificent building for learning. Work on the Susitna Valley Jr/Sr. High will be complete by Christmas. All three structures are LEED certified, upholding high standards in sustainability.

In the past decade our population grew 39 percent. We're still growing. There's much more to tell inside.

-John Duffy, Matanuska-Susitna Borough Manager

*Curtis D. Menard,*

*Former Mayor of the Matanuska-Susitna Borough  
October 2006 - March 2009*

*Mayor, you often entered a room at the Borough chuckling, ready for a challenge. In the lows of a night meeting, you interjected a dose of humor and lifted the dull room into laughter. When you fell into storytelling it was often to poke at your own misadventure,—an undersized boat tossed—with wife—in rough seawater, a fishwheel overflowing with reds while you slept like a teenager in a truck; your missing arm you fondly called "the hook." You addressed everyone with respect: CEOs and kids alike. You led the Borough with grace and advanced us. Time passes, but you are sorely missed.*



# Magnet for

# Volunteers

The Borough Animal Care Shelter has come a long way from the days of surgery performed on a makeshift plywood exam table.

A 14,000-foot expansion has brought light and space and goodwill to what was a sick building. A classroom, three adoption rooms, a designated grooming area, and a commercial-grade laundry room are part of the upgrades. Three times the holding capacity for animals makes adoptions more likely. An artificial tulle mural with windows invites hallway viewing of cats beyond the wall in the cattery. The renovation of the existing 7,600 square foot structure will be complete in July.

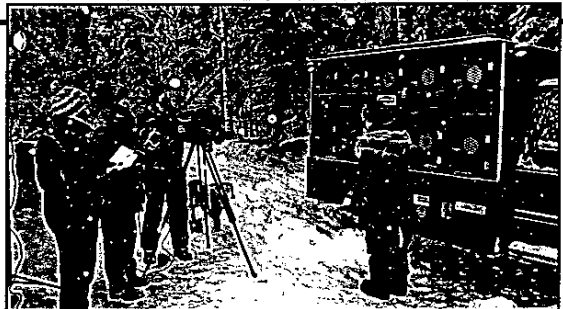
Volunteers are buzzing about the busy new shelter, putting in loads of hours. Ashley Kjelland, 16, has volunteered 200 hours in a single month. "It makes a really big difference to see animals coming in and out, preferably out. It makes me feel better to make their stay more comfortable." Kjelland is among a group at the shelter who has earned the Gold in the Presidential Volunteer Service Award.

Just nine volunteers were on board when Volunteer Coordinator Sue Fujimoto was hired. Eight months later, 65 are active with another 30 wanting to learn how. Fujimoto says the community also gains. Kids with special needs, a woman with Alzheimer's, have noticeably gained more confidence after caring for dogs and cats.

The community interest in the attractive new shelter and the stepped-up outreach has helped lower the rate of euthanasia to half the national average.

## ZONING CODE UPDATE A BETTER WAY TO GROW

The Borough's first television commercials were produced in-house by a team of four. The commercials were part of a larger public outreach effort on the challenges of growth in the Mat-Su. Subsequent commercials addressed the rewrite of Title 17, the zoning code. In four Borough community surveys residents consistently said they want better ways to manage growth and development. The Borough Planning Division has committed to undertake this effort and is leading the public review of our zoning regulations. Workshops, review meetings and hearings on the proposed ordinance will take place before adoption. Tell us how you want to grow and visit [www.zoningupdate.info/](http://www.zoningupdate.info/)



Willow Musher Erin McLarnon tells the camera, "How will I run my dogs when there are fewer trails tomorrow?" The commercial producers were: Project Manager & Planner Lauren Krueger, Planner Emerson Krueger, Videographer Stefan Hinman, and Public Affairs Director Patty Sullivan. Photo by Patty Sullivan

## MASCOT

Two new 30-passenger buses for MASCOT, Mat-Su Community Transit, provide more seats for commuters between the Mat-Su and Anchorage. A \$500,000 grant from the Federal Transit Administration and a \$125,000 matching grant from the Borough paid for four new buses and a driving simulator.

Visit the MASCOT website at [www.matsutransit.com](http://www.matsutransit.com).

562-7665 Anchorage Share-A-Van

The Mat-Su now has 4 Share-A-Ride vans thanks in part to federal grants. The Borough is partnering with Anchorage in a regional vanpool program.

## Public Works

The Borough Public Works Department stood out in the state for its household hazardous waste program, earning an award of excellence from the Alaska Municipal League.

"The facility allows our division to provide a significantly higher level of service to residents."

—Greg Goodale  
Solid Waste Division Manager



Photos by Patty Sullivan/MSB

# Port MacKenzie

## From China to the Mat-Su

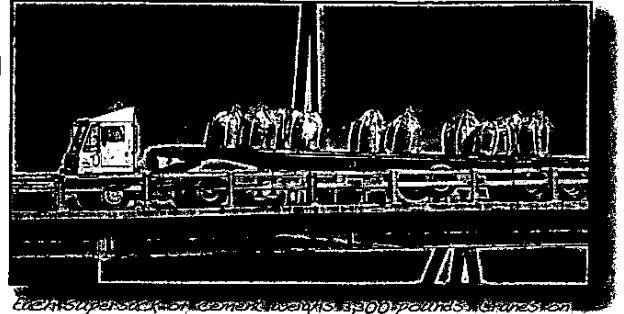
In April the Clipper Tivoli arrived from China. Workers unloaded the vessel round the clock. Some 16,000 tons of cement and 3,000 tons of rebar moved across the dock. The Clipper Tivoli paid \$35,000 in wharfage and dockage fees. Another cement ship is expected in fall 2009.

Earlier in the year, the Borough sold 451,000 tons of gravel, generating wharfage and dockage fees as well as royalties, about \$600,000.

"It's another expansion here at Port MacKenzie," said Port Director Marc VanDongen. "And other commodities will follow like fuel and limestone."

VanDongen said this fiscal year the young Port turned a profit.

