

HB

286

<TARGET><BILL>HB 286</BILL><SUBJECT>HB
286</SUBJECT><COMM>SFIN27</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/12/12

FURTHER: RULES

DATE TURNED IN TO OFFICE: 4/14/12

Finance Committee considered CS FOR HOUSE BILL NO. 286(FIN)

HB 286-G.O. BONDS: TRANSPORTATION PROJECTS

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state transportation projects; and providing for an effective date."

and recommends:

- be replaced with SCS CS HB 286 (FIN) Same Title Technical Title Change
 New Title/SCR No. _____
- adopt previous SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
Rev	✓			2

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	DO NOT PASS	No REC	AMEND
	Thomas	✓			
	Olson	✓			
	Ellis	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Steadman	✓			

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version SCS CSHB 286(FIN)
 Fiscal Note Number 2
 (S) Publish Date 4/14/12

Identifier (file name) HB286CS(FIN)-DOR-TRS-04-12-12 Dept. Affected Revenue
 Title G.O. BONDS FOR TRANSPORTATION PROJECTS Appropriation Taxation and Treasury
 Allocation Treasury
 Sponsor Rules by request of the Governor
 Requester (S) FIN OMB Component Number 121

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY13	FY14	FY15	FY16	FY17
OPERATING EXPENDITURES								
Personal Services								
Travel	20.0		20.0		20.0			
Services	1,255.0		1,255.0		1,284.7			
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous			11,100.0	23,600.0	23,600.0	36,392.0	36,392.0	
TOTAL OPERATING	1,275.0	0.0	12,375.0	23,600.0	24,904.7	36,392.0	36,392.0	

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts							
1003	GF Match							
1004	GF		11,100.0	23,600.0	23,600.0	36,392.0	36,392.0	
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1008	G/O Bonds (Other)	1,275.0	1,275.0		1,304.7			
TOTAL		1,275.0	0.0	12,375.0	23,600.0	24,904.7	36,392.0	36,392.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated fiscal note for new CS, version I. Also updated title (previously named G. O. Bonds for Ports).

Prepared by Deven Mitchell, Debt Manager
 Division Treasury Division
 Approved by Angela Rodell, Deputy Commissioner
Department of Revenue

Phone 907-465-3750
 Date/Time 4/12/12 5:00 PM
 Date 4/12/2012

FISCAL NOTE #2

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SCS CSHB 286(FIN)

Analysis

The bill authorizes the issuance of a total of \$453,499,200 of general obligation bonds of the State of Alaska of which \$449,900,000 is for project costs and up to \$3,599,200 is for the costs associated with issuing the bonds. The bonds would carry the full faith, credit and resources pledge of the State and must be ratified in a statewide election. This is the strongest form of credit pledge available to the State and accordingly results in the lowest interest rates for borrowed funds. If the bill is approved, Alaska voters would consider the proposition in the November 2012 general election.

The bonds would be issued as either fully tax-exempt (Non-AMT) or tax exempt, subject to the Alternative Minimum Tax (AMT) securities in a ratio estimated to be 80% Non-AMT and 20% subject to AMT. All of the bonds will be subject to limitations of the Federal tax code. While there are many restrictions imposed when taking advantage of tax exemptions, two key limits are that an issuer must be able to track all funds to final expenditure on an allowed public capital project and that all funds resulting from the bond issuance are expended within three years of the bond sale. Due to these limitations it is anticipated that the authorization would require careful state oversight of the proposed municipal projects and result in multiple bond issues. For planning purposes six bond issues are assumed with three sale dates staggered over three years beginning with an initial issuance in February 2013 of \$150 million followed by a 2014 issuance of \$150 million and a 2016 issuance of the final \$153,499,200. The initial bond issues would be sized based on anticipated cash-flow with subsequent issues adjusted to actual cash flow.

The first bonds would be issued in February 2013, and sold in two series anticipated to total \$150 million. The current rate for a 20 year level amortization of Alaska general obligation bonds are at all time lows and estimated at 2.35% for tax exempt and 3.00% AMT bonds. The bonds would be structured to amortize AMT bonds first and followed by the Non-AMT bonds for a blended rate of 2.61%. This rate results in annual debt service of approximately \$9.75 million beginning in FY 2014 for the \$150 million. The borrowing rate is below the anticipated Constitutional Budget Reserve (CBRF) regular account rate of return of 3.4% and well below the assumed rate of return on the CBRF subaccount of 6.85%.

For planning purposes a more conservative, but still historically low rate of 4% was used, increasing the annual debt service estimate to \$11,100,000. If interest rates have increased at the point bonds are sold there would be a similar increase in the rate of return expectations in the CBRF regular account as it is comprised of fixed income securities that are actively managed.

It is estimated that \$150 million in bonds would be sold in February 2014 with estimated annual debt service of \$12.5 million beginning in FY 2015 followed by \$153,499,200 in February 2016 with estimated annual debt service of \$12.79 million beginning in FY 2017. This proposed schedule of issuance would be modified to match the actual expenditures on the authorized projects. A more conservative 5% interest rate was used to estimate debt service on these issues.

The costs associated with issuing bonds include underwriting, rating agency, attorneys, financial advisors, marketing and disclosure services, administrative, and printing. It is estimated that these costs will be less than .8% of the bonds issued, or a total of up to \$3,599,200 for the anticipated six series of bonds on three issue dates.

27-GH2769E
Kirsch
4/14/12

Adopted 4/14/12 4:35 pm

SENATE CS FOR CS FOR HOUSE BILL NO. 286(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act providing for and relating to the issuance of general obligation bonds for the**
2 **purpose of paying the cost of state transportation projects; and providing for an**
3 **effective date."**

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

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

7 **GENERAL OBLIGATION BONDS.** For the purpose of paying the cost of design and
8 construction of state transportation projects and costs incident to the sale and issuance of the
9 bonds, general obligation bonds of the state in the principal amount of not more than
10 \$453,499,200, if ratified by a majority of the qualified voters of the state who vote on the
11 question, shall be issued and sold. The full faith, credit, and resources of the state are pledged
12 to the payment of the principal of and interest and redemption premium, if any, on the bonds.
13 The bonds shall be issued under the provisions of AS 37.15 as those provisions read at the
14 time of issuance.

1 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 2012 STATE TRANSPORTATION PROJECT FUND. If the issuance of the bonds is
4 ratified by a majority of the qualified voters of the state who vote on the question, a special
5 fund of the state to be known as the "2012 state transportation project fund" shall be
6 established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1
7 of this Act including premiums.

