ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672
10025 HOUSE TRANSPORTATION

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ANCHORAGE INTERNATIONAL AIRPORT CONSTRUCTION FUND - OVERVIEW

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Anch. Int'l. Airport Const.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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December 29, 1999

The Honorable Drue Pearce
President, Alaska State Senate
716 W. 4th Ave, Suite 500
Anchorage AK 99501-2133

The Honorable Brian Porter
Speaker, Alaska State House of Representatives
716 W. 4th Ave, Suite 300
Anchorage AK 99501-2133

Dear Senator Pearce and Speaker Porter:

Chapter 41, SLA 98 added a new subsection to Alaska Statute 37.15.420. This subsection requires the Department of Transportation and Public Facilities to submit to the Legislature by January 1 of each year a report on anticipated expenditures from the International Airports Construction Fund. Enclosed is the Department's annual report which outlines the amount expected to be expended in fiscal year 2001, the work expected to be performed during that time period, the amount to be spent on outside contracts and the amount anticipated to be spent on items other than for contracts. As you may realize, these are estimates and actual expenditures could be dependent upon a variety of factors such as unexpected bonding issues, weather delays or even the timing of additional bond issuance.

If you have any questions concerning this report, please contact Dave Eberle the program director for this project at 269-0780.

Sincerely,

Nancy J. Slagle for

Joseph L. Perkins, P.E.
Commissioner

Enclosure

cc: Dave Eberle, Director, Central Region Construction & Operations, DOT&PF
Kurt Parkan, Deputy Commissioner, DOT&PF
Nancy Slagle, Director, Administrative Services, DOT&PF
Bill O'Leary, Controller, Alaska International Airport System, DOT&PF
Troy Stafford, Project Controls Manager, Rise Alaska

25A – T34LH

Terminal Redevelopment Project
International Airport Revenue Bond
Construction Fund Report

Anchorage International Airport

INTRODUCTION:

Pursuant to the Alaska Statute, AS 37.15.420 - Bond Authorization, the following is a brief project update and the FY2001 Spending Plan for the Bond Construction Fund.

PROJECT STATUS (As of December 1999):

Concourse C Replacement

- The tenant relocations and the demolition of the existing Concourse C are complete.
- Design of the new concourse is in progress and approximately 95% complete.
- The construction of Concourse C Replacement will consist of two contract packages:
  - The Phase I – Structural contract is currently being advertised for bid and is scheduled for award February 2000.
  - The Phase II – Building Completion contract is scheduled to be advertised April 2000 and awarded June 2000.
- The Design Development cost estimate is in progress.
- The New Concourse C Terminal construction is scheduled to be complete and operational by April 2002.

Terminal Renovation

- Terminal renovations necessary to relocate regional carriers have been completed and are operational.
- Renovation work continues with the seismic upgrades of the ticket lobby and the construction of new airline offices and ticket counters.
- The bulk of the Terminal Renovation will be accomplished after Concourse C Replacement is completed.

Roadways & Parking

- Landside design is approximately 85% complete.
- The Phase I Roads are under construction.
  - This contract includes the elevated bridge, access ramp, the inbound airport lanes and the rerouting of Postmark Drive.
  - Construction started August 1999 and is scheduled to complete August 2000.
- Phase II Roads design is 65% complete.
  - This contract will include the airport exiting lanes, the landside parking and the new Postmark Drive intersection.
  - Design team continues to work with AIA Leasing on the acquisition of Southside properties.
  - Project is scheduled to be advertised for bid February 2000 with a scheduled completion of November 2000.

Airside Improvements

- Overall airside design is approximately 25% complete.
- Design Development is in progress for the New Concourse C Apron.
  - This project consists of sub-grade preparation with accommodations for fueling facilities and the replacement of apron structural concrete for the new Concourse C gates.
  - The current plan is to incorporate this work into the Terminal Phase II – Building Completion Package.
  - Design is scheduled for completion January 2000.
- The Remote Over Night Parking (RON) project is currently in Design Development.
  - This project will reconstruct fueling positions R1, R2 and R3 to accommodate B747-400 aircraft by constructing a concrete apron.
  - The project is being designed by DOT&PF in conjunction with R&M Consultants.
  - The layout plan drawings for the RON's are complete. The construction documents are scheduled to be complete in January 2000.
  - Construction is scheduled to start May 2000.
- West Remote Fueling Apron project remains on hold pending completion of the Airport Cargo Master Plan.
- The Expansion of Aprons at Gates A5 through A9 is in preliminary design.
  - This project will reconstruct the concrete aprons at Gates A5 – A9.
  - Preliminary layouts are complete.
  - Design is scheduled for completion January 2001 with construction scheduled to start May 2001.

FUNDING:

- The total project budget for design and construction including finance cost, insurance and capital interest remains at $230 million.
- All funding for the project is in place.
- The project funding is a combination of Airport Revenue Bonds, FAA Funds and FHWA Highway Funding:
  - In 1998, the Legislature authorized the issuance of $179.175 million in Airport Revenue Bonds.
  - In 1998, $26.3 million in Federal Highway Funding was programmed for the project within the State Transportation Improvement Plan (STIP).
  - In 1999, The Federal Aviation Administration (FAA) approved funding for $48 million of the Anchorage International Airport Letter of Intent (LOI), a portion of which is designated to reimburse airside improvements for the Terminal Redevelopment Project.
  - In 1999, the Legislature authorized an additional $25 million in Airport Revenue Bonds. Since the FAA funds are to be received over a 10 year period, it was necessary to issue an additional $25 million in revenue bonds to meet construction cash flow requirements and maintain project schedule.

Uses of Funds* (x1000's)	
Concourse "C" Replacement	$103,724.0
Terminal Renovation	33,722.0
Roads and Parking	31,854.0
Airside Improvements	36,000.0
Finance Costs	24,700.0
Total Uses of Funds	$230,000.0

Sources of Funds (x1000's)	
FHWA Grants**	$26,300.0
Series A and B Bonds	179,175.0
Phase C Bonds/LOI***	24,525.0
Total Sources of Funds	$230,000.0

* *Approximate, subject to change.*
** *FHWA Grants dedicated to roadway projects.*
*** *Phase II Bonds issued to cash flow future LOI receipts.*

BOND CONSTRUCTION FUND:

The Construction Fund represents approximately $203 million in Airport Revenue Bonds for the design and construction of the Terminal Redevelopment Project. The State closed on the $179 million Series A and B Bonds in February 1999, a portion of which was utilized to retire the Bond Anticipation Notes (BANs) in April 1999. The State closed on the $25 million Series C Bonds in October 1999.

FY2000 CONSTRUCTION FUND SPENDING PLAN:

(1) The total amount of money to be spent from the construction fund:

The total amount of money to be spent from the Bond Construction Fund in FY2001 is forecasted to be $72 million.

(2) A description of the work to be performed on airport facilities that will be financed with money from the construction fund:

- **Design**
  - Provide design construction administration services for the Concourse C replacement contracts.
  - Finalize design for Remote Overnight Apron.
  - Complete the motor vehicle parking and landscaping design.
  - Continue design of existing terminal renovations.
  - Perform seismic analysis of existing terminal.
  - Complete right of way acquisition.

- **Concourse C Replacement**
  - Complete the construction of the foundation and structural steel.
  - Continue with the construction of the building completion package.
  - Start the construction of the apron.
  - Finalize all utility relocations.

- **Terminal Renovation**
  - New regional airlines ticket counters and offices will be constructed and tenants relocated.
  - Relocation of Physical Plant Operations.

- **Airside Improvements**
  - Reconstruct the Remote Overnight Positions R1, R2, and R3.
  - Begin Reconstruction of Aprons at Gates A5 through A9.

Bond Construction Fund
FY2001 Spending Plan
(x1000's)

Phase Description	FY2001 Spending Plan
Design and Project Management	$11,600.0
Concourse C Replacement	$34,600.0
Terminal Renovation	$500.0
Airside Improvements	$9,300.0
Roads and Parking	$1,880.0
Program Contingency	$4,920.0
Finance Costs	$9,200.0
Totals:	$72,000.0

(3) The amount from the construction fund that will be spent under contracts with the private sector and a description of the goods or services to be provided to the state:

The total forecasted Construction Fund expenditures for contractual services for FY2001 is approximately $61.5 million.

- **Design Services:**
  - Complete the design and construction documents for the expansion of Gates A5 – A9, the Airport parking and landscaping.
  - Finalize the design development documents for the balance of renovations for the existing south terminal ticket lobby and Concourse B.
  - Provide construction administration services for the Phase I and Phase II - Concourse C Replacement, the airside RON and the building apron reconstruction contracts.

- **Project Management Support Services:**
  - Continue to maintain the cost controls and schedule reporting systems.
  - Develop public presentations and communication programs.
  - Assist with the management of design.
  - Monitor the financing process.

- **Construction Management:**
  - Provide construction phasing and planning.
  - Provide construction oversight and inspection services.
  - Administer construction contracts.
  - Perform estimate reviews and value engineering for the major construction contracts.
  - Coordinate the Owner Controlled Insurance Program (OCIP).

- **Construction Contracts:**
  - Concourse C Replacement , Phase I – Structural Contract
  - Concourse C Replacement , Phase II – Building Completion Contract
  - RON Apron Reconstruction Contract
  - Expansion of Apron at Gates A5 through A9 Contract
  - Airport parking and landscaping (included in the Landside Phase II Contract)

(4) The amounts that the state will spend from the construction fund for purposes other than contract payments:

- The total cost for non-contractual payments for FY2001 is approximately $10.5 million, inclusive of the following:
  - Project management over-sight for design and construction.
  - Contract procurement and award.
  - Project accounting and controls.
  - Monitoring environmental HAZMAT abatement contracts.
  - Cost for reproduction of contract documents.
  - Regulatory and permitting. (A portion may be contracted).
  - Capitalized interest payments.

Anch.

Airport

Railroad

Sta.

February 29, 2000

ALASKA RAILROAD AIRPORT STATION (RAIL STATION)

Purpose and Need – Due to increasing public transportation needs, multiple urban locations around the world are spending millions of dollars to revise their infrastructure to accommodate rail services at airports. Ground transportation demand at Anchorage International Airport (AIA) has increased; there is currently no rail access to the airport terminal. This project allows ARRC the ability to serve current and future transportation needs of the public by linking air, rail, and water modes of transportation together for South-Central Alaska. AIA is currently undergoing a phased multi-million dollar reconstruction project to accommodate growth; a shared construction window allows ARRC the ability to minimize impact and maximize opportunities on the airport campus.

Project Summary – This capital improvement project is for design and construction of a new Intermodal Passenger Rail Station located at the AIA. This includes construction of a bridge and elevated approach track, a 425-foot covered platform, a 3-story 17,300 square foot Rail Station facility with an assembly area, and an underground pedestrian tunnel leading to the airport terminal. ARRC is extending its current track 900 feet to accommodate this project. The existing rail spur has been in use since 1957.

Status -

ARRC and AIA have entered into a 55-year lease agreement.

FRA has provided $28 million in total funding for design, construction, and administration of this project. This includes $4 million for the underground pedestrian tunnel, which becomes the property of AIA upon project completion.

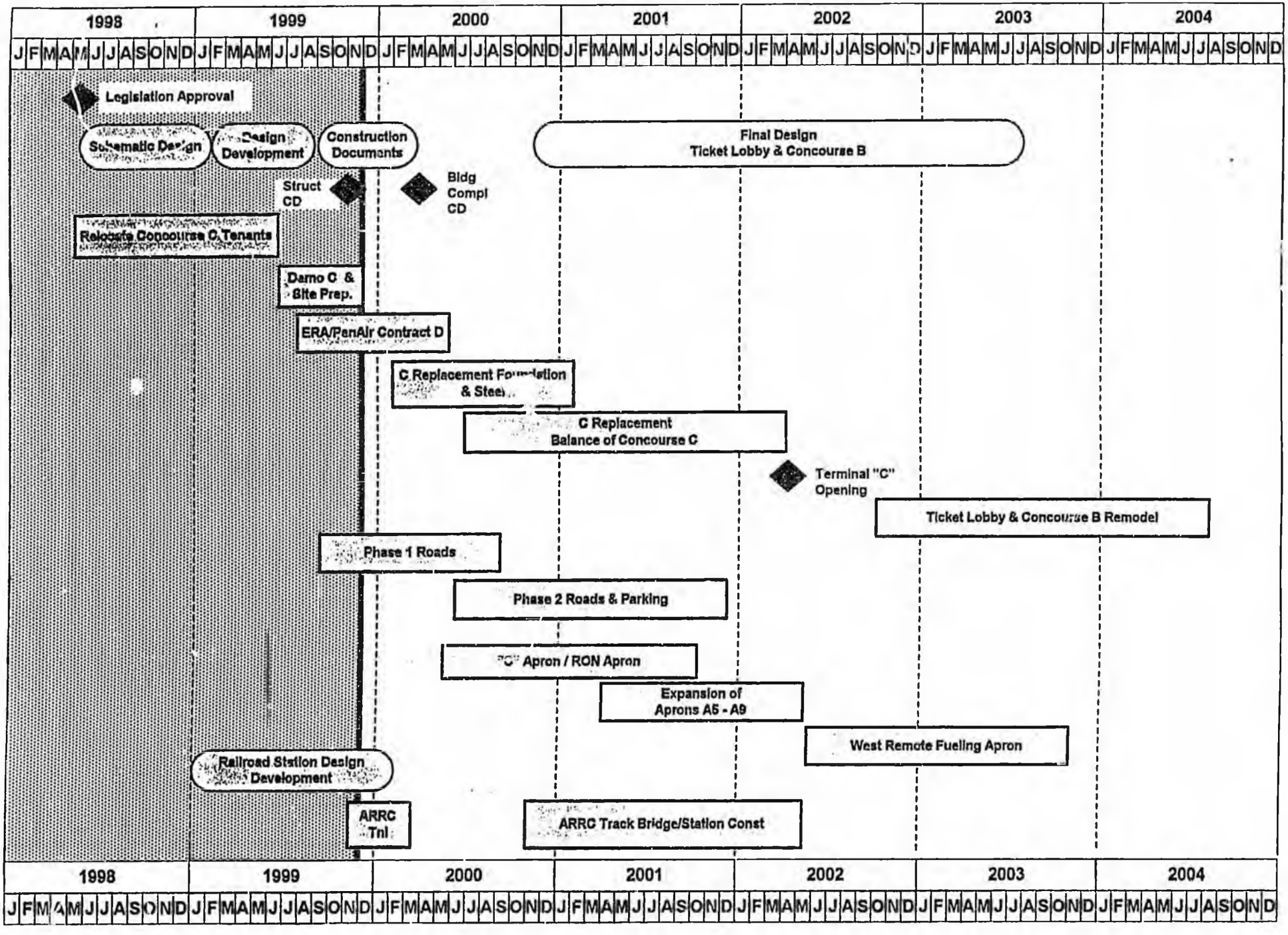
NEPA documentation prepared by HDR, Inc. and submitted to FHWA February, 2000. Approval of Categorical Exclusion expected with recommendation to FRA for final signature.