"Once we get our rail line in, I expect significant net profits, in the \$5-\$10 million a year range, here at Port MacKenzie."



Each super-sack of cement weighs 3,300 pounds. Workers on the ship hoisted twelve sacks onto each flatbed. The loads left the dock about every seven minutes and made their way to a warehouse up the hill.



## Benefits keep adding up

The Port MacKenzie Rail Extension will give more than a \$100 million boost to the most important project of our time: the natural gas pipeline. With a shorter rail distance to tide water, the transport costs will be lower at Port MacKenzie, resulting in tremendous savings in construction costs. Shipping pipe and heavy materials north on the Port MacKenzie line will save

producers \$122 million over going through Seward, \$107 million over Anchorage, and \$111 million over Whittier. The route to the Port, to date, has not been chosen. An Environmental Impact Study is expected in summer 2009.

## Susitna Ferry connecting Upper Cook Inlet in 2011

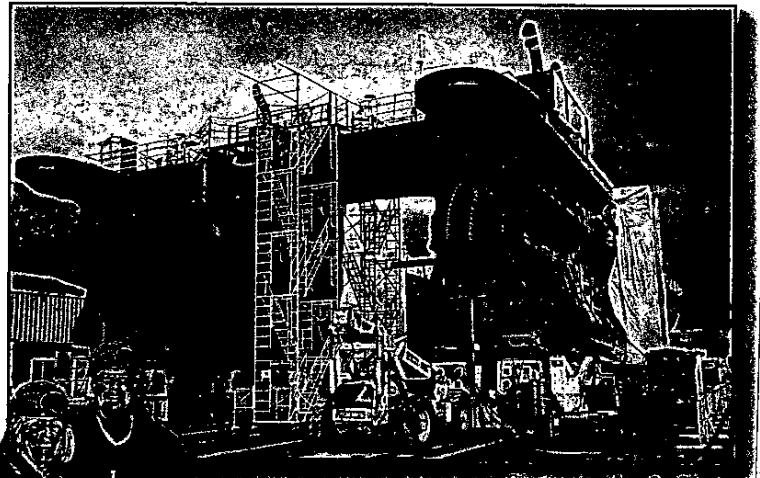
The Susitna Ferry will promote economic development in the Upper Cook Inlet. Tyonek is already on board and ready to ride as regular passengers to Anchorage. Fairbanks sports fisherman want to ride to Kenai.

**"T**he Navy gets to test new technology and we get to keep this one-of-a-kind ship."

— John Duffy, Borough Manager

- M/V Susitna can haul freight, more than 20 vehicles and 100 passengers.
- The world's first ice-breaking catamaran with a variable draft for landing.

[ww1.matsugov.us/ferry](http://ww1.matsugov.us/ferry)



Deputy Major Lynne Woods and Assemblymember Pete Houston visit the Ketchikan shipyard.

# It's about jobs

**"I**m pleased to say—in this time of economic crisis—we have a major construction project underway that is providing many jobs to Mat-Su residents."

— John Duffy,  
Mat-Su Borough Manager

**"W**e protect the public, we don't exist to put people in jail."

— Joe Schmidt  
Commissioner AK  
Dept. Corrections

Up to 1,000 jobs

375 permanent  
Corrections jobs

650 Construction  
jobs over three  
years, \$100 million  
payroll

**"A**t 435,000 square feet, the \$240 million project is the largest building construction project for the state in recent history."

— Russ Krafft,  
project manager with Mat-Su Borough

# It's about change

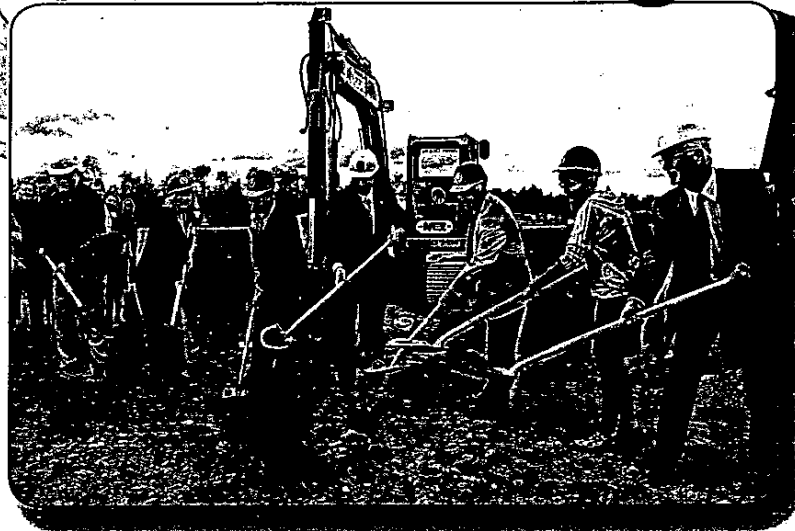


Photo by Cynthia Ostadt/RISE Alaska

**"I**t may sound odd to people for us to say we are excited about building a prison. ... It's no ordinary prison. As Commissioner Schmidt has said so many times to me, his greatest hope is that some day he'll be out of a job... Some day the prisons and the programs and the rehabilitation efforts will truly pay off in the form of reclaimed lives and character of those incarcerated."

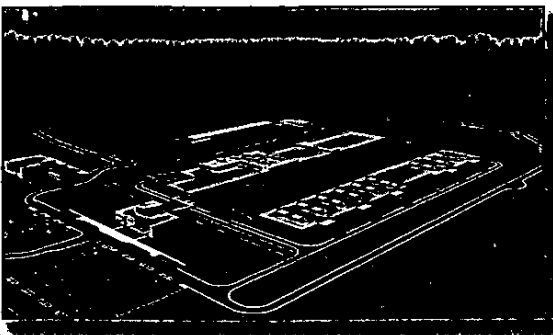
— Governor Sarah Palin

*The project will also return tens of millions of dollars to the Alaska economy.*

*Local landowners benefit because the project is developing infrastructure in the region. Gas and telecom fiber are now available. Also a wastewater treatment plant will be developed, which could provide utility service to the public in the future.*



[www.matsugov.us/prison](http://www.matsugov.us/prison)



The prison site off Alsop Road is 330 acres with some 90 cleared acres. The site is located about nine miles from the dock at Point MacKenzie. The medium-security facility will have 1,536 beds for male prisoners.