8 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
11 DEVELOPMENT. The amount of \$195,400,000 is appropriated from the 2012 state
12 transportation project fund to the Department of Commerce, Community, and Economic
13 Development to be awarded as grants under AS 37.05.315 or AS 37.05.316, as applicable, to
14 recipients for projects as follows:

15	PROJECT	AMOUNT
16	Anchorage - Port of Anchorage Expansion	\$50,000,000
17	Bethel - Harbor Dredging	4,000,000
18	Bristol Bay Borough - Port of Bristol Bay	7,000,000
19	Expansion and Pile Dock Replacement	
20	Emmonak - Port Improvements	3,000,000
21	Haines Borough - Boat Harbor Upgrades	15,000,000
22	Hooper Bay - Boat Harbor	1,000,000
23	Kodiak - Pier III Replacement	15,000,000
24	Kotzebue - Cape Blossom Road and Deep Water Port	10,000,000
25	Matanuska - Susitna Borough - Bogard Road Extension East	13,500,000
26	Matanuska - Susitna Borough - Port Mackenzie	30,000,000
27	Rail Extension	
28	Nenana - Totchaket Resource Development	6,500,000
29	Corridor Access	
30	Newtok Traditional Council - Mertarvik Evacuation	4,100,000
31	Road Construction	

1	Nome - Port Design and Construction	10,000,000
2	Sand Point - Sand Point Road Rehabilitation	2,500,000
3	Seward - Marine Industrial Center Expansion	10,000,000
4	Sitka - Sawmill Cove Industrial Park Dock	7,500,000
5	St. George - Harbor Reconstruction	3,000,000
6	Togiak - Waterfront Transit Facility	3,300,000

7 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The amount
10 of \$254,500,000 is appropriated from the 2012 state transportation project fund to the
11 Department of Transportation and Public Facilities to be allocated among the following
12 projects in the amounts listed subject to reallocation between projects in accordance with
13 AS 37.07.080(e):

14	PROJECT	AMOUNT
15	Anchorage - Glenn Highway, Hiland Road to Artillery Road	\$35,000,000
16	Reconstruction	
17	Anchorage - Glenn Highway/Muldoon Road Interchange	15,000,000
18	Reconstruction	
19	Anchorage - New Seward Highway/36th Avenue	26,000,000
20	Reconstruction	
21	Anchorage - New Seward Highway - MP 75-90	10,000,000
22	Bridge Repairs	
23	Anchorage - O'Malley Road Reconstruction	15,000,000
24	Elliott Highway, MP 108-120 Reconstruction	6,500,000
25	Fairbanks - Old Steese Highway to McGrath Road	24,000,000
26	Reconstruction and Extension	
27	Fairbanks - Wendell Street Bridge Replacement	14,400,000
28	Juneau - Glacier Highway, MP 4-6 Improvements	5,500,000
29	Juneau - Mendenhall Loop Improvements	6,000,000
30	Kenai - Kenai Spur Road Rehabilitation	20,000,000
31	Ketchikan - Shelter Cove Road Construction and Improvements	19,000,000

1	Mat-Su - Fairview Loop Reconstruction	10,000,000
2	Mat-Su - Knik Goose Bay Road Reconstruction	15,000,000
3	North Pole - Plack Road Improvements	5,000,000
4	Platinum Airport Runway Extension	3,100,000
5	Richardson Highway - Ruby Creek Bridge Replacement	11,000,000
6	Sitka - Katlian Bay Road Construction	14,000,000

7 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
 8 read:

9 STATE BOND COMMITTEE. If the issuance of the bonds is ratified by a majority of
 10 the qualified voters of the state who vote on the question, the amount of \$3,599,200 or as
 11 much of that amount as is found necessary is appropriated from the 2012 state transportation
 12 project fund of the state to the state bond committee to carry out the provisions of this Act and
 13 to pay expenses incident to the sale and issuance of the bonds authorized in this Act.

14 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 15 read:

16 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated
 17 balances of the appropriations made in sec. 3 of this Act lapse under AS 37.25.020 and are
 18 appropriated to the state bond committee to redeem bonds sold under this Act. The amounts
 19 expended from the general fund to pay the principal, interest, and redemption premium on
 20 bonds issued under this Act shall be reimbursed to the general fund from the appropriation
 21 made under this section to the extent that the money is not needed to redeem the bonds.

22 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
 23 read:

24 BALLOT QUESTION. The question whether the bonds authorized in this Act are to
 25 be issued shall be submitted to the qualified voters of the state at the first general election
 26 after the effective date of this Act and shall read substantially as follows:

27 PROPOSITION

28 State General Obligation \$453,499,200
 29 State Transportation Project Bonds
 30 Shall the State of Alaska issue its general obligation bonds in
 31 the principal amount of not more than \$453,499,200 for the

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purpose of paying the cost of state transportation projects?

Bonds Yes []

Bonds No []

* **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).

ADOPTED 4/13/12

27-GH2769\D
Kirsch
4/12/12

SENATE CS FOR CS FOR HOUSE BILL NO. 286(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

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10 \$453,499,200, if ratified by a majority of the qualified voters of the state who vote on the
11 question, shall be issued and sold. The full faith, credit, and resources of the state are pledged
12 to the payment of the principal of and interest and redemption premium, if any, on the bonds.
13 The bonds shall be issued under the provisions of AS 37.15 as those provisions read at the
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3 2012 STATE TRANSPORTATION PROJECT FUND. If the issuance of the bonds is
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5 fund of the state to be known as the "2012 state transportation project fund" shall be
6 established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1
7 of this Act including premiums.

8 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
11 DEVELOPMENT. The amount of \$191,400,000 is appropriated from the 2012 state
12 transportation project fund to the Department of Commerce, Community, and Economic
13 Development to be awarded as grants under AS 37.05.315 or AS 37.05.316, as applicable, to
14 recipients for projects as follows:

15	PROJECT	AMOUNT
16	Anchorage - Port of Anchorage Expansion	\$50,000,000
17	Bethel - Harbor Dredging	4,000,000
18	Bristol Bay Borough - Port of Bristol Bay	7,000,000
19	Expansion and Pile Dock Replacement	
20	Haines Borough - Boat Harbor Upgrades	15,000,000
21	Kodiak - Pier III Replacement	15,000,000
22	Kotzebue - Cape Blossom Road and Deep Water Port	10,000,000
23	Matanuska - Susitna Borough - Bogard Road Extension East	13,500,000
24	Matanuska - Susitna Borough - Port Mackenzie	30,000,000
25	Rail Extension	
26	Nenana - Totchaket Resource Development	6,500,000
27	Corridor Access	
28	Newtok Traditional Council - Mertarvik Evacuation	4,100,000
29	Road Construction	
30	Nome - Port Design and Construction	10,000,000
31	Sand Point - Sand Point Road Rehabilitation	2,500,000

1	Seward - Marine Industrial Center Expansion	10,000,000
2	Sitka - Sawmill Cove Industrial Park Dock	7,500,000
3	St. George - Harbor Reconstruction	3,000,000
4	Togiak - Waterfront Transit Facility	3,300,000

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

7 DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The amount
8 of \$258,500,000 is appropriated from the 2012 state transportation project fund to the
9 Department of Transportation and Public Facilities to be allocated among the following
10 projects in the amounts listed subject to reallocation between projects in accordance with
11 AS 37.07.080(e):

12	PROJECT	AMOUNT
13	Anchorage - Glenn Highway, Hiland Road to Artillery Road	\$35,000,000
14	Reconstruction	
15	Anchorage - Glenn Highway/Muldoon Road Interchange	15,000,000
16	Reconstruction	
17	Anchorage - New Seward Highway/36th Avenue	26,000,000
18	Reconstruction	
19	Anchorage - New Seward Highway - MP 75-90	10,000,000
20	Bridge Repairs	
21	Anchorage - O'Malley Road Reconstruction	15,000,000
22	Elliott Highway, MP 108-120 Reconstruction	6,500,000
23	Fairbanks - Old Steese Highway to McGrath Road	24,000,000
24	Reconstruction and Extension	
25	Fairbanks - Wendell Street Bridge Replacement	14,400,000
26	Juneau - Glacier Highway, MP 4-6 Improvements	5,500,000
27	Juneau - Mendenhall Loop Improvements	6,000,000
28	Kenai - Kenai Spur Road Rehabilitation	20,000,000
29	Ketchikan - Shelter Cove Road Construction and Improvements	19,000,000
30	Mat-Su - Fairview Loop Reconstruction	10,000,000
31	Mat-Su - Knik Goose Bay Road Reconstruction	15,000,000

1	North Pole - Plack Road Improvements	5,000,000
2	Platinum Airport Runway Extension	3,100,000
3	Port Clarence Access Improvements	4,000,000
4	Richardson Highway - Ruby Creek Bridge Replacement	11,000,000
5	Sitka - Katlian Bay Road Construction	14,000,000

6 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 STATE BOND COMMITTEE. If the issuance of the bonds is ratified by a majority of
9 the qualified voters of the state who vote on the question, the amount of \$3,599,200 or as
10 much of that amount as is found necessary is appropriated from the 2012 state transportation
11 project fund of the state to the state bond committee to carry out the provisions of this Act and
12 to pay expenses incident to the sale and issuance of the bonds authorized in this Act.