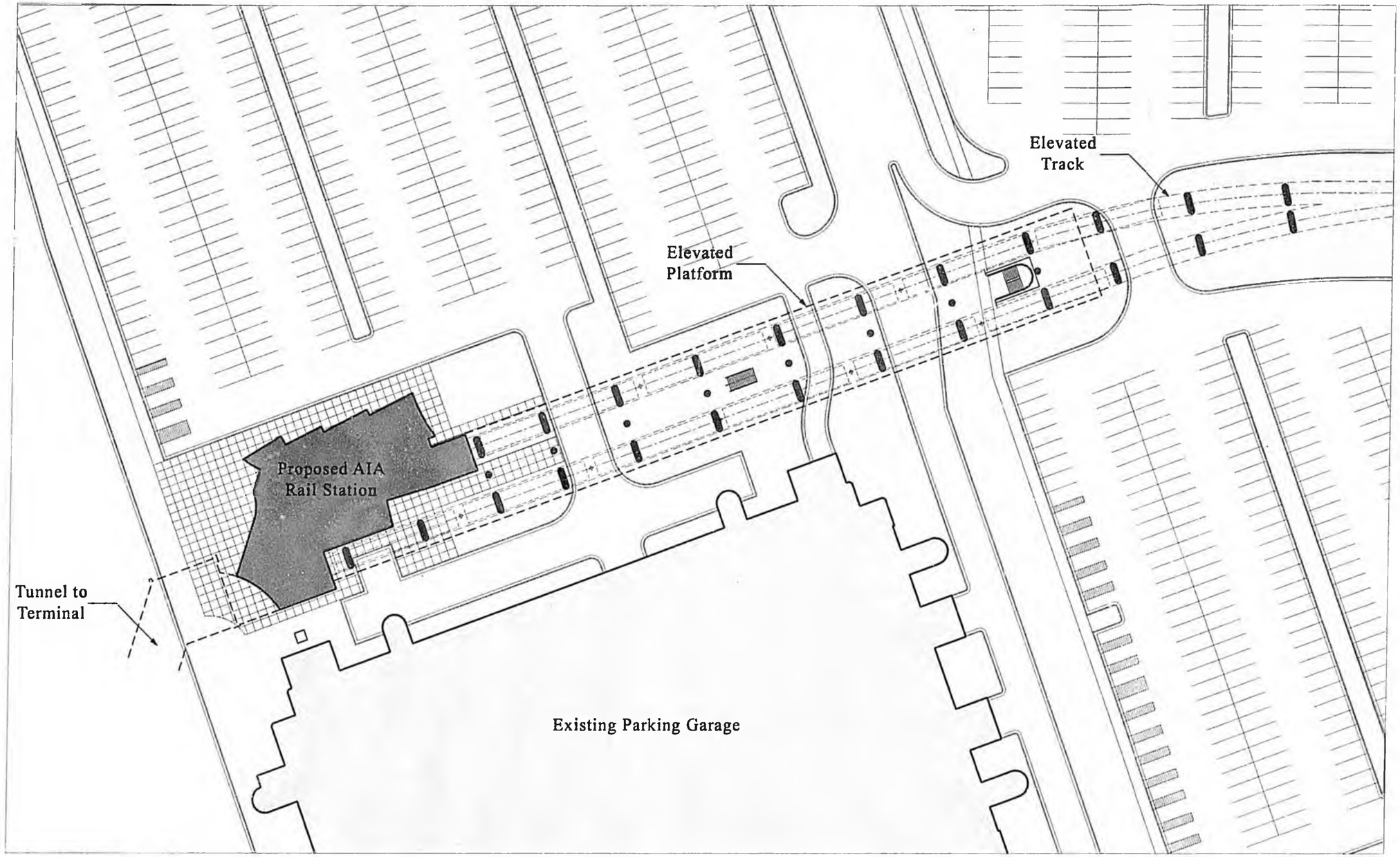
Kumin and Associates, Inc. selected for final design. Current design is approximately 45% complete. Design completion scheduled for September, 2000.

Tunnel bid with DOT&PF Phase I landside project; Kiewit is selected contractor. Tunnel scheduled for substantial completion March, 2000.

Construction bids expected November, 2000. Construction to begin December, 2000 with completion by May, 2002.

Anchorage International Airport Terminal Redevelopment Project
Summary Project Schedule





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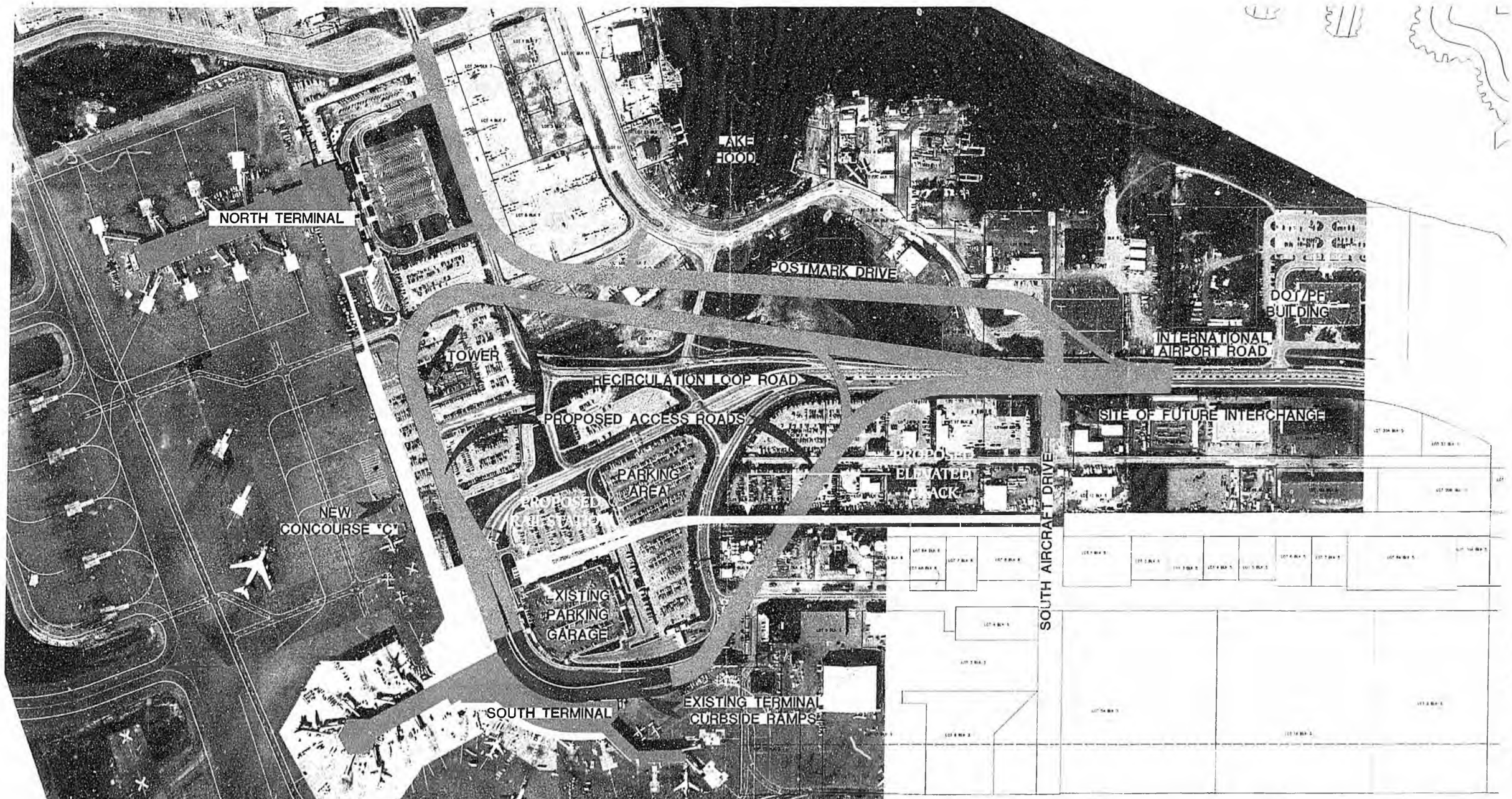
SITE PLAN



AIA RAIL STATION

ALASKA RAILROAD CORPORATION

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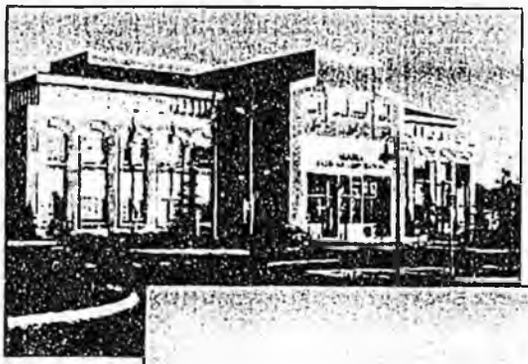
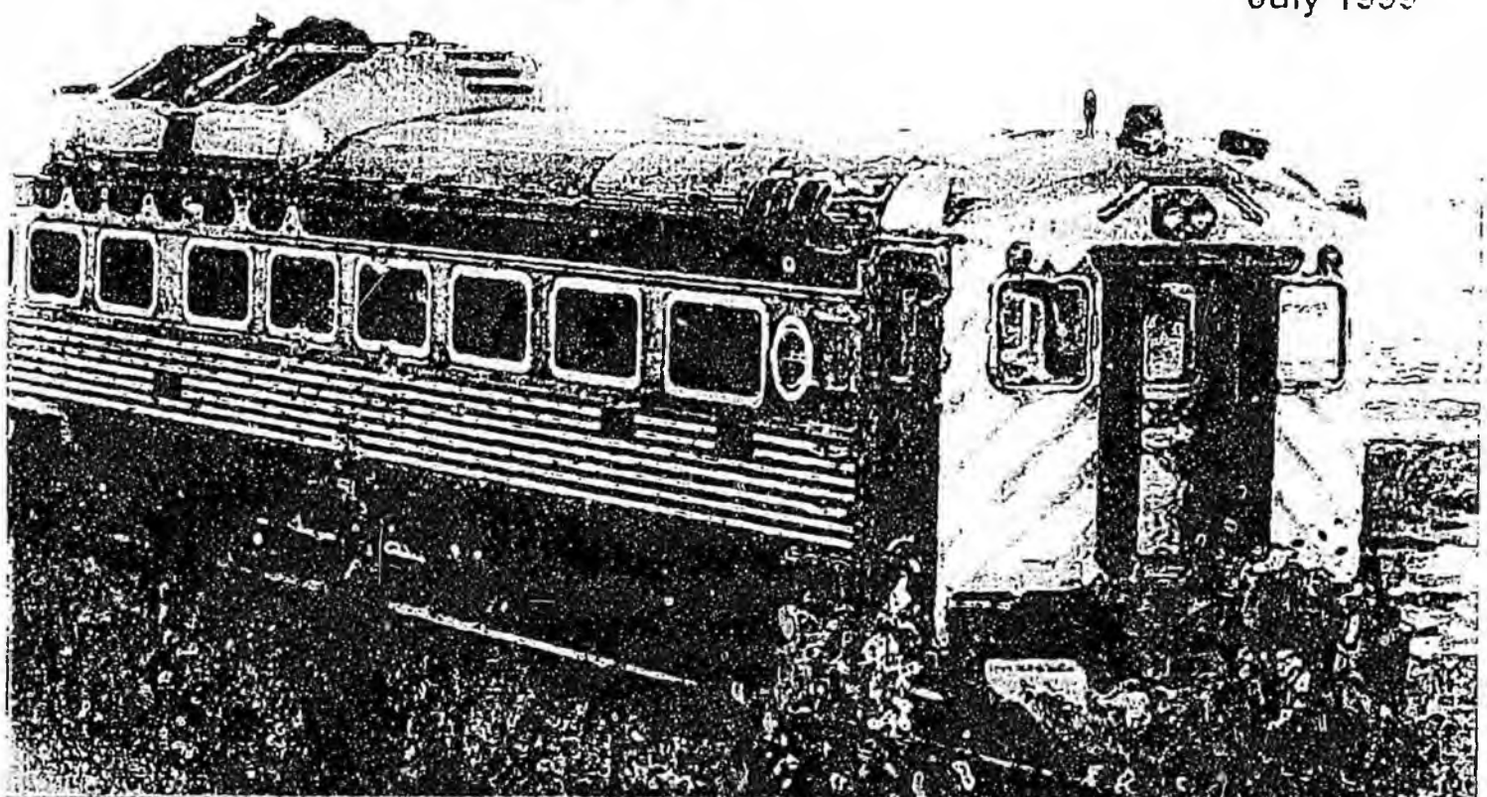


Market Analysis for ARRC Anchorage International Airport Rail Station

Prepared for the
Alaska Railroad Corporation

July 1999



Prepared by

Northern Economics, Inc.

In association with

Kruger & Associates

and

HDR

Executive Summary

The *Market Analysis for ARRC Anchorage International Airport Rail Station* presents the results of a study of potential benefits of the new rail station at the Anchorage International Airport (AIA), the various markets that could support the station, and the marketing requirements necessary to take full advantage of the station. Appendixes to the report contain detailed information on equipment options and copies of a commuter rail survey conducted as part of the study.

The number of available markets and potential size of each market suggest that the Alaska Railroad Corporation (ARRC) can determine the amount of airport-station-related ridership by developing the necessary infrastructure, providing adequate levels of service, and marketing the service. Marketing efforts would include negotiations with primary customers such as cruise lines and tour companies, and efforts to attract independent travelers and area residents. The user groups exhibit differences in terms of frequency of service and destination. Necessary infrastructure includes port improvements and facilities to serve commuters and tour groups. The ARRC is already addressing many of these items.

Total airport-station-related ridership could exceed 200,000 passengers per year by 2004 and grow to more than 500,000 by 2024. The market with the most immediate potential is the cruise market, in which passengers require transportation between cruise ships and the airport. Rail ridership for cruise-related services could be more than 60,000 passengers per year in 2004 and exceed 75,000 per year by 2024 (assuming that 3 train sets with a capacity of 250 passengers per train are dedicated to this service). Other markets such as providing related services to tour-and-charter visitors and serving area residents traveling to the airport offer even greater potential, but marketing efforts and additional infrastructure are needed before this potential can be realized.

Airport station related ridership could exceed 100,000 travelers in the independent tourists, tour group, and charter categories in 2004. In addition, the demand for rail service to the airport by area residents could exceed the expected use by cruise passengers if the necessary infrastructure and adequate levels of service were in place.

Revenues generated by transporting cruise passengers between the airport and cruise ships could exceed $750,000 in 2004 and $1 million in 2024. Revenues generated by other markets cannot be estimated until critical decisions related to facilities, equipment, and levels of service have been made and more is known about the markets.

The new AIA rail station should be viewed as a vital part of the transportation infrastructure in Southcentral Alaska and could be a catalyst for increased and improved tourist activity in the area. However, not all of the benefits associated with improved infrastructure can be assigned to the AIA station. Shorter travel times between cruise ships (or other places) and the airport, improved travel experiences, and other benefits are associated as much with track changes and other rail system improvements as with the AIA station itself.

The AIA station would help to promote a variety of benefits such as reduced roadway congestion, improved air quality, and postponement of the date when future roadway improvements are needed. Once the ARRC makes decisions regarding new equipment and various system improvements, revenues and other benefits can be compared with the estimated annual cost of $300,000 for maintaining and operating the new station. In the meantime, the station can be viewed in the context of the broad tourist industry. Anchorage Convention and Visitors Bureau (ACVB) statistics show that in 1998 the travel trade brought roughly $72 million to the Anchorage area, and conventions resulted in a positive economic impact of $59 million. To the extent that the new rail station adds incrementally

to these values or helps increase retention of travel-related money in the Anchorage area, the value of the station could be quite significant.

In summary, ARRC decisions regarding level of service, marketing effort, and the rate at which new infrastructure is put in place are the critical factors in generating significant use of the AIA rail station. If the ARRC is sensitive to the demands of the various market segments and aggressive in meeting those demands, then passenger volumes and related revenues should be sufficient to support the new station.

Airport Rail Links Misconnect With Fliers

By Daniel Machalaba
Staff Reporter of The Wall Street Journal

Like many travelers, Tom Hoen of Baltimore dreams of racing to the airport aboard a fast train.

His reality: crawling to the airport aboard a slow trolley. Extended to Baltimore-Washington International Airport a couple of years ago, Baltimore's airport trolley lumbers through city streets, mixes with traffic and waits at sections of single track for trains traveling in the opposite direction to pass. Mr. Hoen, a vice president of BT Alex. Brown, could drive from his house to the airport in half an hour but prefers public transportation, which can take almost twice as long. "It's hardly a bullet train," he says.

Mr. Hoen's frustration is common among passengers of the nation's airport rail links. "Compared to the potential, the American experience with air-rail links has often been quite disappointing," says Matthew Coogan, a transportation consultant in White River Junction, Vt., and a former undersecretary of transportation in Massachusetts. "Many of the systems have been cobbled together and fail to deal with the unique needs of air travelers."

Most airports were built in remote areas far from downtown and were easily reached by new highways. But the surge in air travel, airport expansions and urban sprawl changed all that, resulting in clogged roads to, from and within the airports and putting airport parking at a premium. [illegible] their cars at distant satellite lots and board shuttle buses to the terminals.

The rail links were envisioned as an antidote for all that, but that hasn't been the case very often. Many of the systems follow indirect routes, share tracks with local trains or require a switch to another train or bus. In Boston, for example, travelers have to board a bus between the subway station and airport terminals.

Few of the systems make special provisions for luggage. What's more, some airports that derive revenue from their parking lots do little to encourage the links. As a result, the trains often tap less than 5% of the market of travelers going to or from airports.

"I think a rail link to the airport is a great idea," says David Gunn, who heads Toronto's transit system and ran transit systems in Philadelphia, New York and Washington. "But it's very difficult to make it work."