Mat-Su Borough ~ We have it all 7

# Building a strong Future

## The FIRST in Alaska

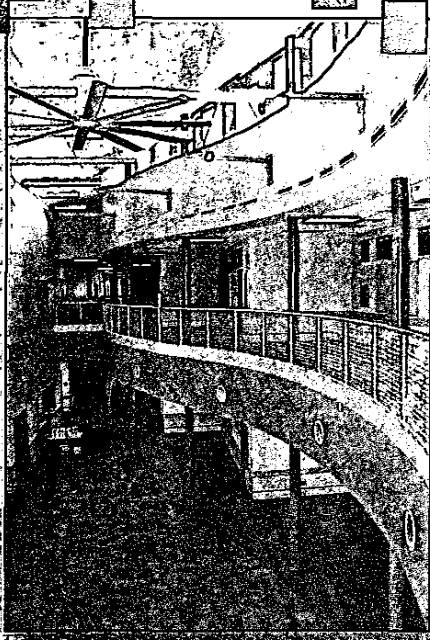


Photo by Patty Sullivan/MSB

The Fred & Sara Machetanz Elementary School is the first LEED-certified school in Alaska. LEED is Leadership in Energy & Environmental Design. The standards incorporate sustainability and efficiencies into the operation of the building.

The 51,000-square foot school is a magnificent space. A 39-foot ceiling in the multi-purpose area lifts to a large metal fan. Natural sunlight enters through high windows. Motion-activated sensors turn on and off lights near sinks. Banisters curve with the fluid room. Collaborative learning spaces, connected with the Ethernet, make the hallways useful for independent students on computers. A moveable wall also transforms the large open space into a private stage. In-floor heating is in the gym and kindergarten classes. Toilet handles flush up or down depending on the water demands. An elevator saves 2,000 square feet over the ramps of older schools.

*The new prototypical elementary school design is focused on the learning environment and incorporation of technology, building system efficiencies, and collaborative learning.*

*-Bob Bechtold, project manager, Borough Public Works Department*

### SCIENCE OLYMPIAD TOP ACHIEVERS

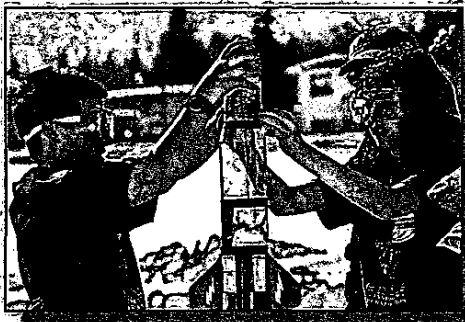


Photo by Carol Taylor

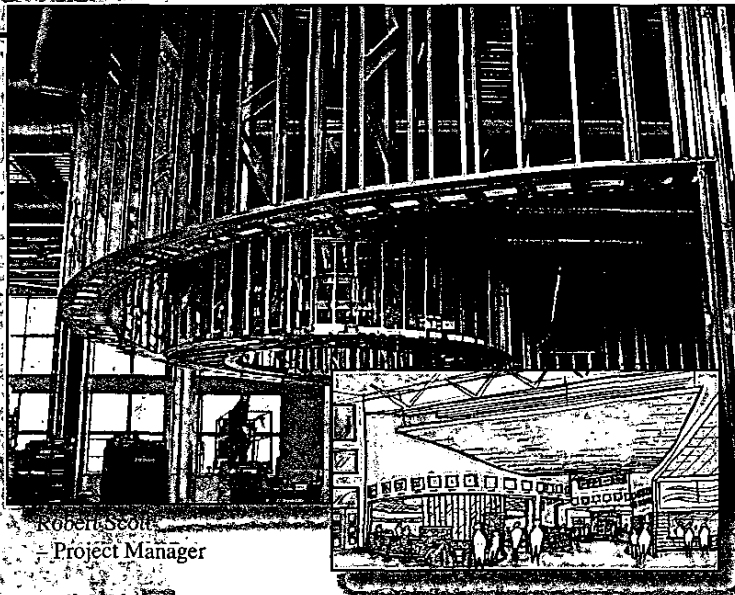
Teeland Middle School students traveled to Augusta, GA in the National Science Olympiad.

Leif Kilkenny Johnson is a 2009 National Presidential Scholar from Alaska, an honor reserved for the top students in the nation.

Two students from each state are selected and are expected to be presented their gold medals by the President. Candidates for the honor must have scored in the top 3,000 students nationwide (the top 1/5th of 1 percent) on the SAT and ACT exams.

Johnson has previously represented Alaska at the national level five times.

All of Johnson's educational career has been in the Matanuska-Susitna Borough School District.



Robert Scott  
- Project Manager

When the doors open this winter, Susitna Valley High School will replace a school lost to fire in June 2007.

The 50,578 square-foot school will have a unique foyer. A glass and stone veneer hearth seating area on embedded boulders will give a rustic lodge feeling.

The building incorporates many energy saving and green' building materials, striving for conformance to LEED standards for the Mat-Su Borough's first platinum-rated building.

Su Valley High will accommodate classrooms with flexible teaching areas, a welding lab, a semi-circular media center and several applied science and lab areas.

A new drive with lights and a new lit walkway have been added to improve pedestrian safety.

Did you know the Mat-Su Career & Technical High School has won 6 prestigious design awards

# VERTICAL LIFT & Backcountry Glide

**S**ki lifts and Nordic trails at a regional Hatcher Pass Ski Area are getting closer than ever.

The Borough is working on building a road to both sites.