13 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
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17 appropriated to the state bond committee to redeem bonds sold under this Act. The amounts
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19 bonds issued under this Act shall be reimbursed to the general fund from the appropriation
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21 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 BALLOT QUESTION. The question whether the bonds authorized in this Act are to
24 be issued shall be submitted to the qualified voters of the state at the first general election
25 after the effective date of this Act and shall read substantially as follows:

26 PROPOSITION

27 State General Obligation \$453,499,200
28 State Transportation Project Bonds
29 Shall the State of Alaska issue its general obligation bonds in
30 the principal amount of not more than \$453,499,200 for the
31 purpose of paying the cost of state transportation projects?

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Bonds Yes []

Bonds No []

* **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).

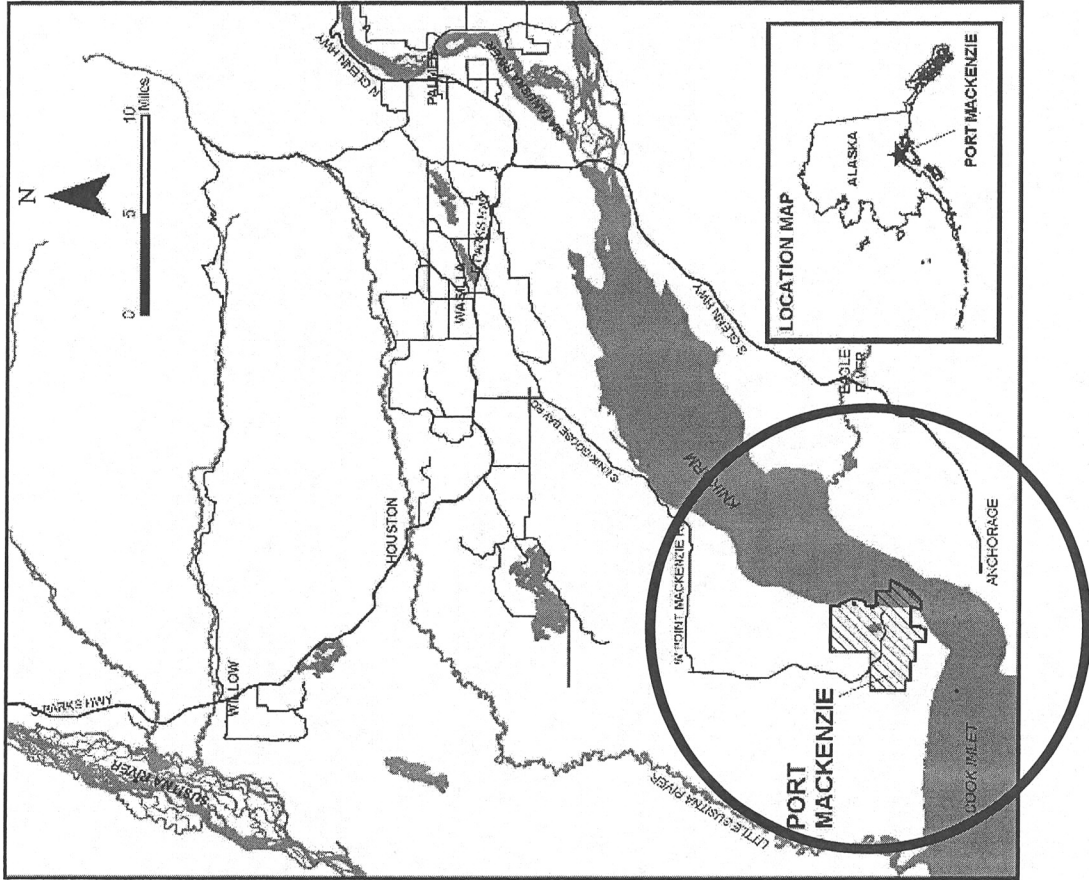
Port Mackenzie Rail Extension

New Transportation Infrastructure

Providing An Economic Engine for the State

A Presentation For House Finance
G.O. Bonds for Ports

April 5, 2012



The Project

Extending rail 32 miles from the Alaska Railroad mainline to Port MacKenzie to support the movement of bulk resources.