Proponents insist that airport trains are often faster than autos and cabs, especially during commuting times when highways are jammed. And the trains are economical, with fares ranging from $1.50 to $5 a ride, compared with $25 or more for a taxi. To demonstrate the potential of air rail links, transit planners point to successful systems in London and Hong Kong, which include features like airline counters at downtown train stations, nonstop service and luggage racks on the trains.

Among U.S. systems, the one linking Washington, D.C., and [illegible] Washington National Airport is considered among the most effective. Travelers used

Please Turn to Page B4, Column 5

The Trains to the Planes

New York's planned Airtrain to Kennedy Airport, shown at right, is being heralded as cheap and quick, but critics have emerged

CITY	ADVANTAGES	DISADVANTAGES
Atlanta	Fast, frequent rides to downtown	Rail doesn't reach some suburbs
Baltimore	Direct links to downtown; new trolleys	Slow trip downtown
Boston	Station near airport, frequent service	Bus connection required
Chicago	Centralized station location at airport	Frequent local stops
Cleveland	Direct airport-rail link	Limited rail network downtown
Philadelphia	Three stations at airport	Infrequent service
St. Louis	New trains	No rail links to suburbs
Washington D.C.	Fast frequent service	No special provisions for luggage

Wall Street Journal 2/23/99

Few Fliers Use Airport Rail Links

Continued From Page B1

to complain about having to walk through parking lots from the terminal to the train station – a distance of more than 1,000 feet. But in 1997, a new airline terminal serving most carriers was completed adjacent to the station, making the connection between plane and train among the most convenient in the country.

The Washington system also boasts frequent trains and an extensive rail network to downtown locations. "It has them all beat," Ken Bird, a manager at an industrial-controls company in Illinois, says of Washington's airport trains. "You can walk right from the plane to the train and get a clean, quiet and fast ride downtown."

The system linking Chicago with O'Hare International Airport also wins praise for its convenience, although it travels along a line used mainly by local riders, with frequent stops and crowded cars.

More typical is Philadelphia, where commuter trains were extended to the airport in 1985 but haven't made much headway with the traveling public. For budgetary reasons, service is confined to one train every half hour. The result: Travelers often wait longer for a train than the time it takes to drive downtown.

The Philadelphia system carries about 2,500 people a day to or from the airport – about a fifth of its capacity. "Airline travelers are accustomed to stepping out to the curb and flagging a cab," says Stephan Rosenfeld, a spokesman for Philadelphia's transit system. "We haven't been able to break that habit."

That may change. Philadelphia Airport officials, who [illegible] drive there, haven't promoted the trains in the past. A separate authority operates the trains and collects fares. But airport officials say they are now encouraging more travelers to use the train in an effort to ease airport traffic congestion. The airport has added bigger signs directing travelers to the trains and is spending $8.5 million to build new passageways from the baggage-claim area to train platforms.

Despite the problems many cities have encountered with airport rail systems, New York, San Francisco and Portland, Ore., are developing new links. The Port Authority of New York and New Jersey's plans to spend $1.5 billion to build "Airtrain" to Kennedy International Airport are already drawing fire, because they require passengers to change trains.

The Airtrain plan has also stirred opposition from airlines, which object to the Port Authority's use of a $3-per-passenger airport departure tax. To qualify for the funds, which are designed for on-airport improvements, the Port Authority plans to annex Airtrain's track right of way and make it part of the airport.

The drawback: Airtrain will take passengers to nearby rail stations, where travelers transfer to other trains. "They are building a second-rate system that dumps you at a remote transit hub only 20% of the way to the center city," contends George Haikalis, a transportation consultant in New York.

Port Authority officials say the system will be cheaper, faster and more reliable and from Manhattan than cabs. They dismiss concerns about the inconvenience of changing trains. "How are you going to make something perfect for eight million people who don't live in one place?" asks Port Authority spokesman Mark Hatfield. "We are trying to create the best system that serves the most people."

Meanwhile, improvements to other systems are on the way. Atlanta wants to install a baggage drop-off counter at the airport train station. And in Baltimore, transit officials say they are addressing the problem of delays and plan to install special signals to give trolleys priority over cars and buses.

Baltimore has also considered making space available on its trolleys for luggage. But Wayne Jubb, a deputy director of Baltimore's transit system, says there's no rush: Trolleys to and from the airport are 70% empty. "There's plenty of room in those vehicles, even if people set the luggage behind them," Mr. Jubb says.

GLAXO WELLCOME PLC

Unsuccessful Partner Search Leads to Phaseout of Unit

Glaxo Wellcome PLC said it will discontinue funding for HealthMatics Inc., citing an unsuccessful search for a venture partner. HealthMatics is a Cary, N.C., health-care information systems and services company. Glaxo, a British drug maker, said HealthMatics will begin phasing out operations immediately under a plan that continues to support existing customers through 1999. The decision will affect 100 employees, according to Glaxo. HealthMatics was created in 1996 as a joint venture by Glaxo and Physician Computer Network Inc. Glaxo acquired Physician Computer Network in December 1998 and said at the time it would seek another partner.

Derail. at Gold Creek

Alaska Railroad Corporation

Derailment Report
January 2000

Canyon Derailment

The Alaska Railroad train 2802 South derailed shortly after 1 a.m., October 31, 1999, at MP 268, adjacent to Canyon siding. This train was made up of four locomotives and 46 loaded tank cars (holding roughly 1 million gallons of refined product).

Cause

Rail Sciences, Inc. the leading investigative and technical firm in the railroad industry, conducted the investigation. Work included review of tapes from the locomotives, computer simulations based on the data, and site investigation. The investigation concluded that the track was in good shape and that the train was being handled properly.

However, there were two yard switching engines being towed to Anchorage from Fairbanks. The switch engines were placed immediately behind the four working locomotives. The couplers on switch engines swing wider, side to side, than couplers on standard freight and road equipment. They are designed that way because these engines have to handle a variety of different cars in tight and varied track configurations of yards.

At track speeds, and with the usual forces of working locomotives in front of them and loaded cars behind them, the wider swing in the couplers of these yard locomotives generated strong lateral forces against the inside of the rails. This lateral force eventually spread the two rails apart. This began derailing equipment and rolled the rail over.

Consequences

Leaks from at least two cars caused a release of approximately 12,000 gallons of Jet-A aviation fuel. The fuel spilled into two small rivulets running on either side of the track. The fuel stayed primarily on the surface of the water (rather than spreading into streamside soils) because of the grade (about 2.5 percent) and strong constant water flow (probably from groundwater/spring sources). The fuel pooled behind a series of beaver dams on both sides of the track.

Water quality sampling that began on the second day of the response showed some dissolved benzene in the water column at the beaver ponds and at downstream sites. By Day 11, those levels had dropped below aquatic toxicity levels established by the

regulatory agencies. These data suggest the environmental impact was short-lived.

Response actions
The ARRC employed three contractors (Penco, CCI, CH2MHill). Technical assistance on response actions was guided by Rod Hoffman of CH2MHill, who came to the company from ARCO Alaska and Alaska CleanSeas. Lightering of the fuel was conducted with ARRC employees led by Jim Seeberger, the hazardous materials specialist for the corporation. Response efforts consisted of vacuum operations, hand scooping, skimming, and sorbent material placement. Dry streambank grasses that had absorbed fuel were burned with propane-fired torches.

Waterflow was diverted in two areas to minimize fuel migration and underflow dams were constructed to aid recovery and establish preventative structures before breakup.

Of 220,035 gallons of fuel in the 10 tanks cars that derailed, the ARRC and contractors recovered 219,291 gallons through lightering and response efforts, leaving only 744 gallons total unaccounted for. Recovery amounts were gauged and verified by ARRC and state personnel, Williams Energy, and Alaska Pollution Control.

Gold Creek Derailment

Alaska Railroad train 130 South with four locomotives and 49 cars (41 loads of refined product and eight empty tank cars) derailed at Gold Creek siding, MP 262 of the Alaska Railroad, at 2 a.m. on December 22, 1999.

Cause
The train had been traveling southbound and went into Gold Creek siding to allow a northbound train to pass. Weather conditions at the time were extreme. Heavy, wet snow was turning to rain. Temperatures were at or near freezing. After the northbound train passed, the southbound returned to the main track and stopped so the switch controlling movement into the siding could be realigned. The 130 South then started again southbound on that main track. Shortly after it began moving southward, the rear, right wheel of the second locomotive in the consist climbed over the rail to the west of the rail. The train gradually began to pick up speed. At approximately 28 mph (12 mph slower than authorized track speed), the second locomotive derailed more forcefully, triggering the derailment and pile-up of 15 loaded tank cars.

Rail Sciences, Inc. was again called upon to investigate the accident. It found that excessive buildup of ice and snow in a short period of time caused the locomotive to derail.

Current setting
At least five tank cars were severely damaged during the wreck. Four lost all or nearly all of their loads. Estimated amount of fuel spilled is currently about 100,000 gallons of Jet-A aviation fuel.

On the west side of the track, the spilled fuel moved quickly through the snowpack (estimated at approximately 6-8 feet at the time). It does not appear to have spread laterally along the surface more than 60-75 feet from the track. It does appear to have saturated a small area of silty topsoil, then run relatively straight down, however, through well-drained gravel soils. Test pits and drilling results show that fuel has been soiled from the surface to the groundwater level of approximately 30 feet.

On the east side, the results were similar. A deeper drainage ditch did allow some spilled fuel to settle and freeze into a clearly defined layer near the bottom of the snowpack. However, as on the west side, the fuel quickly moved into the gravel soils and traveled to groundwater.

The area of the spill is a gravel terrace that was once the valley bottom. Trench cuts show gravel, sand, and rounded boulder/cobble layers that are typical of glacial outwash and streambeds all the way to current groundwater levels. The Susitna River itself is at approximately 465 feet above sea level. The spill site is approximately 500 above sea level, but groundwater is at or near current river level. This suggests a relatively flat gradient, which further suggests that fuel on top of groundwater is not on a rapid course towards the Susitna. There is free floating product in test wells ranging from 8 inches deep to a few inches deep.

Response actions and plans

The spill occurred immediately below the wrecked cars. To get at the contamination, crews transloaded fuel from 14 of the 15 cars (the 15th car was rerailed, full, and moved from the site). Approximately 200,000 to 220,000 gallons of fuel have been transloaded and removed from the site. The wrecked cars, each weighing 30 tons empty, were lifted or dragged off the contamination and set out for removal by wrecking crews at a later time.

Clean and contaminated snow was bulldozed and removed from the site using 50-yard hopper cars. A total of 48 carloads were taken to Alaska Pollution Control.

Two drilling rigs are working, drilling wells for recovery and doing borings to delineate lateral contamination from the wreck site. Ground penetrating radar has been used to get additional data on the location and possible movement of the fuel in the subsurface. Recovery is being conducted using a vacuum unit to pull fuel up from wells. Some soil will likely be removed; however, we are currently keeping the surface intact as much as possible so that we can effectively use heavy equipment and drilling rigs. Soil removal in the vicinity of the track itself will be subject to a detailed examination of roadbed stability by ARRC civil engineers.

Drilling and radar data will combine to produce a comprehensive map of groundwater flow in the area. Nothing in the data suggest rapid advancement to the Susitna. Water quality testing locations have been established at the Susitna itself and samples are currently being analyzed.

ALASKA RAILROAD CORPORATION

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327 W. Ship Creek Avenue, Anchorage, Alaska 99501

Executive Office
Telephone: (907) 265-2403
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January 17, 2000

The Honorable Andrew Halcro
Chair, Transportation Committee
State Capitol, Room 418
Juneau, Alaska 99801-1182

Dear Representative Halcro:

Thank you for your invitation to appear before the House Transportation Committee. I look forward to explaining to the Transportation Committee the information you have requested.

I feel very bad about the derailment and spill as do all the Railroad employees. We are putting in changes to the procedures of running trains that we hope will minimize or eliminate this from happening in the future. Our wish is to regain the confidence of the Alaska people and the legislature.

Sincerely,

Governor Bill Sheffield
President and Chief Executive Officer

CONFIDENTIAL

RAIL SCIENCES INC.

3 North Clarendon Ave.
Avondale Estates, GA 30002-1151
(404) 294-5300
(404) 294-5423 Fax

December 31, 1999

Ms. Phyllis Johnson
General Counsel
Alaska Railroad Corporation
Anchorage Alaska

Attorney-Client Work Product

RE: Preliminary Report, Derailment at Gold Creek Siding

Rail Sciences has completed the initial phases of its investigation as to the cause of the derailment of Train 2806 South, Gold Creek, MP 263, December 22, 1999. This initial investigation consisted of three days on site including a trip to the derailment scene by G.P. Wolf, detailed inspections of the locomotive equipment involved in the initial derailment, and interviews and meetings with personnel involved in different phases of the investigation.

The major derailment and pile-up occurred at the south switch at Gold Creek, but it is clear that the initial derailment occurred north of the north switch at Gold Creek. Marks in the rail and in the snow/ice show that a single wheel derailed north of the north switch and rode in a derailed position until encountering the frog area at the south switch, which then precipitated the large jackknifing and pile-up.

From our preliminary assessment, we have determined that the initial point of derailment was at a location approximately 140 feet north of the north switch points at Gold Creek Siding. Evidence at this location shows that likely a single wheel climbed the west rail as evidenced by a very light climb mark across the top of rail extending approximately 24". At the same time, the opposite wheel dropped in the inside of the east rail. The point of derailment was approximately opposite a joint on the east rail. It also appears that the marks on the rail and joint bolts were made by a wheel moving in the southward direction. The track at this location is straight.

An accumulation of field evidence also points to the fact that most likely the second locomotive in the consist, Unit 3004, was the first vehicle to derail. From marks on the wheels and undercarriage, it is most likely that the R4 wheel was the first to derail in a climbing motion to the west.

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Our investigations, measurements, and calculations to date have not revealed any obvious defects with the track and roadbed, the vehicles, or the operation of the subject train. Detailed track measurements show no exceptions to Federal (FRA) track safety standards. The track was well spiked and appropriately supported in the area of the initial derailment. Detailed examinations of the trailing three locomotives did not show any out of tolerance conditions on the wheels, trucks, motors or braking systems. Nor were there any exceptions to Federal (FRA) locomotive safety standards.

The event recorders from the four locomotives on the subject train were analyzed both by Alaska Railroad personnel, and also the data was played out at Rail Sciences' event recorder analysis facility in Atlanta. The data from the event recorders comported with crew statements as to the actions and speeds on the train. In addition, RSI has completed initial computer simulations of the operation of the train to determine the forces and accelerations present in the train as it negotiated the north switch at Gold Creek. These simulations have not shown any unusually high forces which would have been directly causative in the derailment. Nor was speed of the train a causative factor. It is evident that the engineer used higher than normal starting effort leaving the north switch due to the heavy accumulation of snow and ice under the train. However, the coupler forces present in the train as it proceeded southward should not have directly caused a derailing action to the west rail as is evidenced at the scene.

In conclusion, at this stage of the investigation we can rule out any kind of out-of-tolerance track condition, mechanical condition of the locomotives, or crew actions as directly causative in this derailment. It appears that this derailment primarily resulted from a lifting action due to a sudden and heavier than expected accumulation of snow and ice under the locomotive wheels. As the train proceeded southward, the rear wheel on Unit 3004 rode up and over a solid block of snow/ice and derailed to the west.

To prevent immediate recurrence of this type derailment it is suggested that ARR:

1. Review policy on snow removal and snow inspection, especially at critical junction switches.
2. Review policy on which trains hold the main line at meets with adverse weather conditions and review policy of backing up trains under adverse weather conditions.
3. Alert all crews and inspectors as to the potential safety issues of ice and snow accumulation under train wheels and insure that all precautions are taken to avoid excessive accumulations.

We will continue our investigation and reserve the right to amend this report as more data becomes available.