Snow sports already happen at Hatcher's. The ski area will bring avalanche safety, restrooms, food service, a warming place, snow sports rentals, lessons, snowmaking and night-lighting. The two Alpine lifts will give downhill skiers and boarders significant vertical

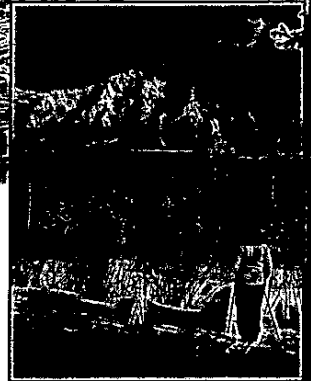
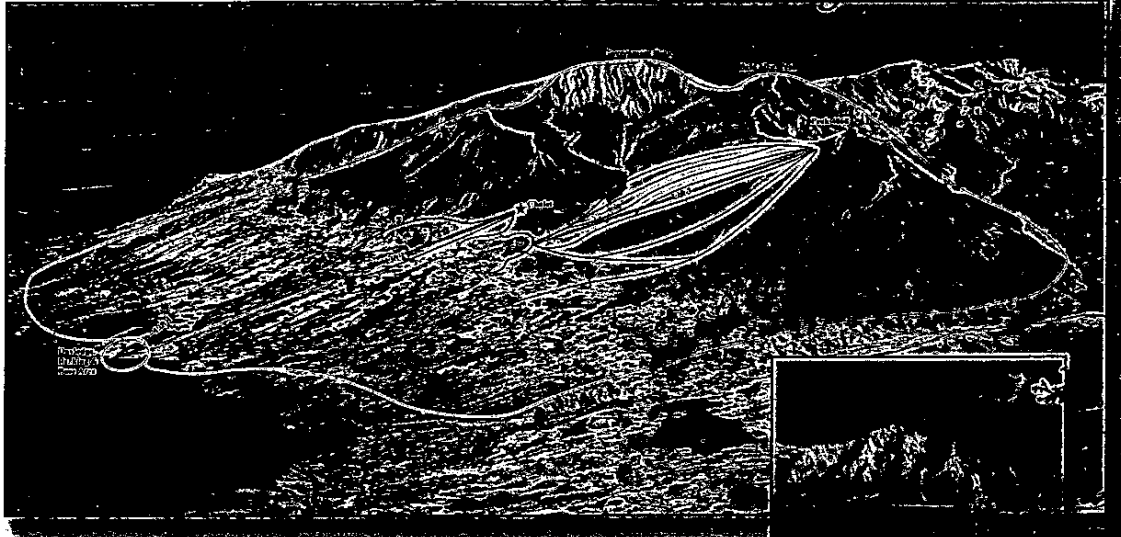
altitude. Around the corner on the Nordic or southern side of the mountain, 20 kilometers of trails—designed by an Olympian—will take a cross country skier through spruce to scenic views.

The \$19 million recreation project will spur economic development by drawing more skiers and their dollars here.

"The ski areas will bring secondary and tertiary economic benefits," said Assemblymember Rob Wells, who represents the area. The ski area will pay for itself operationally, as well."

An economic study indicates that on a typical weekend some 700 to 1,500 skiers per day would ride the lifts at Hatcher Pass. And Nordic ski clubs have expressed great demand for the cross-country trails.

\$5.6 million from the Federal Transit Administration is paying for an environmental study, access, and transit infrastructure. The Borough is researching how to fund the project. Visit [www.hatcherpass.com](http://www.hatcherpass.com).



Photos by Ted Bell

## Stop and stay awhile

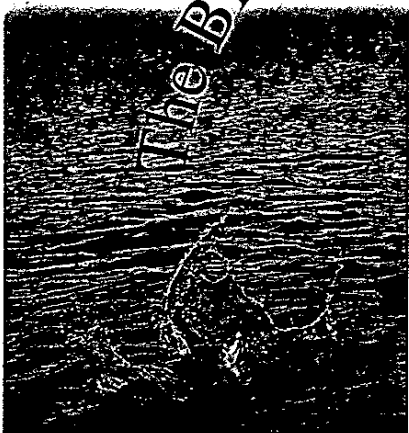
A study on tourism infrastructure showed that visitors here drive through the Borough on their way somewhere else and don't know where to hike and fish.

The Assembly began a new program this year by dedicating \$280,000 of the \$1 million in visitor bed taxes to tourism infrastructure. Signage, information kiosks, destination trailheads and waysides with scenic overlooks and restrooms are part of the plan. This year \$130,000 will jumpstart the effort at Moose Creek near Sutton. Another \$130,000 will be spent on completing the trail system at Talkeetna Lakes Park.

"Because of waysides and scenic overlooks with kiosks, people do stop, they do hike, and they do stay longer."

—Dave Hanson, Economic Development Director

**THE BITE IS ON!**



**W**orld flyfishing expert Phillip Rowley has dubbed the Mat-Su Borough the Stillwater Fishing Capital of Alaska.

Last summer, Rowley produced two TV shows here. The New Fly Fisher reaches 90 million households. The Borough is marketing this niche to tourists.

The Mat-Su holds an impressive concentration of quality waters and diversity of species. More than 80 lakes—wild and stocked—are all within an hour's drive.

Visit the web site at [www.akstillwatercapital.com](http://www.akstillwatercapital.com)

## The Mayor's Blue Ribbon Sportsmen's Committee

Their efforts continue to promote fish returns on Mat-Su rivers.