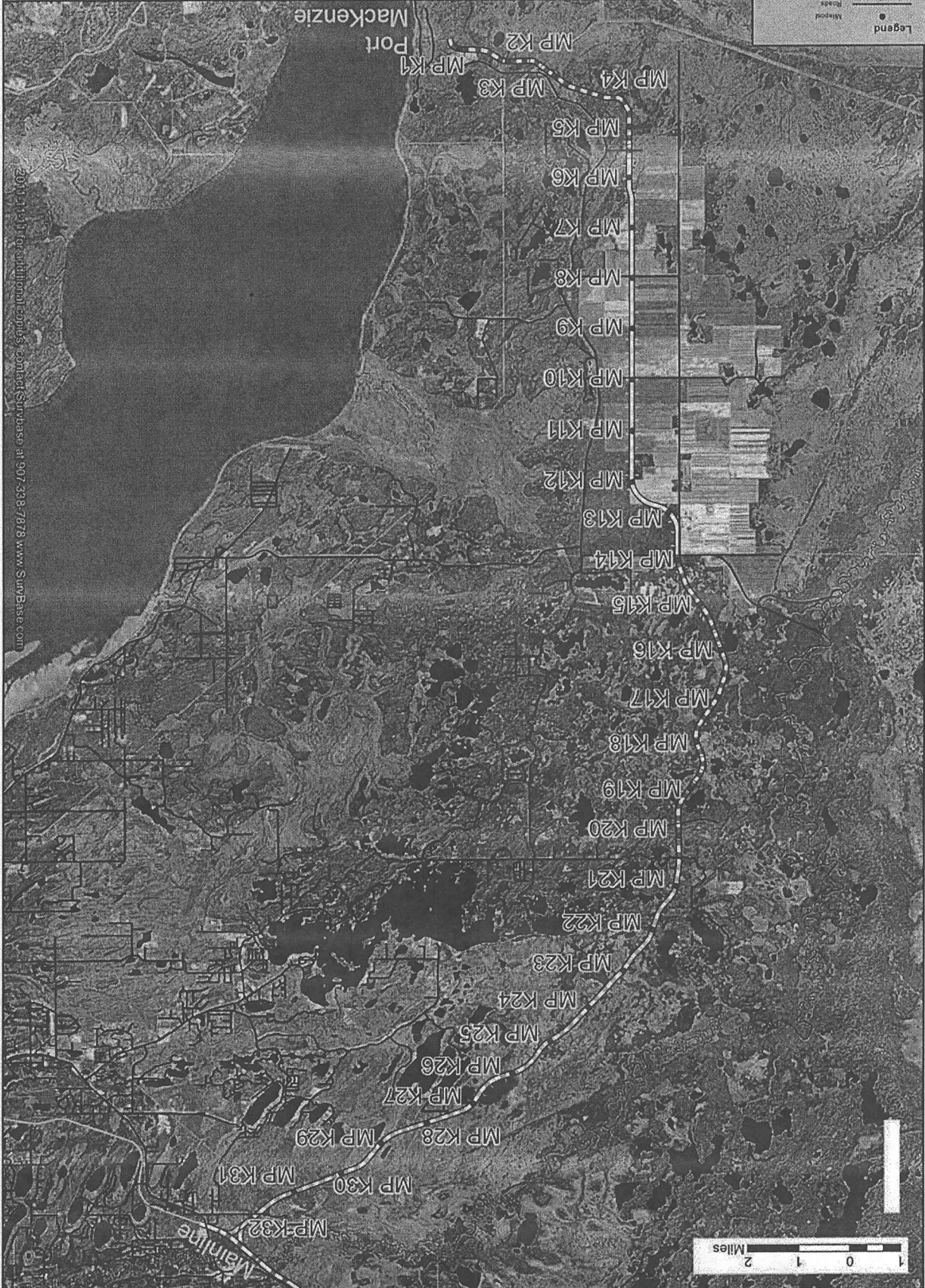
The Users to Date*

- Alutiiq Manufacturing
- Central Alaska Energy
- NPI
- PacArctic Logistics
- Quality Asphalt and Paving

* All users listed either have an existing lease or have applied for a lease adjacent to the rail alignment at Port MacKenzie

Legend

- Mapset
- Roads
- Substans
- Trackwork
- Segment 1 (4.7 miles)
- Segment 2 (5.3 miles)
- Segment 3 (5.9 miles)
- Segment 4 (6.5 miles)
- Segment 5 (7.1 miles)
- Segment 6 (7.7 miles)
- Segment 7 (8.3 miles)
- Segment 8 (8.9 miles)
- Segment 9 (9.5 miles)



2011-11-11 for additional copies contact Survbase at 907-338-7678 www.Survbase.com

Port Mackenzie Rail Extension: Milepost and Segment Summary

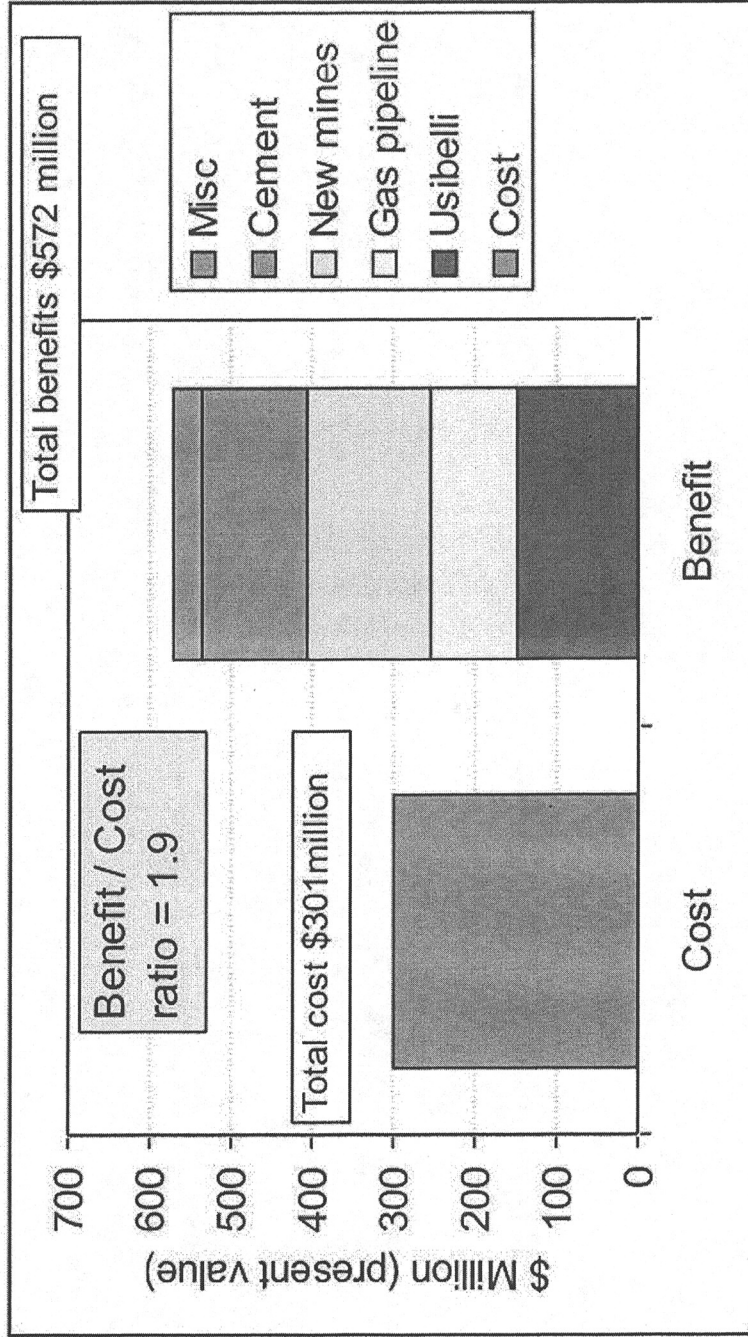
The Port

- Deep Water Port (-60 MLLW)
- The deepest draft bulk material vessel to dock in northern Cook Inlet was recently loaded here
- Accessible all year – winter and summer-no dredging required
- 485-foot trestle in place leading to a 1,200 foot dock face
- Barge dock area expanded to 15 acres in 2011
- Bulk material handling conveyor system in place
- Space for Commercial/Industrial Development – 8,940 Acres (14 Square Miles of Zoned Industrial Land)
- \$6.5 million AKDOT port access road grade reduction project to be completed in 2012

Business Plan

- Infrastructure has always played a leading role in economic development. If we can lower transportation costs, we will attract business investment, which in turn creates more jobs and more tax revenues. **This project links the existing rail main line to the closest port, shortening the transportation distance thereby lowering costs.**
- Transportation infrastructure projects across the United States and particularly in Alaska have been constructed or subsidized with State and/or Federal funds and have been the major stimulus for the growth of this state and this country, with no direct revenue return in most cases. **This project not only brings revenue to the state, but also has a benefit cost ratio, computed by ISER, of 1.9 (most projects have less than 1.0).**
- In the case of Port MacKenzie Rail, the state is projected to receive on average \$300 million per year in mineral taxes, royalties and fees over 60 years. **Users of the new rail extension will save \$572 million in reduced transportation costs** due to the shorter transportation route to tidewater (ISER). The rail extension would provide a significant stimulus to new mineral development within a 120-mile wide corridor surrounding the existing Railroad mainline, according to a detailed analysis by Paul Metz, 2007. Metz projects likely minerals developed with a cumulative gross metal value of \$173 billion.

ISER BENEFIT COST ASSESSMENT OF RAIL EXTENSION



Existing and Potential Users

A number of businesses have financially invested in the Port and included Port MacKenzie Rail in their business and development plans. Two other well-known companies have lease applications pending.

Long-term leases include:

- Alutiiq
- Central Alaska Energy*
- Klondike Concrete Co., Inc.
- NPI
- PacArctic/Koniag, Inc.

Two pending leases

- QAP
- Tri Metals

Additionally, two significant mining companies have stated in letters of support that Port MacKenzie Rail will make their businesses more competitive.

• **Sumitomo Metal Mining Pogo LLC**, brings freight inbound, 500 tons per week of Portland cement. The company states "Reducing the cost of importing the products we need for our operations will help us be more competitive in our markets and give us better opportunities for growth and longevity." The company further states "...the rail extension to Port MacKenzie will provide more efficient transportation, staging, and storage of heavy equipment, chemicals, and fuel that will help not only our company, but all the mining, exploration and development companies as well as any other industrial or processing facilities near the Rail Belt."