Gary P. Wolf
President

Gold Creek Derailment Dec. 22, 1999
Crew Interviews conducted 22:00-22:30 Wed. Dec. 22, 1999
Conductor Steve Culver
Engineer Dana Godfrey
Brakeman Jamar Washington

Conductor Culver

Crew was on duty at 6:10pm in Healy. Crew didn't leave Healy until 9:40 pm because of low water level on the 4401, so they were delayed to take on water. Uneventful trip up to Gold Creek. They had had one meet at Broad Pass prior to their meet at Gold Creek. They arrived at the north switch at Gold Creek at midnight and proceeded to dig out the north siding switch to take the siding for a meet with the northbound freight. After extensive digging they took the siding shoving heavy wet snow the entire length of the siding. Conductor Culver and Brakeman Washington again cleaned the north siding switch to line it for the main for the meet. After the northbound freight went by, they again cleaned the switch. The 2806 South then backed out of the siding, and again Culver and Washington cleaned the switch. Each time they cleaned the switch the snow had gotten harder packed. As they backed out of the siding, Conductor Culver noticed large ice/snow boulders being shoved behind the wheels of each of the cars. When the switch was cleaned and they were ready to proceed south, Conductor Culver took a position on the lead locomotive (2806) and Brakeman Washington got on the 2nd unit (3004). As they began moving south, Steve noticed slack running out as if they were tugging on the train, something he thought unusual because of the grade and normally they begin floating south with very little slack action, but he attributed it to the snow and ice buildup between the wheels that he'd noticed while shoving out of the siding. As they passed over the south switch of Gold Creek Steve noted the time at 02:05. Moment later he felt slack action and looked at Engineer Godfrey and asked, "Are we in emergency?" Dana looked at Steve and then looked in his side view mirror and put the train into emergency. They came to a stop and Conductor Culver instructed Brakeman Washington that they were on the ground and get ready to go back and inspect. When Conductor Culver got out he immediately smelled fuel and knew there was leaking fuel. They then began their damage assesment.

Engineer Dana Godfrey

Engineer Godfrey reported nothing unusual prior to arriving at Gold Creek. He spoke of Darrel Kollander, the engineer he relieved at Healy, having had 3 ground relays on the 3001 from Fairbanks to Healy. Darrel also had to restart the 4401 at Healy after it had shut down. They also discovered the 4401 was out of water so they took on water at Healy. Arriving Gold Creek they pulled into the siding and were shoving alot of snow. After the northbound freight went by, they backed out of the siding. When Dana stopped at the north switch, they got bells on one of the locomotives. After Conductor Culver and Brakeman Washington lined the switch, Engineer Godfrey pulled forward on the main approximately 5 carlengths so he could walk back on the cleared siding to see which engine had shutdown. He discovered the 4401 had shutdown. He restarted the locomotive and got back on the head end and they proceeded south. Dana does not recall any slack action as they left. Near the south switch at Gold Creek, they began feeling slack action.

Gold Creek Derailment Dec. 22, 1999
Crew Interviews conducted 22:00-22:30 Wed. Dec. 22, 1999
Conductor Steve Culver
Engineer Dana Godfrey
Brakeman Jamar Washington

Dana looked at Conductor Culver, then looked in the side view mirror and noticed the 3004 (2nd unit) rear end begin to sway toward the west side. He immediately put the train into emergency. The stop was smooth and no major slack.

Brakeman Washington

Brakeman Jamar Washington assisted Conductor Culver in cleaning the north switch at Gold Creek. He didn't note anything unusual throughout the trip. Upon leaving Gold Creek he positioned himself in the 3004 (2nd unit) where he had been for much of the trip. Prior to derailing, Brakeman Washington did not see anything. He assisted Culver in the initial damage assesment.

ALASKA RAILROAD CORPORATION

CONTROL # 9-2 A

TIME RETURN TRAIN NO 2806 NORTH / SOUTH (circle one) Date 12-21-99 Project # 88130

Class of Service YARD (ROAD) (circle one) TIMEKEEPER'S NO.

Length of time off duty since previous trip	ORDERED FOR DUTY STATION	TIME	DATE	LEFT	ARRIVED STATION	TIME	DATE	RELEASED	ACTUAL HOURS WORKED	OCCUPATION	NAME	ID NUMBER
12 H 25 M	358	1810	12-21	1940	227	2350	12-22	0740	13 H 30 M	Cndr	SD Culver	52656
12 H 25 M									H M	Engr	DM Godfrey	51971
12 H 25 M									H M	Brkmn	JA Washington	1395

AUTOMATICALLY ON DUTY | RELEASED FROM | TO

STATION NAME OR M.P.	FROM	TO	TOTAL	PROJECT NUMBER	ACTIVITY CODE	DESCRIPTION OF ACTIVITY OR CAUSE OF DELAY
Healy	1810	1830	20"	88130	CC	Relieved Haggart's crew —
Healy	1830	1940	1'10'		EP	Water Eng 4401 —
Healy	1940	1940			DE	
	1940					
Cantwell	2145				CD	
Broad Pass	2210	2245	35"		MT	2801 North - Clear main
Hurricane	2342				CD	
Gold Creek	0025	0200			MT	
Gold Creek	0200	0442	2'42'		DR	
Talkeetna	0550	0610	20"		TD	
Talkeetna	0610	0740	1'30"		UN	Told to exceed hours to dig switch out to get Eng in siding off the main

THIS SPACE FOR TIMEKEEPER

EMPLOYEE REMARKS

2 MEALS

UA TEST AND 99 AT 1215

TOTAL TIME: 18 H. 05 M.

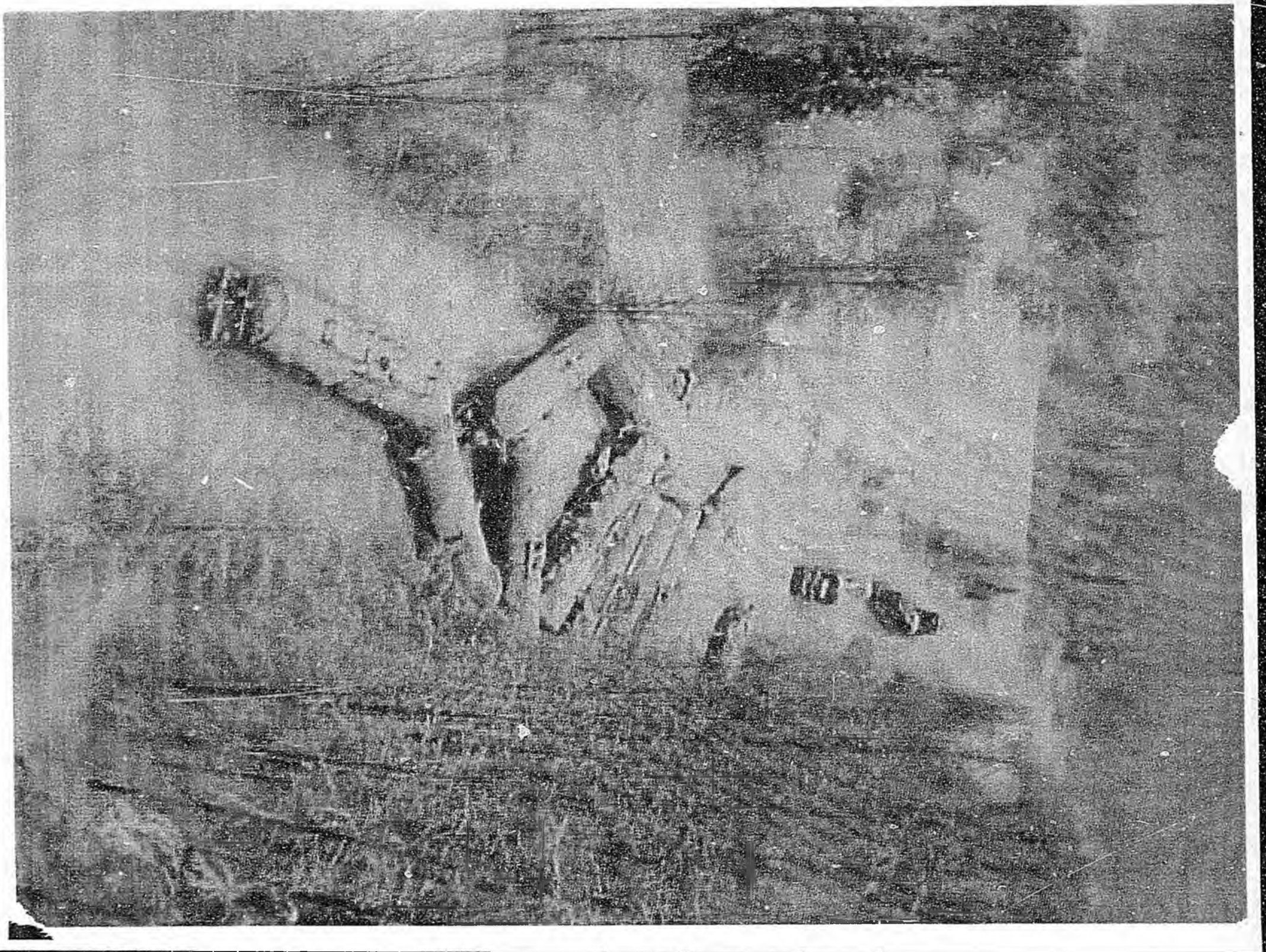
OUT WITH LOADS 41 EMPTIES 8 TOTAL 49 TONS 4876