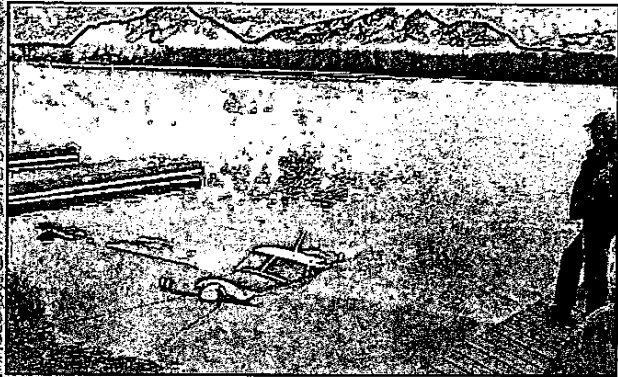


Photo by Mike Dawkins  
Catch and release - rainbow trout

**Did you Know:** There are more than 2,030 miles of trails in the Mat-Su Borough.

Mat-Su Borough - We have it all!

# Retrieving from the WATER



In June 2009, the pilot of a Piper Cherokee 250 sputtered to a silence over Wasilla and left the pilot little choice of where to set down, the congested Parks Highway or—retracted wheels and all—on Lake Lucille? He chose Lake Lucille. The pilot did a good job of putting the aircraft down on the water without flipping it. He got out okay, but his plane was stranded in water six-to-eight feet deep with a goopy, muddy bottom, said Cliff Silvers, Chief of the Water Rescue Team. Later Silvers and others went to retrieve the submerged plane. Using underwater lift bags, the crew lifted each wing and the engine with bags that inflate up to 2,500 pounds. Because the nose of an aircraft is heavier than the tail, a diver rode on the tail as Silvers guided the motor boat and plane gently toward the boat launch at the Best Western. “Our actions help mitigate the problems of fuel and oil in the water. Our actions also help the owners of taxable property to be able to salvage that property from the water,” Silvers said.

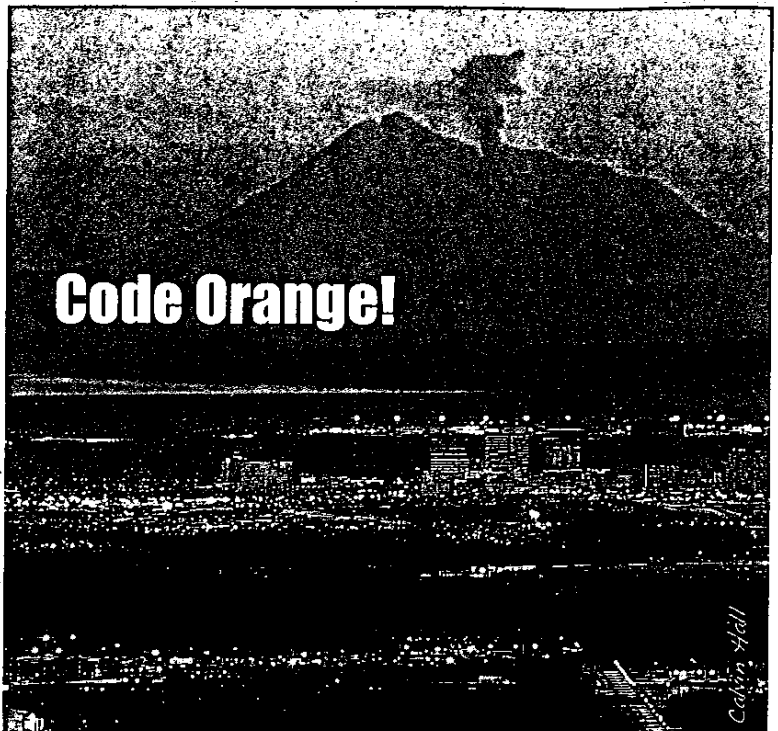
## HAZ MAT



Cargo such as compressed natural gas regularly travels through the Borough on trucks and trains. All members of Mat-Su Borough Emergency Services receive basic Hazardous Material Awareness training annually. Responders learn to identify a hazardous material incident and to keep themselves and the public safe. A Haz Mat Response Team formed two years ago. The team is capable of dealing with minor Haz Mat incidents with detection equipment, personal protective equipment and absorbent to contain spills and to initiate evacuations if necessary. We have a trailer provided by the State of Alaska set up for this mission.

The team trains together monthly and at least annually with cooperating agencies such as the Anchorage Fire Department and the 103rd Civil Support Team. Ken Barkley is the Haz Mat Chief.

## Code Orange!



The night Mt. Redoubt erupted for the first time, a small crew at the Matanuska-Susitna Borough activated the Emergency Operations Center.

Radar on the web showed a trajectory of ashfall drifting toward us.

By 2 a.m. communities in the Susitna Valley were the first in the State to experience light ashfall.

The Borough was prepared for the “what if.” Emergency responders in Willow, Trapper Creek, and Talkeetna were on alert.

Borough Emergency Manager Tom Smayda and Director of Emergency Services Dennis Brodigan were in continual contact with the Alaska Volcano Observatory, the National Weather Service, and the State Emergency Coordination Center as well as the Mat-Su School District. Lead Public Information Officer Patty Sullivan connected with TV and radio reporters throughout the morning and posted information immediately on the Borough’s new emergency preparedness page, built earlier but linked up at midnight by Webmaster Jack Horner.

The Borough Emergency Information hotline was used for the first time, 761-3790. For future emergencies, you can find information at: <http://prepared.matsugov.us>

# New technology for TOP LEVEL response

Six new ambulances will provide top level response. The ambulances cost roughly \$140,000 each. State funds and Borough funds helped pay for the vehicles.



Photo by Patty Sullivan

The ambulances will be stationed in Houston, Palmer, Sutton, and two will be in the largest district of Central Mat-Su. The sixth ambulance will be stationed at Big Lake/Meadow Lakes. Fire Chief Bill Gamble of Meadow Lakes/Big Lake Fire Dept. said the state-of-the-art equipment shows support for the paid, on-call responders. "Good equipment inspires the on-call responders," Gamble said. "When the page goes out, these people get up from dinner, from bed, from work. They drop everything to respond to a call for help from our fellow citizens."

Most Borough emergency responders are not full time employees and have jobs elsewhere, but respond to emergencies when called. Gamble has been an air traffic controller for 24 years and an on-call responder here for nearly 20 years.