• **Kinross Gold USA, Inc.** owner of Fort Knox, The company states that Port MacKenzie Rail will help reduce the \$5 million in annual transportation costs for high volumes of inbound freight. "The Port MacKenzie Rail extension has the potential to reduce our operating costs and improve our ability to be competitive."

*Central Alaska Energy, is developing a tank farm and designing a rail siding for the import and transport of ultra-low sulfur diesel and unleaded gasoline to the Interior.

Other Potential Users

Future Investment:

The Legislature has provided a \$500,000 match to **Accelergy Corporation** for coal certification. Accelergy is testing Alaska Cook Inlet coals as a feedstock for jet fuel to the US Air Force and US Army. Accelergy plans to build a \$5 billion Coal-To-Liquids plant for Western Cook Inlet. Their project “could hinge on the successful completion of this rail extension project,” according to the Alaska representative for Accelergy.

Other Activity:

Any **gas pipeline project** would benefit from lower transportation costs for heavy equipment and building materials. Northern Economics estimates **transporting pipeline materials by rail from Port MacKenzie would save \$100 million over other Ports**, March 2008. In addition, ISER projected that gas pipeline savings would include \$82 million NPV, (net present value), of avoided rail and road upgrade costs.

The **Susitna Watana Hydro Dam**, now in the development stage, will require transport of heavy equipment and construction materials. As with any gas pipeline project this project will also benefit from reduced transportation costs from tidewater to the Interior via the Port MacKenzie Rail Extension.

Project Funding

- a. \$10 million – FY 2008 state appropriation for EIS
- b. \$17.5 million – FY 2009 state appropriation for project
- c. \$35 million – FY 2011 state appropriation for project
- d. \$30 million – FY 2012 state appropriation for project

Current Total Appropriations: \$92.5 million

Project Budget

(Mac Central/Houston South Route)

Environmental Impact Statement	\$10,000,000
ARRC Direct Labor Costs	3,541,148
Engineering	14,051,730
Environmental and Permitting	2,922,022
Construction	208,995,100
Construction Management	11,700,000
Environmental Mitigation	4,500,000
Right-of-Way	9,900,000
MSB Contracts	3,650,000
MSB Finance/Administration	3,250,000
Total Estimated Project Cost	\$272,500,000

Additional Funding Needed for Project Completion

Total Estimated Project Cost \$272,500,000
Project Funding To Date 92,500,000

Additional Funding Required \$180,000,000

General Fund request \$60,000,000

GO Bond request \$120,000,000

Operations

- \$180 M in funding would allow ARRC rail operations to commence during 2015/2016.
- Maintenance Costs: There will be minimal maintenance costs for the first five years given this is a new facility. The maintenance estimate for operational rail traffic (track open year round) on the Rail Extension is approximately \$150,000 a year.

Rail Ext. Project & Port Status

Rail Extension:

- The Surface Transportation Board (STB) released its Final Environmental Impact Statement (EIS) on March 25, 2011 and approved the MacCentral/Houston South routing alternative for the rail extension.
- The STB released its Record of Decision (ROD) on the Final EIS on November 21, 2011 with an effective date of December 23, 2011. The ROD authorizes the ARRC to construct and operate a new rail line connecting Port MacKenzie to the ARRC existing main line near Houston, Alaska.
- The major permit to be acquired is the Corps of Engineers (COE) Section 404 permit. Application was made to the COE, the COE public notice period was completed, public comments were received by the COE, project staff responded to comments and submitted those comments to the COE, the COE received the STB's EIS ROD, and the COE has begun final preparation of the permit. Issuance of permit is expected in April 2012.
- The majority of other project permits have been received with the exception of the Coast Guard bridge permit for Segment 6 which is expected this month.
- The final EIS and release of the ROD allowed Right-of-Way (ROW) activities to be initiated. To date approximately 30% of the project ROW has been procured by the MSB with other required parcels at various stages of acquisition.

Port:

- The barge dock was expanded from 8 to 15 acres, providing significant staging and storage area for materials before exporting on ships, or for importing bulk materials such as pipe for the pipeline. Sealift modules can be constructed on the barge dock in Alaska rather than in the Lower 48. The Borough received a \$3 million grant from EDA, \$750,000 from AK Dept. of CCED, and \$1 million in materials match from the Borough to construct the project.
- **Port:** The access road to the Port, Don Young Road, is being upgraded by AKDOT. Contractors will complete work in July 2012 on the 1.3 mile-road reducing its maximum grade from 10% to 5% and diverting water flow. The \$6.5 million project is federally funded.

Schedule & Use of Additional Funds

Schedule

- Construction of Segment 1 embankment was bid in December 2011 and is underway.
- Invitation for bid for Segment 6 embankment construction was issued March 9, 2012

The remaining project schedule is totally dependent on financing. If a State General Fund appropriation of \$60 million is approved by the FY 2013 Legislature, two construction contracts for rail embankment (Segments 3 and 4) would be bid in August/September of 2012. In addition, ballast for the project would be manufactured by the ARRC in the Curry Pit.

Approval of a \$120 million General Obligation Bond by the FY 2013 Legislature and the voters in November 2012 would allow bidding the last two construction embankment contracts (Segments 2 and 5) in the spring of 2013 and the procurement of long lead-time, railroad-specific items, such as rails and ties. Segment 7 (sub-ballast and & ground settlement repair work) would be bid in the spring of 2014 along with Segment 8 (track work). This would allow project completion in the fall of 2015.

Right-of-Way (ROW)

The MSB is managing all ROW acquisition for the project. All properties acquired are being titled to the MSB. After the acquisition of the required ROW has been completed, a Port MacKenzie rail extension corridor will be provided by the MSB to the ARRC for operation and maintenance of the rail extension. The Bi-Modal rail loop in the MSB Port District will remain under the management and control of the MSB.

Budget for \$60 million FY2013 General Fund Request

ARRC Direct	\$1,000,000
Engineering	250,000
Environmental	250,000
Construction (Segments 3,4, ballast)	52,000,000
Construction Management	4,500,000
Mitigation (STB)	1,000,000
MSB (PM, Consultants, MSB Direct)	1,000,000

Conclusion

- The Port MacKenzie Rail Extension is providing current benefits through the establishment of new lessees/businesses at Port MacKenzie which will bring new import & export activity to the region.
- The project will also bring future economic benefits to the state with the creation of:
 - 3,000 Construction Jobs
 - 4,000 Mining Related Jobs
- \$300 million per year in mineral taxes, royalties and fees over 60 years.
- Users of the new rail extension will save \$572 million in reduced transportation costs
- Mineral development opportunities along Alaska's Interior rail corridor.