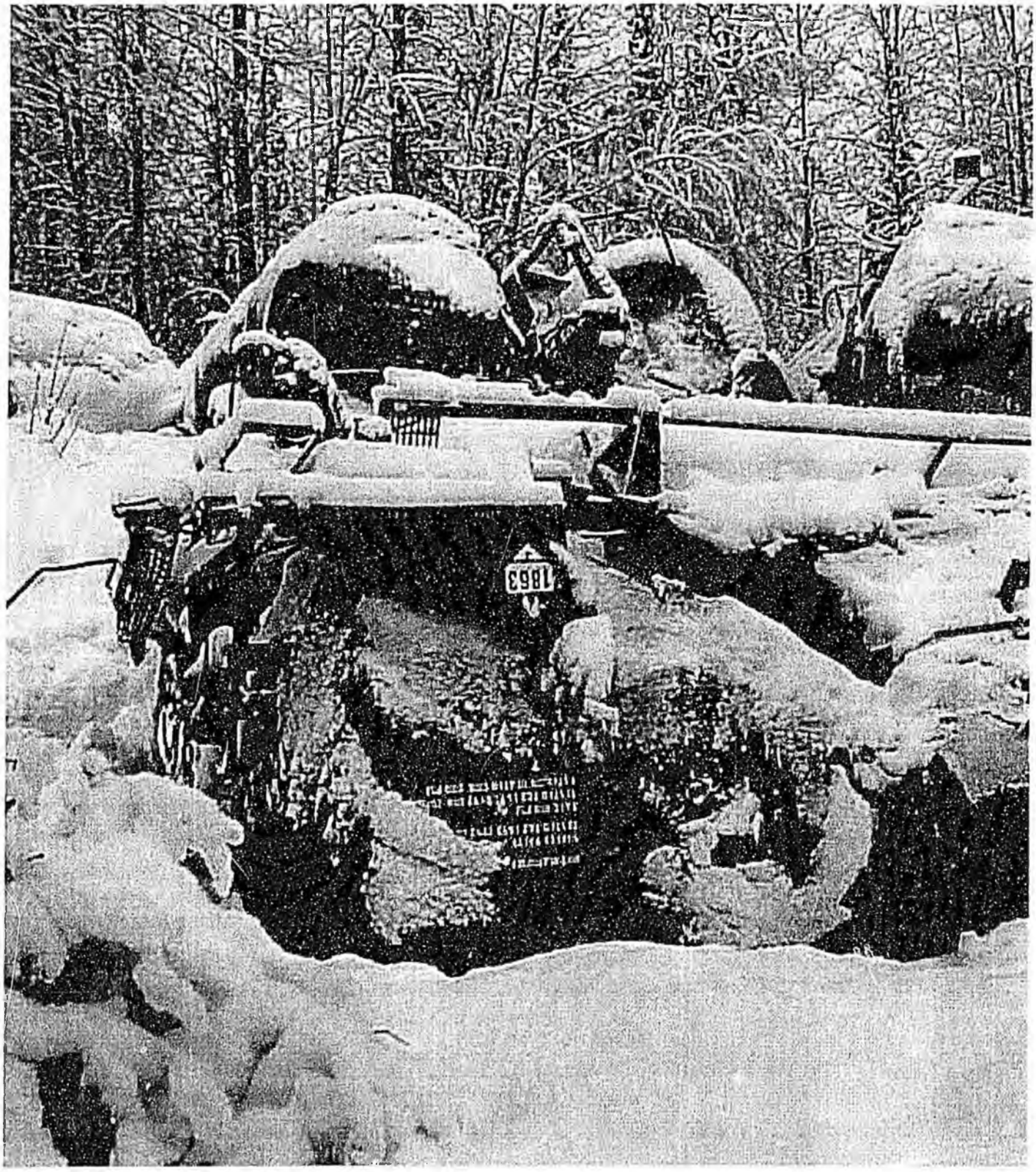
IN WITH LOADS EMPTIES TOTAL TONS

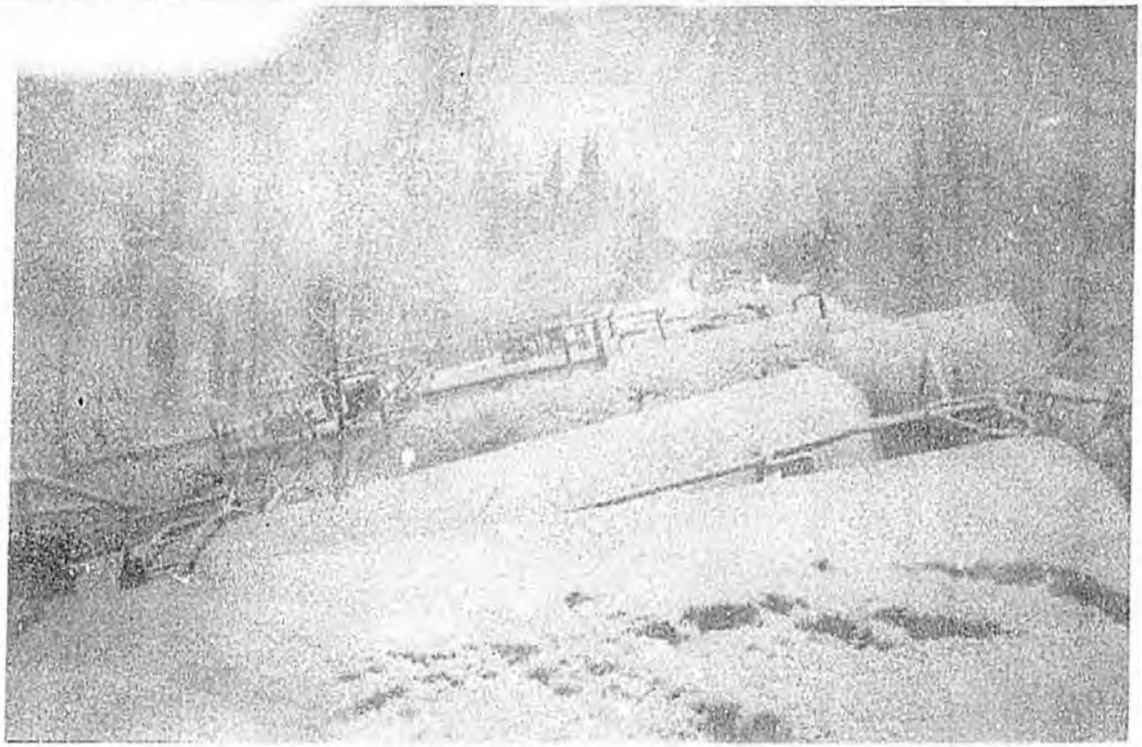
Culver

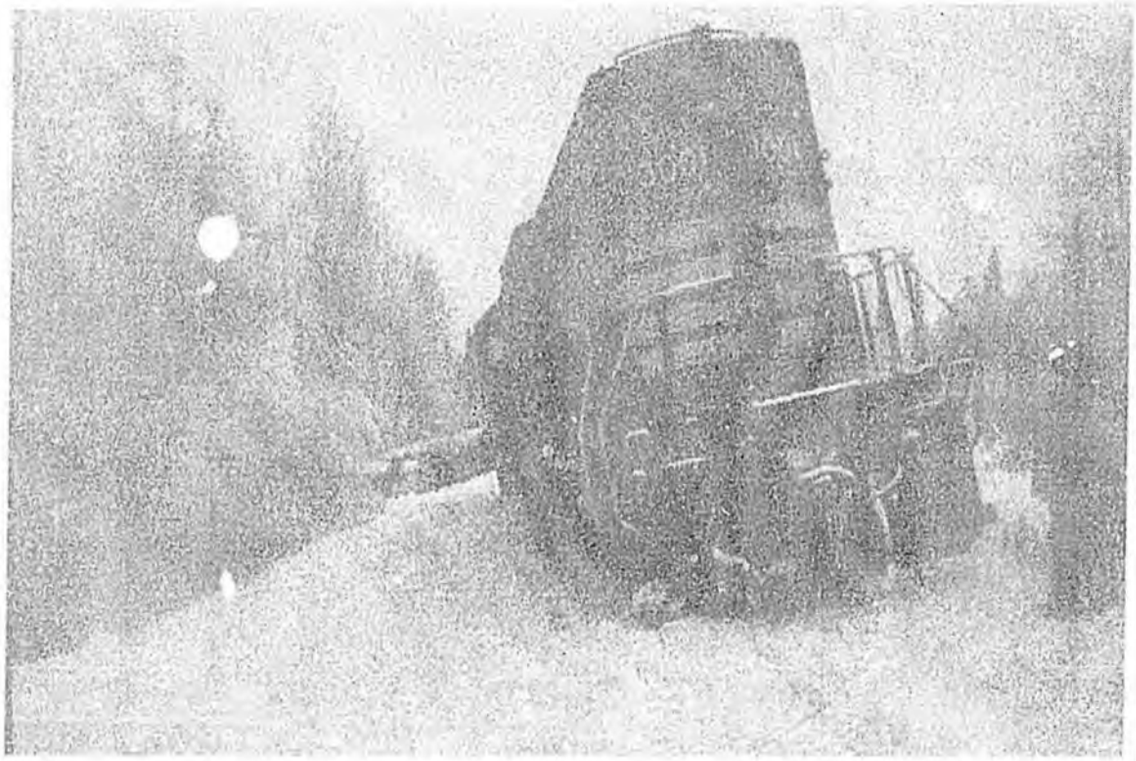
EMPLOYEE SIGNATURE

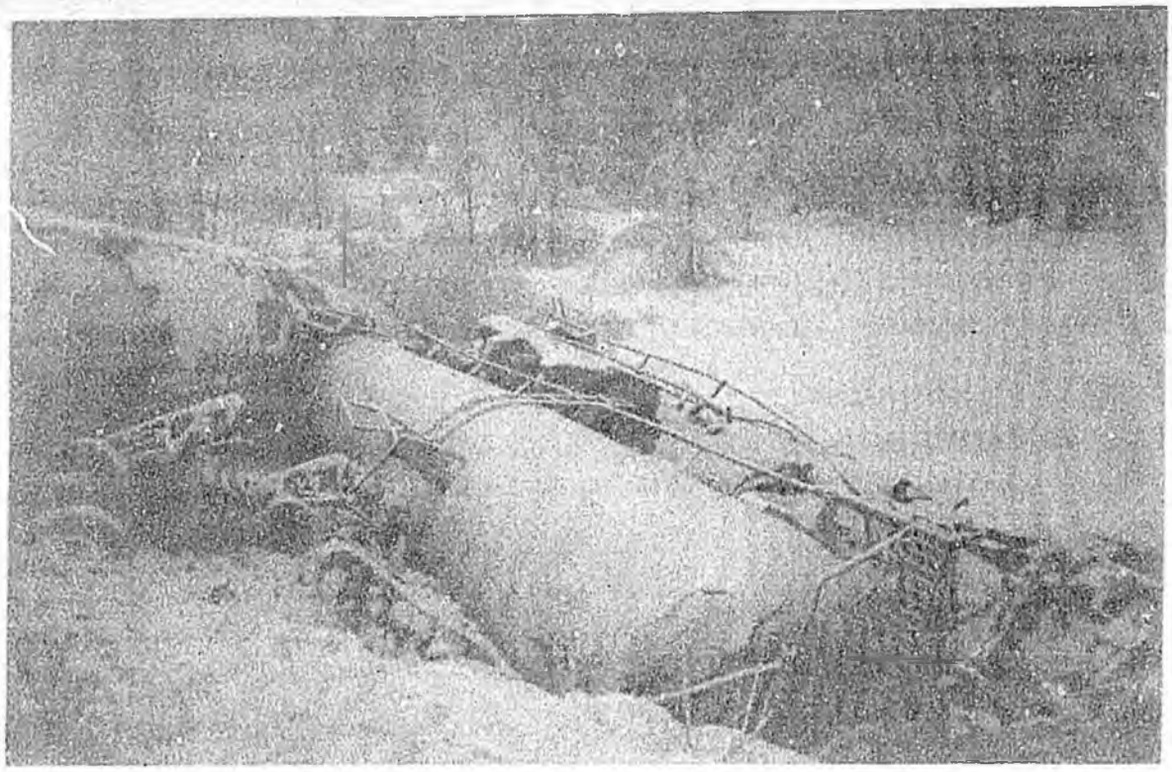
ARRC 21-0106 (9-96)

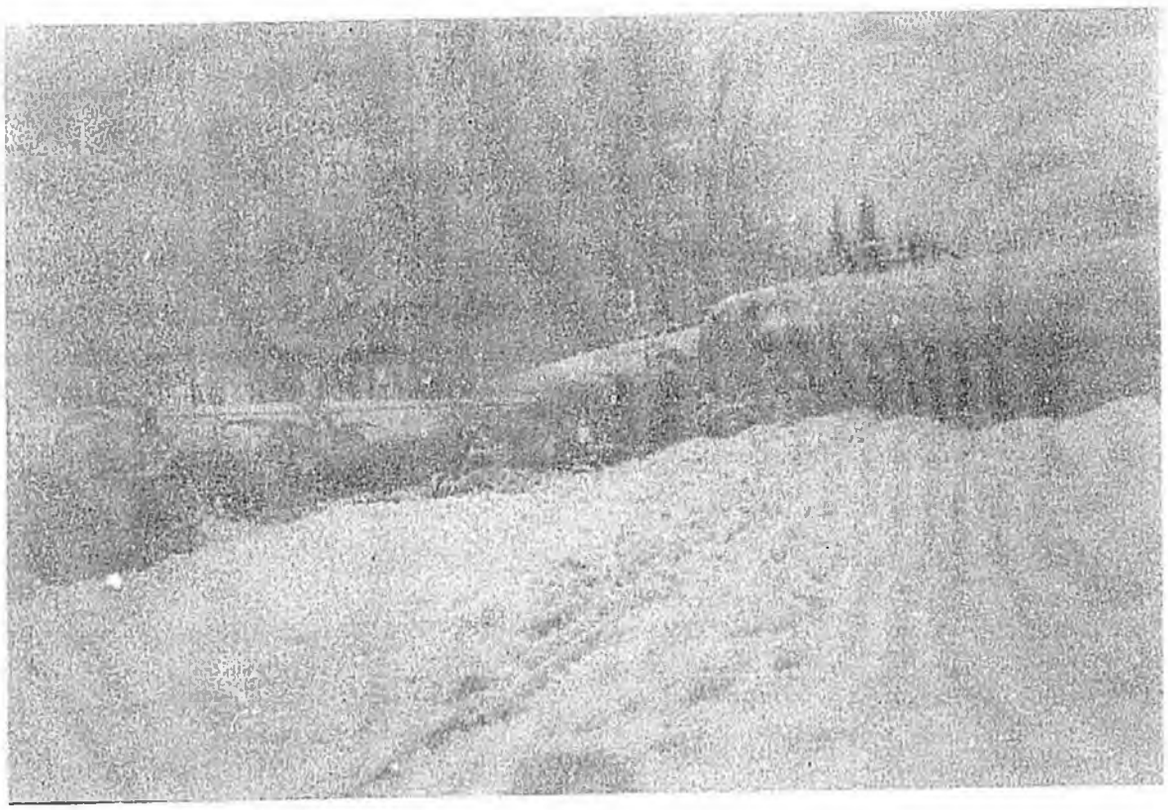



1863







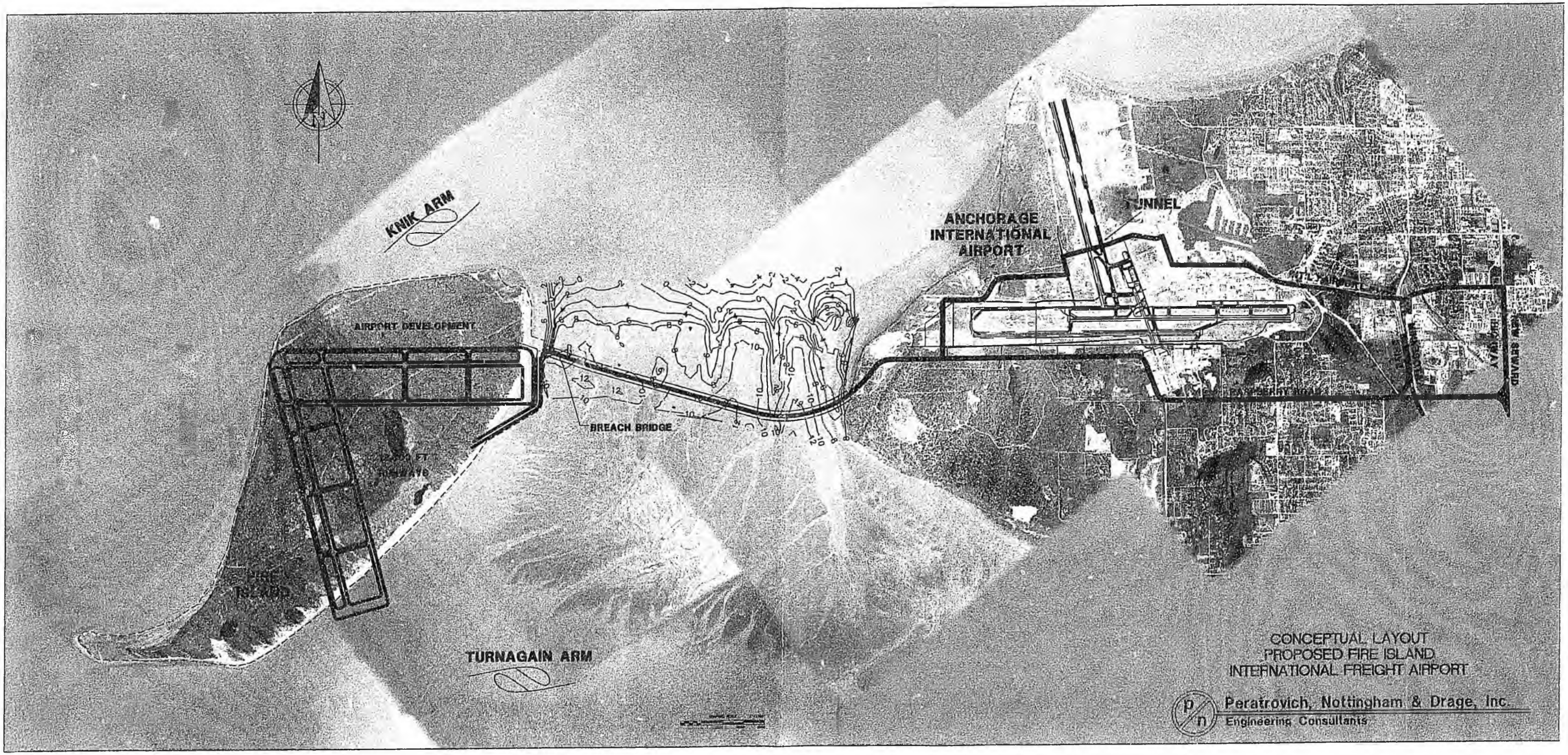


Freight

Airport

Fire

Island



CONCEPTUAL LAYOUT
PROPOSED FIRE ISLAND
INTERNATIONAL FREIGHT AIRPORT

Peratrovich, Nottingham & Drage, Inc.
Engineering Consultants

THE FOLLOWING PAGES MAY
NOT FILM LEGIBLY BECAUSE OF
THE POOR QUALITY OF THE ORIGINAL

Anchorage Economic Development Corporation
The Center of Opportunity

April 6, 2000

Dear Legislator:

Subject: Military Global Logistics/Forward Mobility Hub Economic Development Opportunity

During the past several months the Anchorage Economic Development Corporation (AEDC) has been meeting with officials with the U. S. Military in Alaska and the U. S. Department of Defense (DOD) at the Pentagon to discuss the concept of locating a military global logistics/forward mobility hub in Anchorage.

Anchorage's global location, placing it nine hours from essentially all points in the Northern Hemisphere, is of great interest to the military. Should the Anchorage based military logistics hub prove feasible, Military officials have expressed an interest in establishing a contractual relationship with private firms to transport the related cargo and to manage and operate the hub.

Anchorage's location, the positive relationship that the State of Alaska shares with the Military, the existing infrastructure within the city of Anchorage and at the Anchorage International Airport, and the logistics program at the University all contribute toward making this is a feasible project. It is an opportunity certainly worthy of pursuing.

In order to proceed with this global logistics opportunity an independent consultant that has the trust and confidence of the DOD must do an analysis to verify that Anchorage is the right location for a forward mobility hub. A project plan to conduct such an analysis has been prepared (see attached). The appropriate DOD personnel have reviewed the plan to ensure that the study would provide the required information

To be considered in the Department of Defense and the Military's "Quadrennial Defense Review" this coming fall, the analysis will have to be started soon. If we miss the review this fall it will be four years before the next review. This analysis is estimated to cost $200,000 and could be done by an experienced consultant familiar with DOD requirements in the time frame required. The DOD has stated that they would not be able to locate the funds to complete the study within the time frame required.

On behalf of AEDC, I respectfully request the legislature's support for this important business development opportunity to expand and diversify our economy. The benefits to the State would be significant.

Sincerely,

Larry D. Crawford
President & CEO

900 West Fifth Avenue, Suite 300 ■ Anchorage, Alaska 99501 ■ phone 907-258-3700 ■ fax 907-258-6646 ■ e-mail aedc@aedcweb.com

Anchorage-based Military Logistics Center Business Case Analysis

Tasks:

1. Determine current civilian and military airlift capacity and throughput, by appropriate weight classes, to and from Anchorage.

2. Determine current civilian and military sealift capacity, by appropriate weight classes, to and from Anchorage.

3. Identify major CONUS and OCONUS re-supply points and their respective equipment and materiel.

4. Determine national demand for equipment and materiel by theater in both peace time and wartime scenarios.

5. Based on (3) and (4), identify equipment and materiel suitable for pre-positioning in Anchorage.

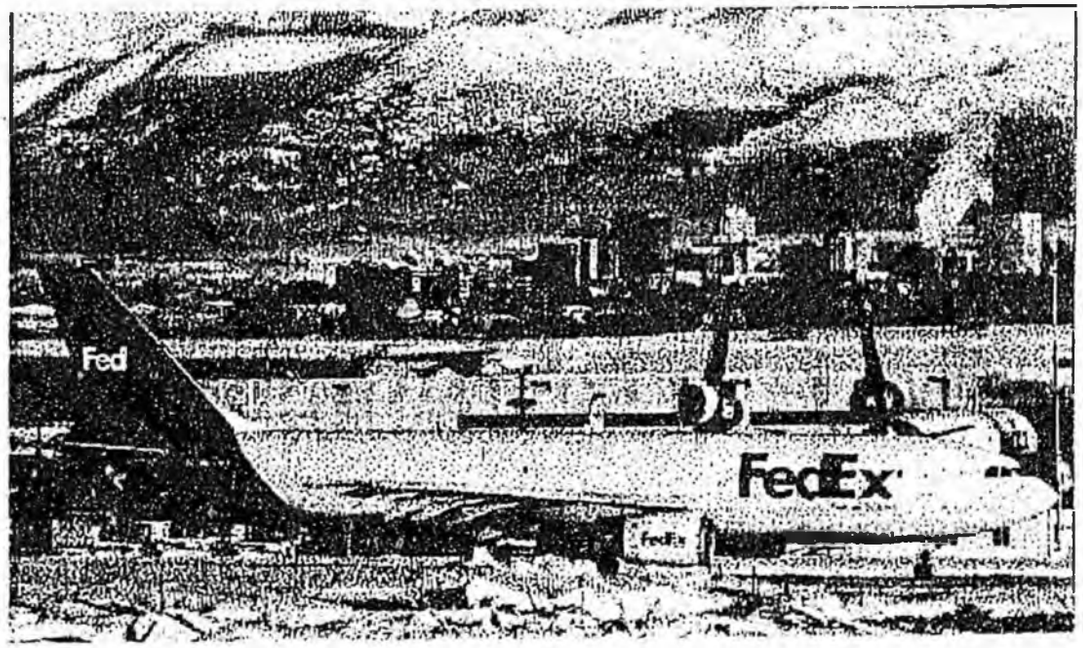
6. For selected theaters in both peace time and wartime scenarios, analyze the total storage and transportation costs required by the existing supply system as compared to the estimated costs required by a national Anchorage-based logistics center. Perform this analysis by equipment type and classes of materiel and by weight class. The airlift analysis should, at a minimum, consider payload capacity, frequency of flight and connecting routes. The sealift analysis should also consider the role of Naval floating re-supply systems.