## Knocking down fires faster

Two new state-of-the-art fire engines with compressed air foam capability will help firefighters knock down fires faster and ultimately save more property.

The fire engines are equipped with four-wheel drive to maintain traction on icy roads; heated front mirrors that require a glance rather than a turn of the head; and a full compressed air foam capability that increases firefighting efforts five times over.

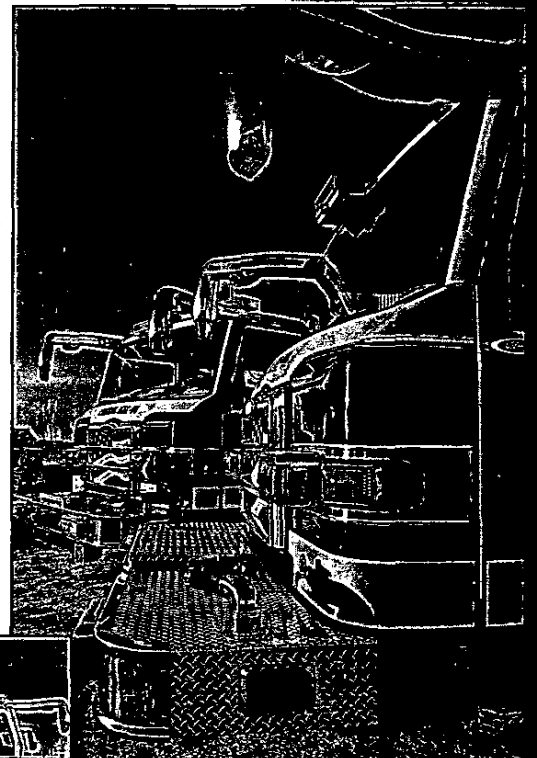
"Last year our calls increased 13.35 percent over the previous year," said Central Fire Chief James Steele. The quickly growing community of Knik-Fairview is within Central's boundaries.

Central Mat-Su Fire Department is the second largest in Alaska. The engines cost \$530,000 and were purchased by taxpayers of the Wasilla-Lakes Fire Service Area.

The engines will be instrumental in wildland-urban interface fires, where forest fires meet homes. With its two pump system, the fire engine can pump 1,500 gallons of water a minute and can also pump 100 gallons of fire suppressing foam a minute while the engine is rolling.

"In the Miller's Reach (fire) if we had something like this we could have gone up to one structure, coated it in foam, driven to the next house, coated it in foam," Steele said. "In those situations, seconds were what counted."

The Miller's Reach Fire in 1996 was a wildland-urban interface fire, the most destructive fire in Alaska's history, burning 443 buildings, most of them homes.



Photos by Patty Sullivan  
Deputy Chief for Central Mat-Su  
Michael Keenan, Assistant Chief Mark  
Greene, and Capt. John Batters will be  
among the drivers of the new engines

# Financial Highlights

## Fund 100 General Government

Expenditure Area	2007-08	2008-09
	Actual	Budgeted
Education	\$ 41,758,621	\$ 44,711,888
Education/Infrastructure Debt	16,885,000	16,890,000
Assembly, Mayor Admin, Law, Clerk, Boards	3,323,114	4,499,621
GIS, IT	2,564,627	3,356,360
Finance	5,712,062	6,464,456
Planning	2,855,613	4,027,578
Public Works	3,245,229	3,859,070
Emergency Service	6,158,581	7,575,930
Community Dev. & Rec.	2,352,630	2,854,706
Common Contractual	909,404	1,300,400
Capital Projects, Roads, MSCVB, City Grants,	13,562,127	12,320,535
<b>Total</b>	<b>99,327,000</b>	<b>107,860,544</b>

## Revenue Cap

In 2005, the Assembly adopted a cap on tax revenues. A formula provides the highest allowed mill rate. Using recent numbers, the formula is:

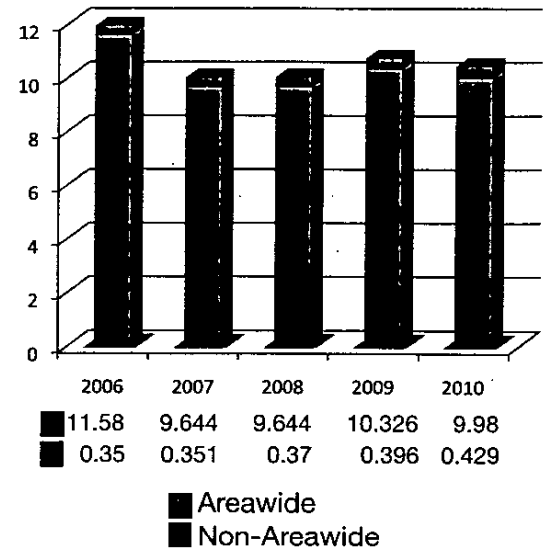
Prior year's levy \$91,380,175 +  
 Prior year's levy (revenue) x (Anchorage  
 Consumer Price Index 4.63 % + 5 year  
 average population growth rate 4.19 % =  
 \$8,059,731  
 + value of new construction \$232,671,355  
 + new voter approved bonds if any, \$0  
 Mill rate allowed: 11.508  
 Mill rate adopted: 9.98

**Q:** What is a Mill Levy?

**A:** A mill levy is the number of dollars a taxpayer pays for every \$1000 of assessed value.

Revenues	2007-08	2008-09
Property Taxes	\$ 72,321,090	\$ 78,176,230
Excise Taxes	4,528,495	5,012,000
Federal Payments	2,031,560	1,961,200
State Grants & Shared Revenues	15,076,680	16,037,141
Fees	3,463,626	4,343,100
Transient Accommodations Tax	1,038,309	1,066,900
Interest Earnings	5,022,058	2,500,000
Recoveries & Transfers	2,796,879	1,369,720
Other	33,033	40,000
<b>Totals</b>	<b>106,311,730</b>	<b>110,506,291</b>