Additional Reference Material

Budget Summary - Funded to Date **January 1, 2012**

Activity	Budgeted	Expended	Available
EIS	10,000,000.00	9,695,250.73	304,749.27
ARRC Direct	1,041,148.00	292,412.07	748,735.93
Engineering (TNH,Hanson)	13,051,730.00	7,211,758.79	5,839,971.21
Environmental (HDR)	1,922,022.00	892,055.41	1,029,966.59
Construction	46,085,100.00	9,943,315.02	36,141,784.98
Construction Management	3,600,000.00	900,000.00	2,700,000.00
Mitigation (COE and other)	2,500,000.00	0.00	2,500,000.00
ROW	9,900,000.00	2,175,415.16	7,724,584.84
MSB (Consultants: PM, Legal, ROW)	1,150,000.00	456,277.00	693,723.00
MSB Finance/Administration (5%)	3,250,000.00	3,250,000.00	0.00
Total	92,500,000.00	34,816,484.18	57,683,515.82

Budget Summary - Funding Required For Completion (180 million)

Activity	Budgeted	Expended	Available
ARRC Direct	0.00	0.00	2,500,000.00
Engineering (TNH,Hanson)	2,500,000.00	0.00	1,000,000.00
Environmental (HDR)	1,000,000.00	0.00	1,000,000.00
Construction	162,900,000.00	0.00	162,900,000.00
Construction Management	8,100,000.00	0.00	8,100,000.00
MSB (Consultants: PM, Legal, ROW)	2,500,000.00	0.00	2,500,000.00
Mitigation (STB and others)	2,000,000.00	0.00	2,000,000.00
Total	180,000,000.00	0.00	180,000,000.00

Project Budget Summary--Total Project

Activity	Budgeted	Expended	Available
EIS	10,000,000.00	9,695,250.73	304,749.27
ARRC Direct	3,541,148.00	292,412.07	3,248,735.93
Engineering (TNH,Hanson)	14,051,730.00	7,211,758.79	6,839,971.21
Environmental (HDR)	2,922,022.00	892,055.41	2,029,966.59
Construction	208,985,100.00	9,943,315.02	199,041,784.98
Construction Management	11,700,000.00	900,000.00	10,800,000.00
Mitigation (COE and STB)	4,500,000.00	0.00	4,500,000.00
ROW	9,900,000.00	2,175,415.16	7,724,584.84
MSB (Consultants: PM, Legal, ROW)	3,650,000.00	456,277.00	3,193,723.00
MSB Finance/Administration (5%)	3,250,000.00	3,250,000.00	0.00
Total	272,500,000.00	34,816,484.18	237,683,515.82

Business Plan

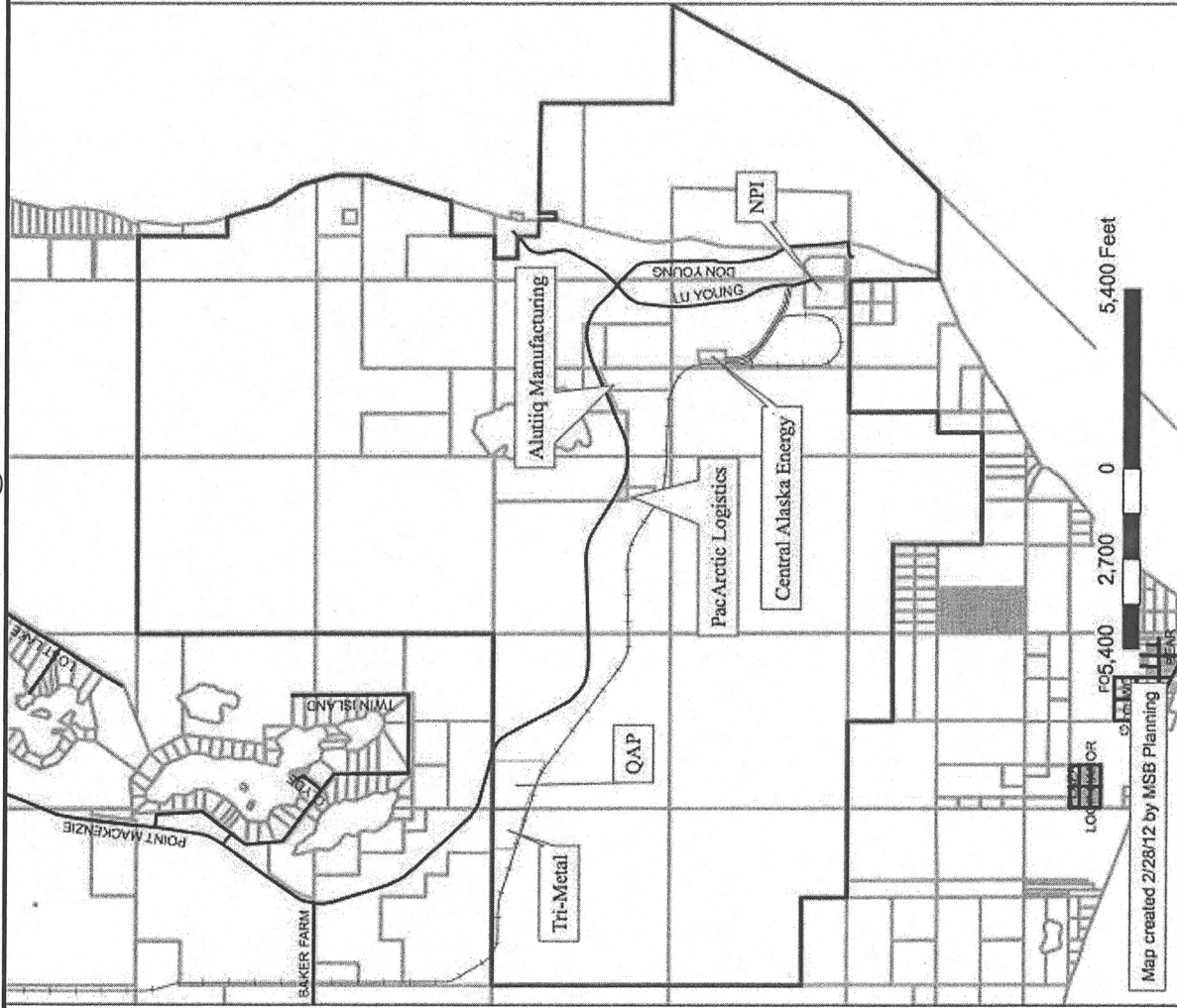
The table below indicates the potential freight tonnage of minerals and other bulk commodities that could be transported over the first thirty years of rail extension operation.

<p>Estimated Port MacKenzie Rail Extension Freight Tonnages* During First 30, Years of Operation</p>
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Product	Annual Tonnages in years (1-5)	Annual Tonnages in years (6-10)	Annual Tonnages in years (10-20)	Annual Tonnages in years (20-30)
Coal Exports	1,000,000-2,000,000	2,000,000-3,000,000	3,000,000	3,000,000
Aggregates (sand and gravel)	100,000	100,000	100,000	100,000
Lime	50,000	50,000	50,000	50,000
Wood Products	60,000	60,000	60,000	60,000
Petroleum Products	200,000	300,000	400,000	400,000
Natural Gas Pipeline	0	960,000**	0	0
Mineral Concentrates	365,000	365,000	1,679,000	1,879,000
Total	1,775,000-2,775,000	3,835,000-4,835,000	5,289,000	5,489,000

* Economic Analysis of Rail Link—Possible Rail Extension Users, analysis by Paul Metz, Ph.D., updated 2/2011.

Existing Leases and those being processed at Port MacKenzie needing Rail Access



Exports: Commodities exported via the Rail Extension to Port MacKenzie include fuel, hard-rock minerals, aggregate, timber, cement, riprap, woodchips, housing modules.

-Coal to Korea, Chile, Japan via Usibelli,

Port MacKenzie will complement the growth exports of coal to the Seward Port. Usibelli said it needs two ports for growth exports. Usibelli has said it seeks to increase its capacity from 1.8 million tons to 3-4 million tons a year. The Borough anticipates up to 2 million tons per year, or 50 percent of the market will utilize Port MacKenzie.