7. For selected theaters in both peace time and wartime scenarios, compare the delivery time requirement of the existing supply system to the estimated delivery time requirement of a national Anchorage-based logistics center. Perform this comparison by equipment type and classes of materiel and by weight class. The airlift analysis should, at a minimum, consider payload capacity, frequency of flight and connecting routes. The sealift analysis should also consider the role of Naval floating re-supply systems.

8. Perform a risk analysis of introducing an Anchorage-based logistics center into the existing supply system. Consider both cost and military readiness implications.

9. Determine an optimal arrangement between the Alaskan command and an Anchorage-base logistics center.

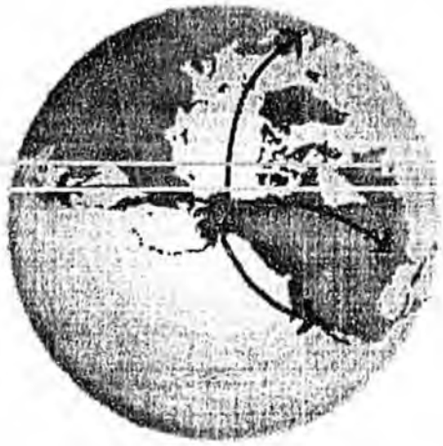
10. Analyze Anchorage communications capacity.



Anchorage

Global Distribution Center of the Northern Hemisphere

Anchorage Economic Development Corporation



Shortening Supply Chain Cycle Time

Anchorage, Alaska

- Anchorage is located within nine hours of 95% of the industrialized world.

- UPS and FedEx both have international freight hubs in Anchorage, as does the U.S. Postal Service.

- Nine freight forwarders serve the world through Anchorage. Three are air-sea companies: Panalpina, SeaLand and Lynden.

- Connections to the U.S. highway system are available either through surface transportation (48 hours) or by air through Toronto (6 hours). Carriers offer a range of cost options for cargo.

- The Anchorage International Airport and the Port of Anchorage both provide Foreign Trade Zones.

- U.S. Customs service in Anchorage is the best in the West: 99% of parcels clear in one day or less.

- Warehouse and cargo service facilities are available both on airport, at the waterfront, and off-site within 20 minutes of either air or surface gateways.

Anchorage Economic Development Corporation

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Phone (907) 258-3700 Fax (907) 258-6646
www.aedcweb.com

United States Department
of Transportation

All-Cargo Aircraft
Landed Weights

Calendar Year

1998

Anchorage	13.4 billion pounds
Memphis	11.2 billion pounds
Louisville	7.1 billion pounds
Miami	6.6 billion pounds
Los Angeles	5.8 billion pounds

1997

Anchorage	13.2 billion pounds
Memphis	10.7 billion pounds
Louisville	6.9 billion pounds
Miami	6.4 billion pounds
Los Angeles	5.5 billion pounds

1996

Anchorage	11.5 billion pounds
Memphis	9.2 billion pounds
Louisville	6.9 billion pounds
Miami	5.6 billion pounds
Los Angeles	4.8 billion pounds

1995

Anchorage	10.5 billion pounds
Memphis	8.4 billion pounds
Chicago	6.9 billion pounds
Louisville	6.9 billion pounds
Miami	4.8 billion pounds

1994

Anchorage	8.4 billion pounds
Memphis	6.8 billion pounds
Chicago	6.3 billion pounds
Louisville	5.6 billion pounds
JFK	4.2 billion pounds

1993

Anchorage	8.5 billion pounds
Memphis	6.9 billion pounds
Louisville	6.1 billion pounds
Chicago	4.8 billion pounds
Honolulu	4.2 billion pounds

Anchorage International Airport
Anchorage Attract Major Freighter Operators

Average International Freighter Landings Per Week

	June 99	June 98
Air China	4	4
Asiana	21	21
Cathay	14	13
China	37	30
EVA	30	20
Evergreen	13	9
Fedex	82	80
JAL	41	43
Korean Air	60	54
NCA	37	35
Northwest	46	35
Polar	6	7
UPS	53	55
United	17	24
Others	52	31
Total Average Weekly Landings	513	461

Expanded Cargo Transfer Ruling

On November 7, 1996 the U.S. Department of Transportation issued a special ruling requested by the State of Alaska which allows expanded cargo handling operations at international airports in Alaska.

Because of this ruling, which has been renewed until 2000, expanded cargo transfer operations can be undertaken at Anchorage International Airport for all foreign carriers with traffic rights in Anchorage. These specific cargo transfer authorities include:

- A carrier may conduct on-line cargo transfers among any of its own aircraft regardless of destination

- All forms of change of gauge for cargo operations are authorized, including "starburst" change of gauge from one wide bodied aircraft to several smaller aircraft.

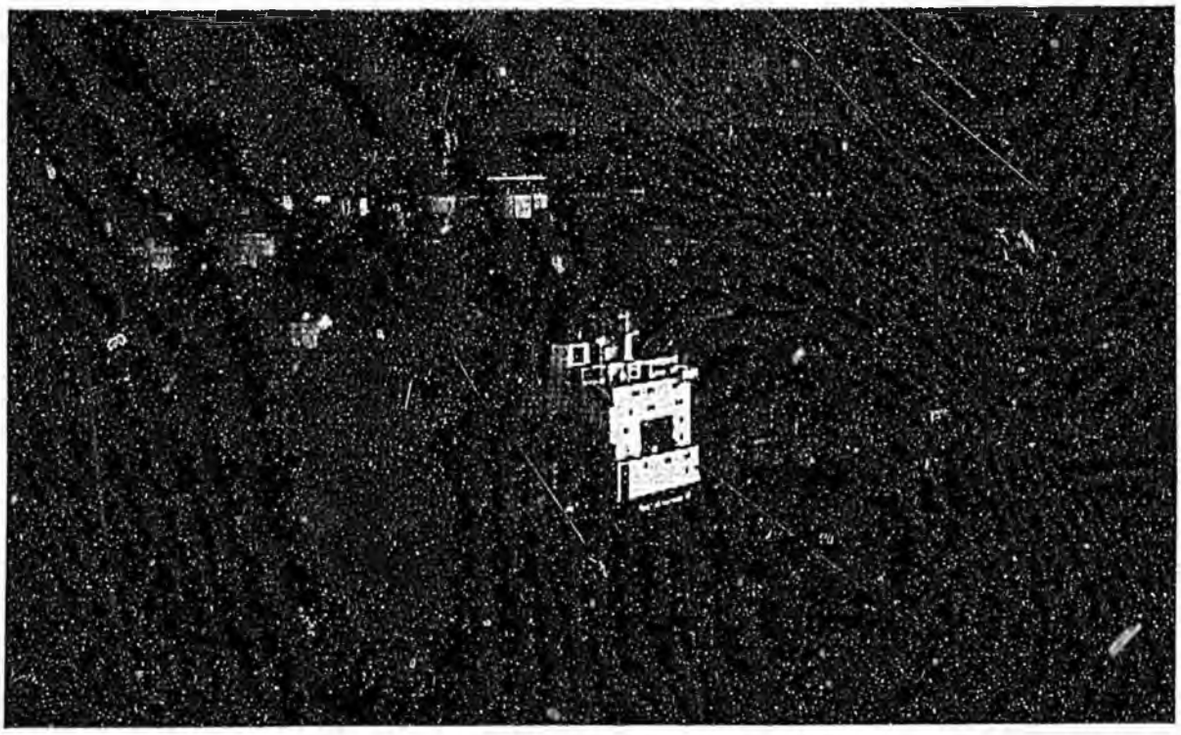
- Cargo traffic moving in foreign air carriers can be co-mingled with cargo moving in U.S. domestic carriers .

- Cargo interline transfers are allowed to and from U.S. carriers.

- Cargo interline transfers are allowed to and from other foreign carriers.

The order, signed by Assistant Secretary of Transportation Charles Hunnicutt states:

"...This authority will increase U.S. carrier opportunities to conduct interline subservice operations on behalf of foreign carriers transiting Alaska."



Cargo Origin and Destination

Anchorage International Airport is the major air gateway to Alaska for both passengers and cargo. As the principal business center for Alaska, Anchorage provides a critical link to the global economy.

Savvy international firms need to shorten the supply chain cycle time, moving product from production to customer in two days instead of six. In a fiercely competitive global market where transactions are being accelerated by electronic commerce, Anchorage can play a significant role in reaching a solution for efficient inventory management.

Several attributes of this location make Anchorage ideal for international cargo movement.

A special U.S. Department of Transportation Ruling allowing expanded cargo transfer capability for foreign carriers.

Access to 95% of the industrialized world within nine hours for cargo traffic.

Foreign Trade Zone available on airport and at the Port of Anchorage for value added transactions.

Thirty four cargo carriers and nine freight forwarders operate in Anchorage with over 500 flights per week..

Four carriers operate hubs in Anchorage already, including UPS and FedEx international customs clearance centers.

Over 98% of the cargo moving between Asia and the United States transits through Anchorage. Anchorage offers an ideal location for adding value to cargo.

Final Testing and Assembly
Kit Formation
Component Merging
Customized Product Configuration
Centralized Stocking of Product Samples
International Warehousing of Finished Products for Distribution Worldwide
Advanced Staging of Products
Parts Banking
Central Customer Service Repair Operation

Anchorage

The Center of Opportunity

Alaska is often called "The Last Frontier." The 49th state conjures up images of unspoiled wilderness, adventure and room to grow. This great land is a wide-open stage of opportunity.

The assessment is accurate in many contexts. On the business front, Alaska is primed to accommodate companies seeking to expand their reach, particularly those with global interests.

Activity centers in Anchorage, a modern metropolitan area where all the basics for a thriving business are readily accessible. The Anchorage economy has diversified significantly since a time when oil was its mainstay. Since the late '80s, Anchorage has developed a sufficient base of population and economic strength to exert a force for stability.

The Anchorage Economic Development Corporation, established to expand and diversify the local economy, has targeted a selection of "economic engines" on which to concentrate its ongoing efforts. The objective is to achieve a diverse economic base that can be sustained over time.

Within that framework, myriad opportunities exist for companies interested in doing business here, whether expanding north or relocating. The AEDC looks forward to working with these firms, to help ensure that all possible avenues for success are explored and acted upon.

The AEDC is particularly interested in helping companies avail themselves of Anchorage's global logistics advantage – what we call "The Anchorage Advantage." Anchorage is a literal crossroads of international air cargo routes, affording ready access to world markets for distribution of materials, components and products. A variety of business and tax incentive programs likewise make it beneficial for companies to locate here.

Neighboring Anchorage to the north, the Matanuska-Susitna Borough represents additional opportunities for businesses to locate in Alaska. There is ample land available for commercial, industrial and residential development, within a relatively short distance from Anchorage's air and sea gateways.

Anchorage is an incredible place to live. It offers a superb quality of life, making it an attractive home base. Increasingly, modern technology allows many companies the discretion to choose where

operations will be based. Anchorage boasts the clean air, clean water, cultural and recreational opportunities, safety and wholesome atmosphere for raising families, qualities that figure prominently in decisions to relocate or expand.

Points of Contact

Anchorage Economic Development Corporation
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Anchorage, Alaska 99501
Phone 907-258-3700 · Fax 907-258-6646
On the Web: www.aedcweb.com
E-mail: aedc@aedcweb.com

Anchorage Convention & Visitors Bureau
524 W. Fourth Avenue,
Anchorage, Alaska 99501
Phone 907-276-4118 · Fax 907-278-5559
On the Web:
www.akcache.com/alaska/southcentral/acvb/acvbinfo.html
E-mail: acvb@alaska.net

Anchorage Chamber of Commerce
441 W. Fifth Ave., Suite 300
Anchorage, Alaska 99501
Phone 907-272-2401 · Fax 907-272-4117
On the Web: www.anchoragechamber.org/
E-mail: info@anchoragechamber.org

Anchorage International Airport
South Terminal (Domestic)
5000 W. International Airport Road
North Terminal (International)
4600 Postmark Drive
Anchorage, Alaska 99502
Phone 907-266-2525
On the Web: www.dot.state.ak.us/external/alas/aia/aiawlcm.htm

Alaska Railroad Corporation Headquarters
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February 2000

Global logistics and value-added production

Opportunities for value-added production in Anchorage are directly linked to its global logistics advantage. Possibilities include light manufacturing, packaging and assembly, final testing and configuration of cargo. In each case, companies can take advantage of air access to all major world markets in nine hours or less.

Among production areas of foremost consideration are those involving secondary processing of Alaskan natural resources in Anchorage. Rather than ship out raw materials, jobs and value would be created locally through processing of, for example, logs into lumber.

Alaska Seafood International (ASI) is a current success story that illustrates this concept. ASI planned to commence production of seafood meals at its new manufacturing plant in February 2000. Although Alaska is the world's largest producer of wild salmon and has the richest source of bottom-fish in the world, most value-added processing is still done outside the state. The Alaska Seafood International complex includes much-needed cold storage facilities to refrigerate fish being held for processing. This will enable mass preparation of the meals, which will be air freighted to customers throughout the country and internationally.

Another area of opportunity is the final phase of semiconductor manufacturing including assembly and/or packaging, testing and distribution operations. "Back end" semiconductor manufacturing may be advantageous in Anchorage, especially for companies doing subcontract work for a variety of customers in several different regions of the world.

Anchorage is also be a suitable location for such operations as central customer service and repair hubs, final product assembly and order preparation centers, kit assembly, in-transit configuration of high-value components, centralized stocking of product samples, and international warehousing and distribution of high-value, time sensitive products.

Whatever the venture, Anchorage's strategic global location provides companies with global flexibility and reductions in average order cycle time. Cargo departing from Anchorage International Airport will arrive at Asian or European destinations up to five hours faster than freight from other U.S. West Coast cities.

This strategic location explains why significant volumes of cargo moving between Asia and Europe, and between North America and Asia, pass through AIA. Much of Anchorage's landed freight is carried by FedEx and United Parcel Service, both of which established international cargo and customs clearance hubs in Anchorage during the late 1980s.

As a bonus, Anchorage can offer some of the lowest utility rates in the country and has institutional financing mechanisms that can provide project financing.

For companies importing component parts, foreign trade zones (FTZ) exist in the city. The zones allow warehousing, inspection, display and repackaging of goods without duty payments. Goods may be processed or manufactured in the zones with duty paid only on the final product or materials imported, or they may be exported to international markets, avoiding any U.S. duty and the full array of federal laws.

Firms using Anchorage as an inventory consolidation and distribution hub realize significant savings on inventory carrying costs. Furthermore, inventory held for shipment outside of Alaska may be exempted from local inventory taxes.

International shippers will also benefit from Anchorage's expedient U.S. Customs agents, on duty around the clock. Service is highly efficient; 99% of all goods clear within a day.

Confidence in the potential presented by "The Anchorage Advantage" is evident in the recent construction at AIA of The Alaska CargoPort, a joint venture between Williams Alaska Petroleum and the Lynxs Group. This state-of-the-art air cargo transfer facility will feature 160,000 square feet of warehousing, 60,000 square feet of office space, a million square feet of ramp space with room to park up to eight wide-body aircraft, and 50,000 square feet of ground storage equipment and container storage. AEDC has worked closely with the principals on the feasibility and planning for this project.

Anchorage's Economic Engines

Transportation and Trade – Anchorage International Airport and the Port of Anchorage

With an established multimodal transportation and trade hub in Anchorage, Alaskans and their trading partners can reap the advantages of fortuitous geography. Alaska's key gateways for the movement of people and goods -- the Port of Anchorage and Anchorage International Airport -- are linked to each other and industrial areas via express corridors, facilitating efficient movement of freight and commercial traffic as needed.

Standing goals for building on this foundation include:

- Promoting the backhaul of freight from Alaska through the Port of Anchorage to outside markets, including possibilities for sea-air services
- Upgrading infrastructure to support improved intermodal and multimodal transportation access corridors through the municipal area between the waterfront, airport and other industrial centers.
- Pursuing ways to capitalize on an existing, active Foreign Trade Zone at the Port of Anchorage, which is also a designated Customs port of entry
- Marketing Anchorage International Airport (AIA) to foreign and domestic warehousing and distribution logistics companies, and to cargo and passenger companies.