## Mill Levies

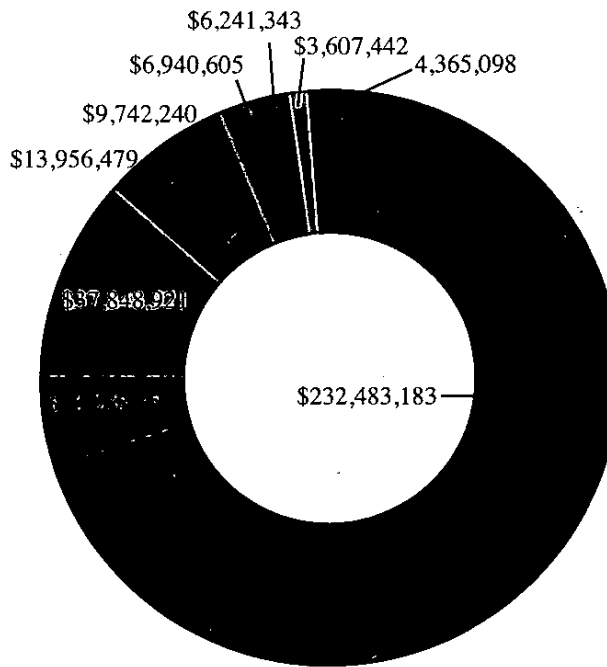


**Did you Know:** A homeowner will pay \$2,180 on an average assessed home

# Comprehensive Borough Budget

## FY 2010 Expenditures

- 7%** Education Operating
- 5%** Education debt service for bonds on new infrastructure
- 11%** Areawide Services in Borough and cities: *Emergency Services/ Public Works/Planning/ Community Development/ General government*
- Capital, roads, fire, landfill, block grants
- Road Service Operations
- 4%** Port MacKenzie, Solid Waste
- 2%** Fire Service equipment/ maintenance
- Non-areawide services outside cities: *Animal Care/Libraries/Economic Development*
- 1%** Other



**Areawide:**  
Services and taxes in the Borough and cities such as planning, parks and recreation, emergency medical services and historic preservation.

**Non-Areawide:**  
Services and taxes outside cities such as libraries, animal care and economic development.

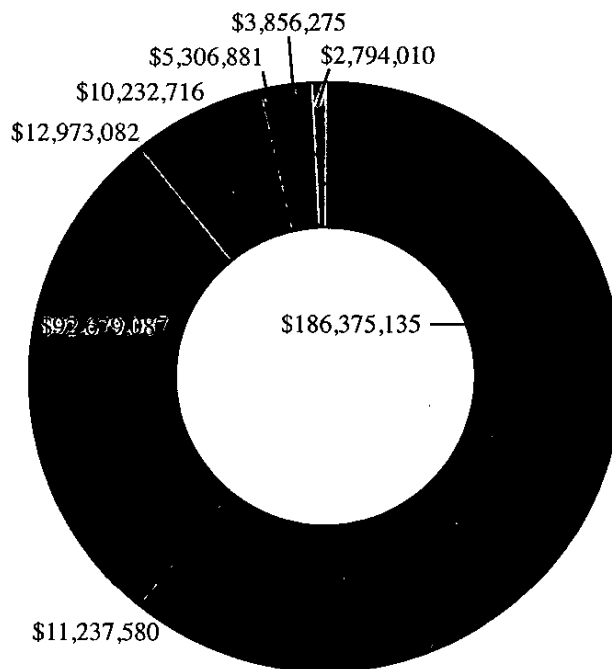
75 cents of every dollar the borough spends goes to education, including operations and debt on school construction.

**Borough Net assets:**  
\$455,184,797  
(6/30/03)

The cost to upgrade one mile of road in a subdivision: \$125,000 to \$175,000. If you add right-of-way or utility costs the number climbs to \$275,000. Paving adds another \$250,000 per mile.

## FY 2010 Revenues

- Education Operating: State and Federal annual education operating funds
- 2 1/2%** Education Debt Service: State annual schools capital debt payment
- 28%** Areawide Property taxes
- Road Service Area Taxes
- Fire Service area taxes
- Enterprise funds: Landfill fees/ Port dockage wharfage
- 2%** Non-areawide taxes collected outside cities
- 1%** Other Funds



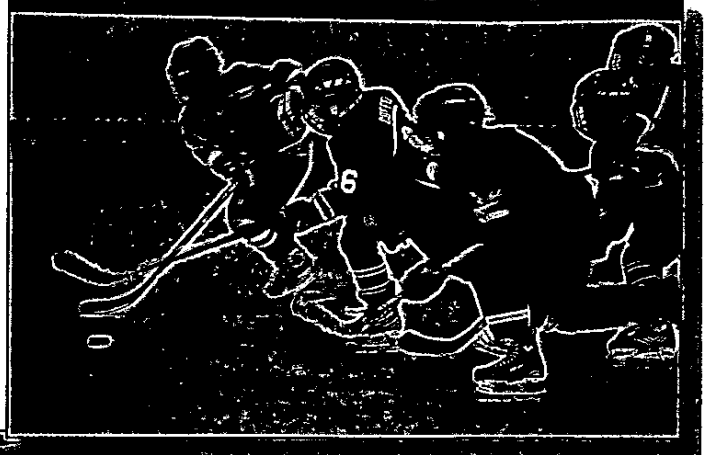
2009 of \$209,000. That's \$150 less than last year!

# Brett Memorial Ice Arena



Adult hockey is booming. Youth hockey is busting at the seams.

- Joe Miner, Manager of the Brett Ice Arena



## Jr. Avalanche Squirts

Photos by Patty Sullivan/MSB  
Top, from left to right: Isaiah Hall, Zach Cuffel, Reid Humphreys, Tyler Chivers, Caleb Hall

70,246 skaters enjoyed the ice at the Brett Memorial ice Arena in nearly a year



## Lets go swimming!

*"I've never been in a community where you had waiting lines to get into Open Swim, ever. There's lots of indicators that say we should build another pool."*  
- Dan Reyes, Manager of Recreation Services Division

17,478 swimmers went to Open Swim at Wasilla and 12,368 swimmers went to Open Swim at Palmer Pool in a recent ten-month period.