-Minerals including copper, lead, molybdenum, and silver are found in the 1,000 mineral occurrences along the Alaska Railroad Mainline and could be developed. The transportation efficiencies are expected to stimulate these new mines in the Interior. Dr. Metz with UAF estimates that even if only three mines are developed, it could result in \$172 billion in estimated gross metal value of mineral production.

-Aggregate, Gravel, Western Alaska has a shortage of gravel but the area around Port MacKenzie has an abundance of gravel. Port MacKenzie is the only port with a conveyor built to load gravel. In 2008, 183 barges of gravel were transported to Anchorage for its port project.

-Woodchips, Increased wood chip production and export is anticipated by developing the resources of the Susitna Forest

Imports: Commodities either already imported or projected to be imported through the port to Southcentral and the Interior include:

-Cement, Klondike concrete already imports cement, see freight chart.

-Alutiiq oil field modules to Interior

-Armour stone by PacArctic

-Steel

-Machinery

-Construction equipment

Port MacKenzie

Freight Volume Data
2005 Through 2011

Product	Destination	Total to MSB
68 houses	to the Bush	
Heavy Equipment		\$2,297.50
Heavy Equipment		\$1,447.50
Birch Aspen	S. Korea	
Birch Aspen	S. Korea	\$52,071.08
Spruce	Japan	\$14,312.00
Log	Port Mac	\$15,197.76
Lightered	POA	\$368.00
Spruce Logs	Port Mac	\$1,200.00
Chips	Japan	\$12,195.07
Parking	POA	\$0.00
Parking	POA	\$0.00
Birch Aspen	S. Korea	\$34,754.30
Spruce	Japan	\$22,397.35
12 Pump Modules	Alyeska	\$0.00
2 Electrical Modules	BP	\$0.00
Birch Wood	Taiwan	\$42,071.63
Gravel	Anchorage	\$563,772.81
Equipment	Beluga	\$452.50
Equipment	Beluga	\$1,070.00
Cement/Rebar	Port Mac	\$41,501.73
Cement	Port Mac	\$33,096.00
Scrap Metal	Tacoma	\$3,054.86
Coal	Japan	\$1,632.50
Cement	Port Mac	\$26,720.03
Equipment	Port Mac	\$175.00
19		\$912,927.90

Port MacKenzie Rail Line Extension/BiModal Facility January 1, 2012
Budget Status:

FY 2008 State Grant (Environmental Impact Statement)

Activity	Approved Revised Budget	Expended	Available
ARRC Direct	1,146,170.00	1,037,911.82	108,258.18
Engineering (TNH,Hanson)	1,168,880.00	1,168,880.18	(0.18)
Environmental (HDR)	1,757,905.00	1,757,905.00	(0.00)
Outside Counsel (Mayer-Brown,Dorsey)	598,262.03	598,262.03	99,999.97
STBEIS Contractor (ICF/HDR)	4,700,307.00	4,700,306.81	0.19
RSA (DNR/BLM)	173,476.00	142,698.80	30,777.20
MSB (PM, Consultants)	295,800.00	289,286.00	6,514.00
MSB Finance/Administration	59,200.00	59,200.00	
Total	9,940,800.00	9,695,250.73	245,549.27

FY 2009 State Grant

Activity	Approved Revised Budget	Expended	Available
ARRC Direct	344,974.00	151,551.44	193,322.56
Engineering (Hanson)	4,347,904.00	4,325,544.62	22,359.38
Environmental (HDR, ICF)	422,022.00	367,170.78	54,851.22
Construction BiModal (Completed)	10,085,100.00	9,943,315.02	141,784.98
Construction Management	1,700,000.00	900,000.00	800,000.00
MSB (Consultants: PM, Legal)	600,000.00	456,277.00	143,723.00
Total	17,500,000.00	16,143,958.86	1,356,041.14

FY 2011 State Grant

Activity	Approved Revised Budget	Expended	Available
ARRC Direct	396,174.00	140,760.63	255,413.37
Engineering (TNH,Hanson)	6,203,826.00	2,886,214.17	3,317,611.83
Environmental (HDR)	1,500,000.00	524,884.63	975,115.37
Right-of-Way Consultant	1,900,000.00	713,415.16	1,186,584.84
Segment 1 Construction (Awarded)	19,000,000.00	0.00	19,000,000.00
Right-of-Way	4,000,000.00	1,462,000.00	2,538,000.00
MSB (Consultants: PM, Legal, ROW)	250,000.00	0.00	250,000.00
MSB Finance/Administration (5%)	1,750,000.00	1,750,000.00	0.00
Total	35,000,000.00	7,477,274.59	27,522,725.41

FY 2012 State Grant

Activity	Approved Budget	Expended	Available
ARRC Direct	300,000.00	0.00	300,000.00
Engineering (TNH,Hanson)	2,500,000.00	0.00	2,500,000.00
Mitigation	2,500,000.00	0.00	2,500,000.00
Construction Management	1,900,000.00	0.00	1,900,000.00
Segment 6 Construction (March 2012 Bid)	17,000,000.00	0.00	17,000,000.00
Right-of-Way	4,000,000.00	0.00	4,000,000.00
MSB (Consultants: PM, Legal, ROW)	300,000.00	0.00	300,000.00
MSB Finance/Administration (5%)	1,500,000.00	1,500,000.00	0.00
Total	30,000,000.00	0.00	28,500,000.00

Construction Update

Bids were opened on December 6, 2011 and a construction contract awarded to Bristol Construction for the embankment for the first 5 miles of the rail extension (Segment 1), completion of the Bi-Modal Loop and the construction of an access road for the University of Alaska property. Segment 1 was scheduled to be constructed first due to settlement expected from high fills and wet, unstable ground conditions. Early completion will allow correction of any settlement prior to placing ties and track.

Engineering was completed on Segment 1 (construction contract awarded) and Segment 6 (bid March 9, 2012). The remaining segments are scheduled to be 95% designed by the summer of 2012.

Construction: Some of the original segment construction scheduling as a result of the finalization of the route for the rail line—geotechnical (soil) borings, and timing and availability of funding—have been revised. As previously stated, Segment 1 is currently under construction. Early completion of Segment 6, including rail, will benefit the project by providing train-accessible storage for ballast and other rail materials, which must be produced or procured early in 2013 to meet a project completion schedule of 2015. The ballast will be produced in the ARRC quarry in Curry, but storage space in Curry is not sufficient to store the required ballast. Track and associated work for Segment 6, next to the main ARRC line, will not be bid but will be accomplished on a time and material basis by ARRC crews. Funding is available to complete the Segment 6 work (both contract and ARRC work). The contract embankment and bridge work was bid on March 9, 2012.

The construction work underway for the Bi-Modal Facility by both Bristol Construction and Quality Asphalt Products (\$9.9 million) was completed. The bi-modal facility is now 2/3 complete with the last 1/3 under contract (segment 1) for completion in 2012.

Segment 1 Bids

COMPANY	TOTAL
Granite	\$29,941,850.00
Bristol	\$17,704,875.65
Cruz	\$34,022,709.03
Scarsella	\$29,945,085.82
AIC	\$28,360,447.28
QAP	\$23,375,044.50
Phillips & Jordan	\$35,718,485.45

MARTIN B. MOORE TESTIMONY
Before the Alaska House Finance Committee
February 9, 2012 1:30 PM

Co-Chairs and members of the Alaska House Finance Committee, my name is Martin B. Moore. I appear before you today as the City Manager for the City of Emmonak. Emmonak is located approximately 10 miles from the mouth of the Yukon River and is a regional hub for the lower Yukon with over 1,000 Tribal residents.