Anchorage International Airport is the major air gateway to the state, and has the distinction of being the preeminent international cargo crossroads for trans-Pacific freighter activity. AIA has three major runways and two major terminals that total more than 1.2 million square feet. More than 30 carriers serve Anchorage International Airport.

Zoning efforts are under way to enable significant industrial expansion on and around the airport, and construction of vital warehousing and distribution facilities.

The Port of Anchorage's modern freight-handling systems can move more than 3 million tons of cargo annually. It is the northernmost deep draft port in the United States, open year-round with full services. Four terminals handle every type of standard cargo vessel. Transshipment of freight is only minutes away at Anchorage International Airport.

The Alaska Railroad's main intermodal yard is less than a mile from the pier, and tracks are maintained into the port. A facility capable of

handling more than 22 million barrels of petroleum product includes modern tank storage as well as pipelines to the airport and military bases.

A 130-acre industrial park adjoins the Port to the east. Additionally, there are 31 developed acres for the staging and storage of marine cargo in transit. Up to 400 additional acres of developable tidelands are available to the north of the port along Knik Arm.

Executive Summary

Air cargo is an increasingly significant portion of the overall activity that takes place at Anchorage International Airport (ANC). In 1996, air cargo carriers accounted for approximately 70 percent of the runway landing fees assessed at the airport. Air cargo is also a significant contributor to the Alaskan economy.

Anchorage International Airport is the major air gateway to the State of Alaska for both passengers and cargo, and its strategic global location has made it an important technical stop for air cargo freighters flying between Asia and North America, and between Asia and Europe. During the last half of 1997, and first quarter of 1998, their has been significant indication that Anchorage is in transition from a technical stop for fuel and crew changes to a major transloading center for Trans-Pacific cargo traffic.

Recent U.S. Department of Transportation decisions have granted almost all foreign air carriers significantly expanded cargo transfer activities at Anchorage International Airport (see side box). This action will most likely result in Anchorage taking on a more significant role as global business and distribution center for the all cargo carriers and spur interest in Anchorage by international freight forwarders and third party logistics providers.

Expanded ANC Cargo Transfer Rights

- Interline to/from non-US carriers
- Interline to/from US carriers
- Transfer on-line between flights
- Change of gage/"starburst" service
- Commingling of US and non-US traffic on the same flight

On a industry basis, world air freight traffic grew at 6.93 percent in 1996, while preliminary International Air Transport Association (IATA) reports indicate that international cargo traffic for 1997 has increased 11 percent. Total international air express traffic has been reported to have grown 15.7 percent from 1996 to 1997. Domestic air cargo for the first 11 months of 1997 increased 5.6 percent above the same period in 1996, while international cargo volume was ahead by 15.8 percent, according to figures released by the Air Transport Association.

The air cargo industry, like most industrial groups, is dependent upon population growth, gains in the economy, and growth in international trade. The volume of freight shipped by air will also be sensitive to the shipping tariffs of other modes of transportation. In addition to the primary influence of economic activity, many other factors can influence the levels of world air cargo, particularly the express and small package carriers. These factors include changing inventory management techniques, deregulation and liberalization of trade, national development programs, and a never ending stream of air-eligible commodities. At

the local level, many of these same factors apply. However, extreme change in freight volumes at a particular airport more often results from the initiation of new carriers or services than from overall industry growth or decline.

Summarized below in Exhibit A, is the total air freight and air mail handled at Anchorage International Airport from 1990 to 1997. Unless otherwise noted, all cargo is reported in standard tons (one ton equals 2,000 pounds) and years are January 1 through December 31 calendar years.

Exhibit A: Historical Air Cargo Volumes at ANC (Tons)

Year	Freight	Mail	Total*	Percent Change
1990	345,100	59,600	404,700	--
1991	367,700	56,200	423,900	4.7
1992	377,400	62,400	439,800	3.7
1993	326,900	62,100	389,000	-11.6
1994	379,800	67,600	447,400	15.0
1995	427,500	70,800	498,300	11.4
1996	458,000	85,600	543,600	9.1
1997	493,480	89,100	582,580	9.3

Source: Keiser & Associates, Inc.

As can be seen in the exhibit, with the exception of 1993, air cargo volumes have grown steadily over the past seven years, with an average annual growth rate of over five percent. The greatest growth in cargo is in international freight, which grew at an average annual growth rate of approximately 13 percent. Indications are that 1998 will exceed 1997 figures significantly due to the increase use of the airport as a transload point for international freight. Northwest Airlines, United Airlines, and Polar Air Cargo all began transload operations in 1997.

Presented in Exhibit B is the preferred preliminary air cargo forecast for Anchorage International Airport for the five year forecast period. Overall, air cargo is forecast to increase at an average annual growth rate of 5.5 percent, with international freight increasing at an average annual growth rate of eight percent. Landings by freighter aircraft are forecast to increase at their historical rate of 8.4 percent over the short term forecast period.

Exhibit B: Forecast of Air Cargo for Anchorage International Airport 1997-2002 (Tons)*

	Domestic Freight	International Freight	Mail	Total Air Cargo	Freighter Landings
1997	223,000	270,480	89,100	582,580	33,500
Forecast**					
1998	228,800	292,100	92,800	612,900	36,300
1999	234,700	315,500	96,600	646,800	39,400
2000	240,900	340,700	100,600	682,200	42,800
2001	247,100	368,000	104,700	719,800	46,400
2002	253,500	397,400	109,000	759,900	50,298

Source: Keiser & Associates, Inc.

* These forecasts were prepared on the basis of the information given in the text and should be used for planning purposes only. The achievement of any forecast is dependent upon the occurrence of future events that cannot be assured; therefore, actual results may vary from the forecast.

**Base year and forecast data were updated in October 1998.

Indications are that as foreign flag carriers become more familiar with the expanded transfer rights granted by the U.S., an increasing use of Anchorage as a transloading and interline center will begin to influence future growth at Anchorage leading to increasing opportunities for both carriers and forwarders.

ANCHORAGE BOWL

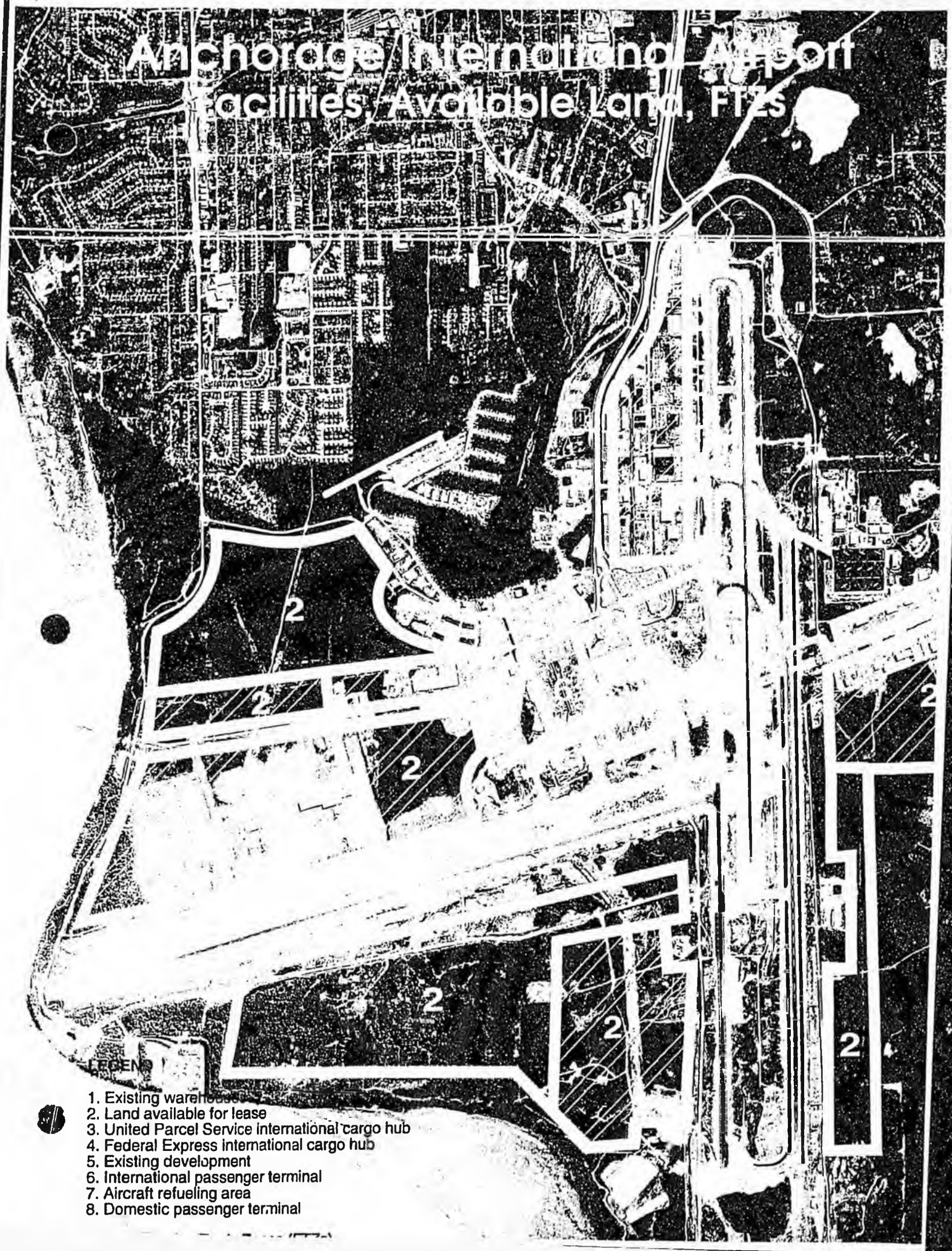
Industrial Land Opportunities Adjacent to Anchorage International Airport

INDUSTRIAL OPPORTUNITIES ZONES

	I-1	Light Industrial
	I-1 SL	Light Industrial with Special Limitations
	I-2	Heavy Industrial
	PLI, T	Local & State Lands with industrial opportunities
	T	CIRI owned land

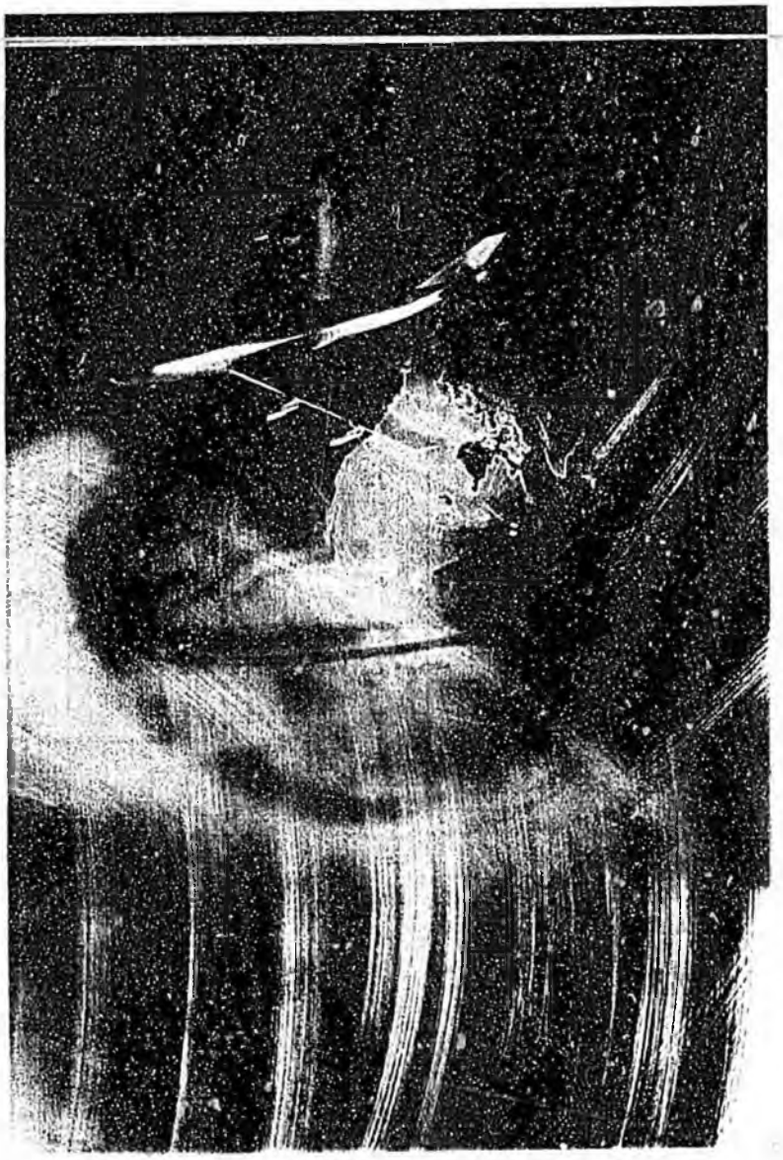
Municipality of Anchorage
Department of Community Planning & Development
February 23, 2000

Anchorage International Airport
Facilities, Available Land, FTZs



LEGEND

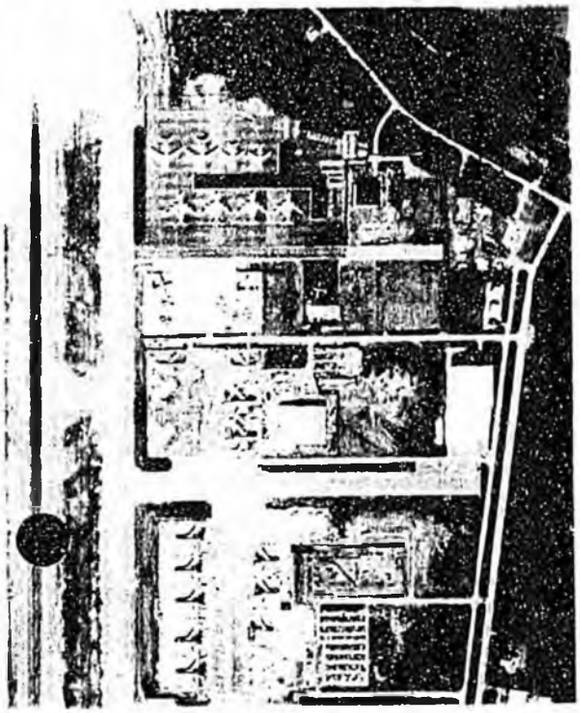
1. Existing warehouse
2. Land available for lease
3. United Parcel Service international cargo hub
4. Federal Express international cargo hub
5. Existing development
6. International passenger terminal
7. Aircraft refueling area
8. Domestic passenger terminal

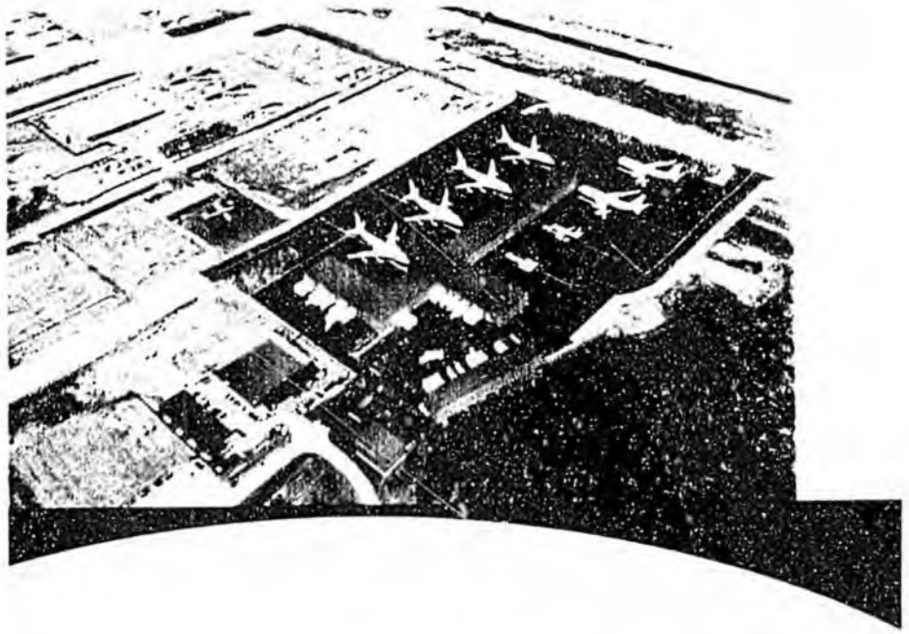


Alaska CargoPort™

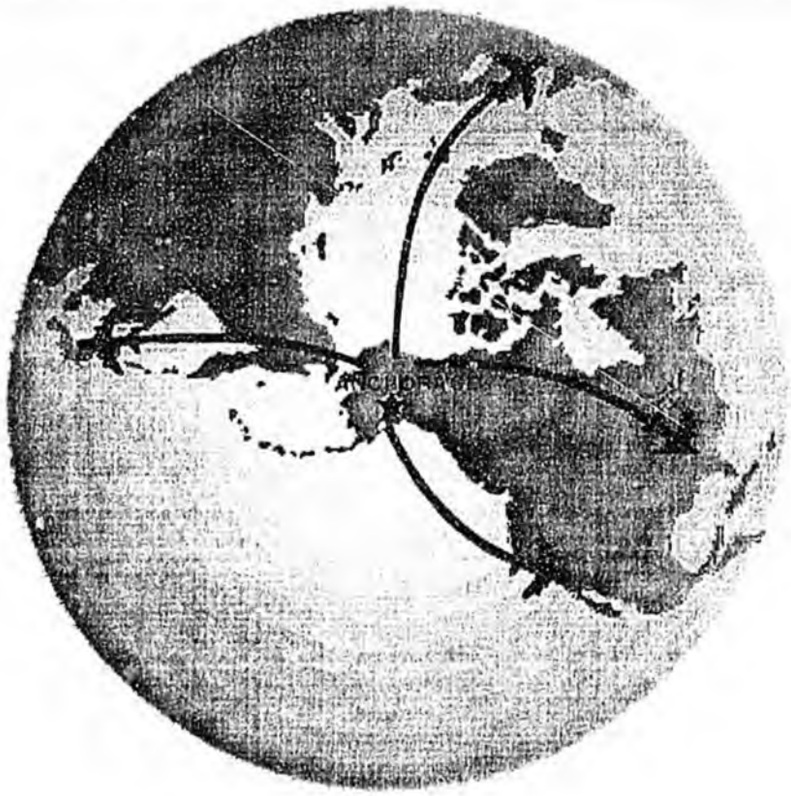
A joint venture between Williams Alaska Petroleum, Inc. and the Lynxs Group

r facility
at Anchorage International Airport





Anchorage's proximity to Asian, North American and European markets make it one of the most attractive air cargo hubs in the world.