Overall, 51,936 swimmers enjoyed the Palmer pool and 68,648 swimmers enjoyed the Wasilla pool in 10 months.

The cost to remodel showers in locker rooms at Palmer and Wasilla pools and to improve wheel chair access—\$213,700

## Intelligent Conversations

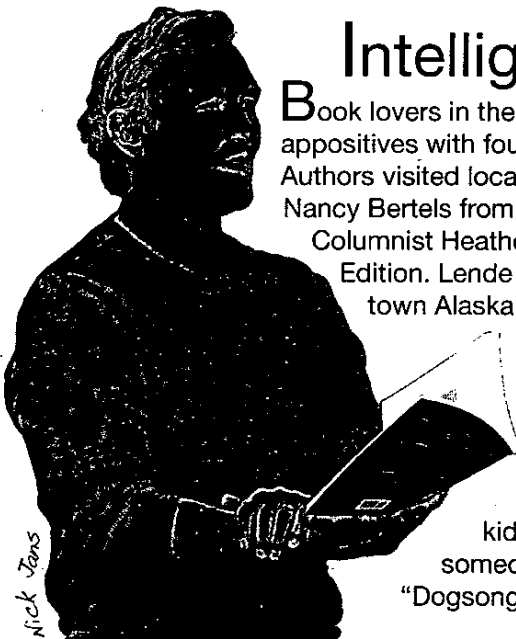
Book lovers in the Mat-Su had the chance to discuss plot and noun appositives with four famous authors this year.

Authors visited local libraries thanks to a grant secured by Sutton Librarian Nancy Bertels from the Institute of Museums and Library Services.

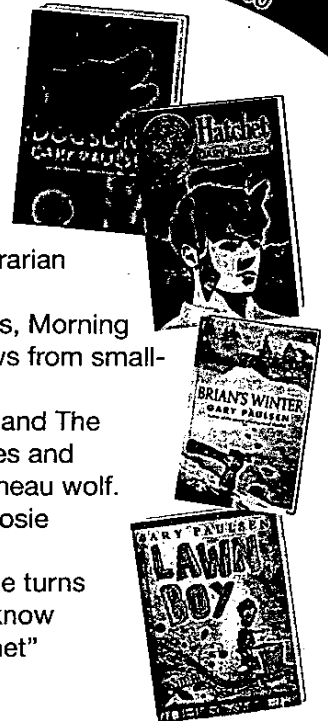
Columnist Heather Lende is a contributor to National Public Radio's, Morning Edition. Lende wrote "If you lived here, I'd know your name: News from small-town Alaska."

Nick Jans, is author of "The Last Light Breaking" and The Grizzly Maze." Residents enjoyed his Alaska slides and insights on the arctic, bear encounters, and a Juneau wolf. Local author Ann Dixon shared excerpts from "Posie Peeked at Christmas."

Gary Paulsen was the last author in the series. "He turns kids on to books," Bertels said. "They're excited to know someone who wrote a book." He is the author of "Hatchet" "Dogsong" and "The Winter Room."



Nick Jans



# Life along the Mat River

Every summer the glacially-fed Matanuska River scours out parts of its banks threatening property and sometimes taking it. This year the Matanuska-Susitna Borough began a management plan for sections of the river from Chickaloon to the lower Butte.

"We have been using a band-aid approach thus far to address erosion along this large, powerful river," said Borough Environmental Planner Frankie Barker. "It is time for us to look at better ways we can learn to live next to it."

Erosion incidents in the past have been addressed on a case-by-case basis by a variety of agencies. The Matanuska River Management Plan is being developed to create a framework to address the river, including erosion, recreational access, habitat and land use.



## Qeshqa House Athabaskan Chief's House

A beluga harpoon, likely dating back to the 1830s was recently dug from the trash of a Denaina chief's house near the old townsite of Knik. "In the whole Upper Cook Inlet, nothing like this has been found," said Professor of Anthropology David Yesner at the University of Alaska, Anchorage. "It helps local people say, hey, here's elements of your heritage, right here, that indicate that your ancestors were beluga hunters right on this spot." Russia sold Alaska to the U.S. in 1867. Beads and pottery found there likely came from trade with other Natives, not from direct contact with Russians.

"We've barely scratched the surface in this part of the country," said Fran Seager-Boss, Borough Cultural Resources Specialist. "That's why we're working jointly with the University. There was a tremendous concentration of villages around the upper Knik Arm, and we're losing them very fast through development," Seager-Boss said. The private land is being mined.

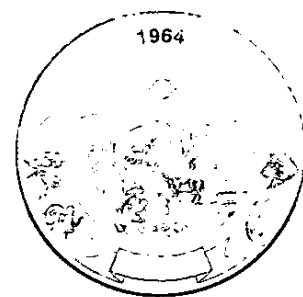
State and federal laws protect cultural resources. A federal permit triggered the salvage effort. Yesner and Seager-Boss and their team have been working at the site for eight years, paid through grants, the landowner, and the Borough. Voters in 1987 requested a cultural resources expert on staff.

## Takeetna Lakes Park

Takeetna Lakes Park makes ten the number of Mat-Su Borough parks. Its 1,040 acres surrounds six lakes.

As part of phase 1, a new trail offers hiking, snow shoeing, mountain biking, and nearby canoeing and fishing. The next phase is to develop a world class trail system for Nordic skiing.

In 2006, a trail crew with the International Mountain Biking Association visited the park and turned up the trail designed by Chris Mannix and Karl Swanson of the Denali Nordic Ski Club. "It's a much needed and well used, cool trail in a beautiful park," Mannix said. "It was a lot of work. We naively thought it would be easy to build a hiking loop."



# Mat-Su Borough

*Celia Hall*

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