My service to the people of Emmonak and the lower-Yukon region began in 1963 when I served as mayor for the City of Emmonak. Since that time, I have served in a variety of organizations, including both Alaska Native regional and village corporations, the Alaska House of Representatives, the Governor's office, the local school board, and multiple tribal organizations. With this background, I can personally testify to the critical importance of ensuring that Alaska's goods are shipped in a reliable, efficient, and cost-effective manner.

I'm here to advocate for the expansion of the Emmonak Port and the network of state ports that will benefit from House Bill 286. Like many rural Alaska villages, Emmonak and its neighboring communities continue to struggle with the high price of fuel and necessary goods. The recent high costs of energy have been devastating. All Alaskans are familiar with the high costs of shipping that drive prices well-beyond what the average American expects to pay for basic goods. But in rural Alaska, the high price of fuel, food, and basic necessities is increasingly a matter of physical survival. Indeed, this winter's long cold snaps and high heating fuel prices have strained many Yukon Delta households to the brink of disaster and served as a reminder of our vulnerability.

Expanding the Emmonak Port and the port Alaska network is critical to reducing the costs of essential goods across Alaska and to help ease the difficulty of affording heating fuel and gasoline. Most of the goods Alaskans enjoy must come through the Port of Anchorage - vehicles, food, basic goods, and a multitude of consumer products. Between 80-90% of Alaskan goods travel through the Port of Anchorage. And in Emmonak, everything must be shipped - whether it be heating fuel, gasoline, snowmachines, fishing nets, or construction supplies. These supplies originate from Anchorage, Fairbanks, or Seattle. Improved ports in Emmonak and Anchorage will help bring goods into Alaska more efficiently and cost-effectively.

Although the Port of Anchorage and the U.S. Department of Maritime Administration recognized that the Port of Anchorage is deteriorating and nearing the end of its useful life over a decade ago, the proposed expansion for the Port has recently come under heavy criticism for its expense and expanse. But regardless of the scope of the project, what is clear is that the Port of Anchorage must do something to ensure that it continues to be a functional, efficient, and effective port. Alaska depends on it.

Similarly in Emmonak, an improved port facility offers a real opportunity to bring fuel, necessary goods, and basic living supplies in at a lower cost. An improved port could also facilitate the export of Yukon River salmon, and eventually, low-cost natural gas. Emmonak is a regional hub through its airport and the Yukon River, and a modern port in Emmonak has the potential to serve as a major hub for western Alaska and beyond. This year in Nome we saw firsthand how a functional port can provide fuel at an affordable rate. Unfortunately, most rural Alaskan communities do not have similar opportunities unless the State places port development as a paramount priority.

An improved Emmonak Port could also facilitate a possible LNG pipeline to Emmonak as part of the AGIA. The most critical issue in rural Alaska is energy cost. For Emmonak and the lower-Yukon region, a solution to the crippling energy crisis would be an invaluable pursuit for generations to come. The possibility of a LNG pipeline providing spur lines to remote communities is a true solution to the unsustainable reliance on heating oil. It could also promote export of LNG to Asian markets and the lower-48. We urge you to make rural areas like Emmonak part of the long-range plan now.

Emmonak has already invested \$500,000 obtaining design studies for the Emmonak Port because we truly believe that a modern port will help transform Emmonak into a viable and affordable community for future generations. Emmonak is ready to develop its port and is working to obtain the necessary permits and funding. The City of Emmonak requests that HB 286 be amended to increase the sum designated for Emmonak from \$10 million to \$16 million in order to fully fund the City's existing design plans (engineering request enclosed). Emmonak has already obtained approval from the U.S. Army Corps to construct the port (USACE approval letter enclosed) and it cannot afford delay. Building a LNG pipeline with a spur to Emmonak through a modern port will spark development and opportunities that would otherwise be unattainable and unimaginable.

In sum, ensuring that Alaskan goods are brought in an efficient and cost-effective manner is critical to the continued survival of Alaska. Anchorage is the starting point, and Alaska's regional ports are the tributaries to the flow of affordable goods throughout Alaska. Emmonak can serve as an economic connection between Anchorage and Fairbanks if the port and LNG pipeline are developed. But Alaska's ports and resources must coordinate to work together, and developing these ports must become a priority.

Thank you, I would be happy to answer any questions you may have.

Enclosures: 2/7/2012 Ltr from Michael L. Foster & Assoc. to M. Moore
1/27/2012 Ltr from USACE to M. Moore



Michael L. Foster & Associates, Inc.

An Alaskan Owned and Operated Company

Architects • Engineers • Planners • Scientists
Surveyors • General Contracting

February 7, 2012

Martin B. Moore
City of Emmonak
P.O. Box 9
Emmonak, Alaska 99581

Recommended Funding Request Increase:
City of Emmonak Port and Dock Facility
Emmonak, Alaska
MLFA Project No. EMMO-EMMO-001-0001

Dear Mr. Moore:

Michael L. Foster and Associates, Inc. has reviewed House Bill No. 286, introduced on January 17, 2012, and recommends that the City of Emmonak -- Port Improvements amount be increased from \$10,000,000 to \$16,000,000 so that the barge landing ramp can be built at the time the sheet pile container dock is built. As you know, the container dock must be built first so that river bank protection and site conditions are stabilized. However, the major amount of port activity in Emmonak comes from the barges and landing craft. The barge landing will be most beneficial to the city for a much improved revenue stream over that of the container dock. Additionally, the window for construction in Emmonak is limited, and a single project to include the ramp would far away be the most efficient way to build the facility. All sheet pile anchor cells would be installed, thereby increasing stabilization in the port area and reducing the risk of future damage to the planned barge landing area due to flooding or ice accumulation activity.

* * * * *

If you have any questions or need additional information, please contact us.

Sincerely,

MICHAEL L. FOSTER & ASSOCIATES, INC.

Gordon Seversen, P.E.
Associate Engineer

cc: Stephen Schwicht, DOWL HKM
John Walsh

02-09-12:04:43PM;

02/09/2012 10:17 Michael L. Foster & Associates

(FAX) 907 696 6202

5/ 5
P.004/016



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
REGULATORY DIVISION
P.O. BOX 6898
JBER, ALASKA 99506-0898

JAN 27 2012

Regulatory Division
POA-2011-104

Honorable Martin B. Moore
Mayor of the City of Emmonak
Post Office Box 9
Emmonak, Alaska 99561

Dear Mayor Moore:

Enclosed are two copies of Department of the Army permit POA-2011-104, Kwiguk Pass, which will authorize construction of the new Emmonak Port and Dock Facility. The project site is in Emmonak, Alaska, within Section 17, T. 31 N., R. 81 W., Seward Meridian; at Latitude 62.7748° N., Longitude - 164.5153° W., and which can be located on USGS Quad Map Kwiguk D-6.

The Alaska Department of Environmental Conservation has waived the Water Quality Certification pursuant to Section 401 of the Clean Water Act for your project.

Additionally, we have enclosed a Notification of Administrative Appeal Options and Process and Request for Appeal form regarding this Department of the Army Permit (see section labeled "Proffered Permit").

If you accept the conditions of the enclosed permit, please sign and date both copies and return them to us. The permit will not be valid until we have returned a finalized copy to you. This is not an authorization to commence construction.

Nothing in this letter shall be construed as excusing you from compliance with other Federal, State, or local statutes, ordinances, or regulations which may affect this work.

Please contact me via email at mary.f.leykom@usace.army.mil, by mail at the address above, by phone at (907) 753-2711, or toll free from within Alaska at (800) 478-2712, if you have questions.

Sincerely,

A handwritten signature in black ink that reads "Mary Leykom".

Mary Leykom
Project Manager

Enclosures

www.poa.usace.army.mil/reg