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United States Department
of Transportation

All-Cargo Aircraft
Landed Weights

Calendar Year

1998

Anchorage	13.4 billion pounds
Memphis	11.2 billion pounds
Louisville	7.1 billion pounds
Miami	6.6 billion pounds
Los Angeles	5.8 billion pounds

1997

Anchorage	13.2 billion pounds
Memphis	10.7 billion pounds
Louisville	6.9 billion pounds
Miami	6.4 billion pounds
Los Angeles	5.5 billion pounds

1996

Anchorage	11.5 billion pounds
Memphis	9.2 billion pounds
Louisville	6.9 billion pounds
Miami	5.6 billion pounds
Los Angeles	4.8 billion pounds

1995

Anchorage	10.5 billion pounds
Memphis	8.4 billion pounds
Chicago	6.9 billion pounds
Louisville	6.9 billion pounds
Miami	4.8 billion pounds

1994

Anchorage	8.4 billion pounds
Memphis	6.8 billion pounds
Chicago	6.3 billion pounds
Louisville	5.6 billion pounds
JFK	4.2 billion pounds

1993

Anchorage	8.5 billion pounds
Memphis	6.9 billion pounds
Louisville	6.1 billion pounds
Chicago	4.8 billion pounds
Honolulu	4.2 billion pounds

Anchorage International Airport
Anchorage Attract Major Freighter Operators

Average International Freighter Landings Per Week

	June 99	June 98
Air China	4	4
Asiana	21	21
Cathay	14	13
China	37	30
EVA	30	20
Evergreen	13	9
Fedex	82	80
JAL	41	43
Korean Air	60	54
NCA	37	35
Northwest	46	35
Polar	6	7
UPS	53	55
United	17	24
Others	52	31
Total Average Weekly Landings	513	461

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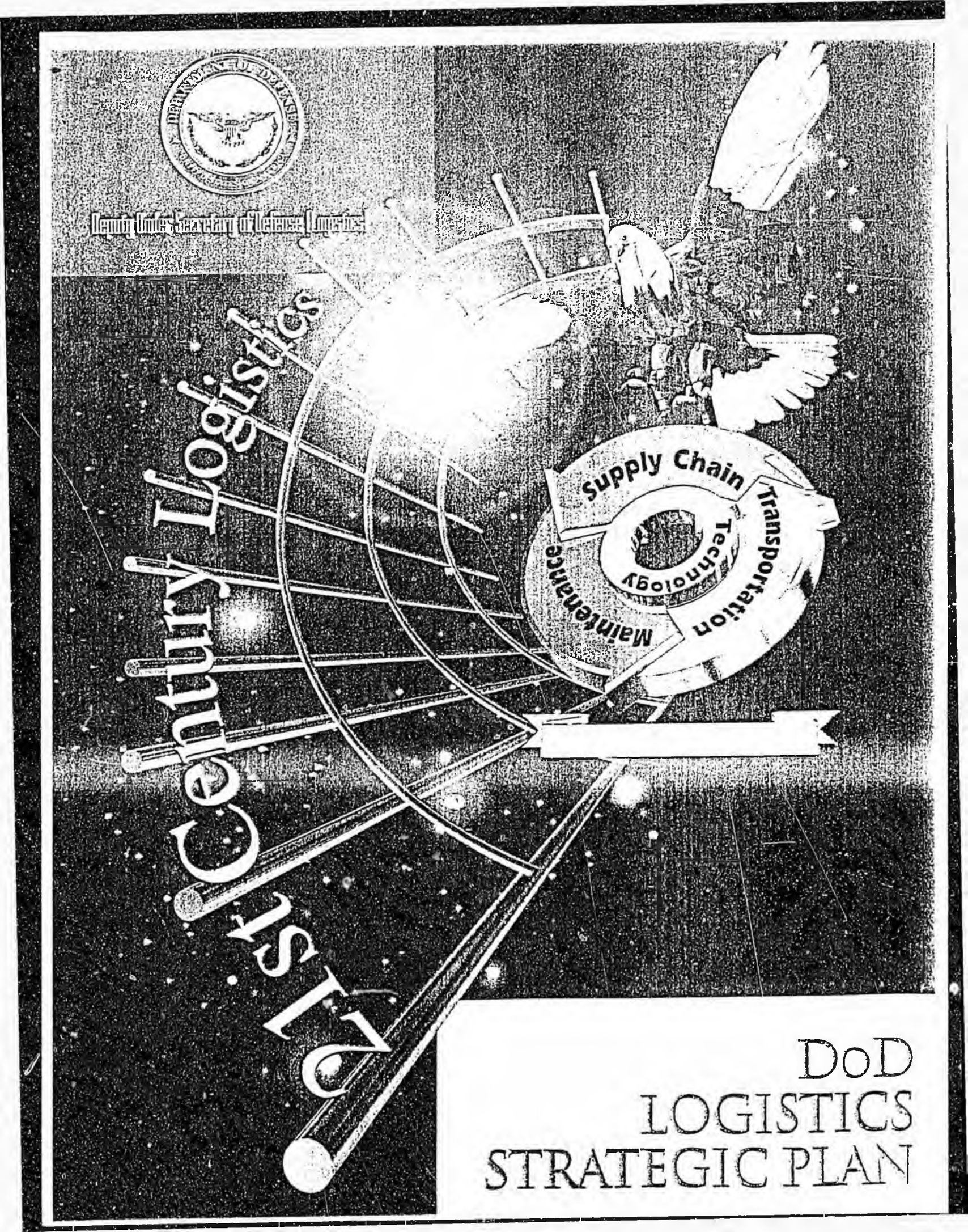

DoD LOGISTICS STRATEGIC PLAN

Dr. Jacques Gansler
Under Secretary of Defense for
cquisition & Technology

"The 21st Century Warfighter will be supported by a logistics team that is fully adaptive to the needs of dispersed and highly mobile combat teams...."

General Joseph Ralston
Vice Chairman of
the Joint Chiefs of Staff

LOGISTICS STRATEGY FOR THE 21ST CENTURY

This year marks a critical time in the process of reinvention of the Department's logistics operations. The initiatives mandated by the Secretary of Defense through his Defense Reform Initiative (DRI), the Quadrennial Defense Review (QDR), and the New Workforce Vision are under way. At the same time, the Warfighter's perspective on logistics requirements, Focused Logistics, has been developed to a point where specific implementing initiatives have been substantially identified. An important element of the reinvention process is ensuring the Warfighter's confidence in the responsiveness of the logistics process. As one of our top three acquisition priorities (along with implementation of the revolution in military affairs and the revolution in business affairs), we have identified the requirement to modernize our logistics systems. This will cut costs, reduce infrastructure and cycle time, and, most importantly, improve support to 21st Century Warfighters.

This year, through the cooperative efforts of the Logistics Reform Senior Steering Group, the updated Plan reflects the "top-down" perspective of the Department's key logistics leaders, particularly in the formulation of our most critical objectives and success indicators. This added validation of the Plan's content should help ensure the durability of the Plan's basic statements of logistics objectives and meaningful performance measures for the foreseeable future.

It is essential that all elements of the logistics community, including our private sector partners, put greater emphasis on meeting the Plan's objectives through each Component's activities, programs, and initiatives on a priority basis. This effort should include assessment of both ongoing and planned initiatives to ensure their support of the end-state objectives. Further, each Component should ensure that the key performance indicators are tracked as a continuing part of management's responsibility. In this way, together we can create a path to success.

Joint Staff

This version of the DoD Logistics Strategic Plan firmly places the emphasis on support to the Warfighter.
—Lieutenant General John McDuffie, Director for Logistics, J4, The Joint Staff

LOGISTICS MISSION

To provide responsive and cost effective support to ensure readiness and sustainability for the total force across the spectrum of military operations.

LOGISTICS VISION

By 2020, the joint logistics process will be a highly efficient, integrated system that ensures required support to the Warfighter.

Army

Logistics is the lifeblood of any military force. The Army's Revolution in Military Logistics links today's force with that of the 21st century. Supporting the Warfighter remains our mission, and ensuring that our logistics systems are efficient in peace and reliable in war is our goal.
—Major General Charlie Cannon, Acting DCS for Logistics

Navy

Transforming logistics support to maintain readiness while reducing costs is vital to the continued success of our Navy and the entire U.S. Military. High Yield Logistics is our roadmap.
—Vice Admiral James Amerault, DCNO for Logistics

Marine Corps

In order to win our Nation's battles in the 21st century, we must have an agile and responsive logistics system that will support our future warfighting concept of Operational Maneuver from the Sea. In order to make this a reality, we must continue the aggressive pursuit of dramatic change in our logistics processes while developing the necessary logistics platforms.
—Major General Geoffrey Higginbotham, DCS for Installations and Logistics

Air Force

Logistics is Warfighting! Transforming logistics will enhance the performance of our ultimate customer, the Warfighter.—Lieutenant General John Handy, DCS for Installations and Logistics

DLA

DLA exists to ensure America's Warfighters are never logistically unprepared. Our commitment to deliver the right item, at the right time, to the right place, at the right price, every time with best value solutions for our customers requires continual logistics transformation—leveraging the best commercial and DoD business practices; capitalizing on information technology; and maintaining Warfighter knowledge, focus, and teamwork. In partnership with the Military Services, Warfighting CINCs, and industry, we will succeed.
—Lieutenant General Henry Glisson, Director, Defense Logistics Agency

USTRANSCOM

USTRANSCOM's mission is straightforward—deploy the force, sustain the force, and bring it home when the job is done. To do this, we are implementing exciting and innovative programs that exploit the highly flexible intermodal capabilities and information technologies of DoD and the nation's commercial sector. We will ensure that the Defense Transportation System of the 21st century continues to meet the needs of the warfighting CINCs, Services, and other agencies.
—Lieutenant General Roger Thompson, Deputy Commander, United States Transportation Command

Washington DC
8 and 9 February, 2000
Military Logistics Exploration Mission

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Anchorage Economic Development Corporation (AEDC)

Kirk McGee, Vice President for Real Estate
Paul Fuhs, Project Development Consultant
Cook Inlet Region, Inc. (CIRI)

Representatives of US air and sea carriers, awaiting confirmation.

MISSION:

The mission of this trip is to better understand the DoD Logistics Strategic Plan, its timelines and goals, and to propose an evaluation of Anchorage as a forward deployment, testing and maintenance center for certain military cargoes. This deployment could be either from military warehouses or by partnering with private equipment and parts suppliers that could locate in Anchorage.

BACKGROUND:

Anchorage International Airport has become the international logistics hub for Federal Express, United Parcel Service, and other major US air cargo carriers. Anchorage International is now the number one air cargo port in the United States. This is due to the superior strategic geographic location of Anchorage, which has been recognized by military leaders as far back as Billy Mitchell in WWII. Elmendorf Air Force Base and other military installations in Alaska play a key role in US military deployment, due to their strategic location.

The potential for US military logistics operations in Anchorage could represent efficiencies for the US military utilizing the substantial investment there by US air and sea carriers such as Fedex, UPS, United, Northwest and CSX Lines (formerly Sealand, Inc.), combined with recent fiber optic intallations and e-commerce procurement and tracking systems currently being operated from Anchorage.

The potential for these efficiencies should be evaluated in a joint effort by DoD Logistics Strategic Planners and Anchorage based logistics companies, coordinated by AEDC.

AEDC and CIRI:

Anchorage Economic Development Corporation is an Alaskan non-profit development organization which specializes in logistics marketing for the Anchorage International Airport. Cook Inlet Region, Inc is an Alaska Native Regional Corporation established by the Alaska Native Claims Settlement Act, with significant land holdings adjacent to the Airport.

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SYNOPSIS OF COMMENTS RECEIVED CONCERNING ANCHORAGE, ALASKA BASED MILITARY LOGISTICS CENTER FROM SENIOR DOD PERSONNEL

* Given the global mission of the US military and Alaskaís strategic geographic location, Anchorage makes ìcommon senseî or is ìintriguingî for forward logistics from US soil, but it would need to be analyzed by a credible firm to quantify any contributions to war readiness or cost savings.

* The large scale investments in global distribution hubs in Anchorage by private sector logistics companies like FedEx, UPS, United, and Northwest Airlines and military access and use of that airlift capacity fits with the logistics trends in the US military to outsource more of their transportation/logistics activities.

* Overseas locations for forward positioning of supplies carry a higher risk and thus higher security costs. Supplies stored in overseas locations could be subject to CBR (Chemical, Biological, Radiological) contamination in a warfighting situation, making them unusable to US military personnel. Local political considerations may require further closures of US military bases overseas. Anchorage would be a candidate for positioning some of these materials on US soil.

* If redundant supplies overseas could be reduced, there could be significant cost savings.

* Anchorage is already being used as a forward logistics source for some military food and medical supplies totaling approximately $23.5 million per year.

* Many supplies are forward positioned on US naval vessels but they have difficulties moving the supplies ìthe last mileî from ship to shore. In addition, some ships are at maximum capacity and when new material arrives, what do you do with the old materials?

* Interest was expressed in a seaport associated with Anchorage based airlift capacity. Ocean cargo vessels of the US Merchant Marine regularly travel right past Alaska on the Great Circle Route to Asia. It may make sense to carry some supplies in by marine vessel and then ship out by air for just in time delivery. This overall system could make Anchorage ìour Singaporeî on US soil.

* Many of the current locations for military supplies in the US are legacies of the old system and are not located near transportation hubs in the US.

* If we want to have military logistics in Anchorage, we should be talking to the Original Equipment Manufacturers (OEMís) about locating their distribution centers in Anchorage because less and less materiel will be warehoused in organic military owned facilities. OEMís are also responsible for maintenance and that would need to be located with the distribution facility.

* An analysis should be performed to determine Anchorageís capacity to accommodate the surge of activity which occurs at the beginning of a conflict including excess fuel supply capability, availability of loading equipment, maintenance facilities, ability to receive large scale evacuation of civilian personnel from a conflict area, etc.

* A transparent procurement/logistics system based more on private supplier warehousing and just in time private delivery could supercede some of the political issues surrounding BRAC.

* The third party logistics (3pl) handler in Anchorage must have the International Infrastructure to handle properly, total warehouse control, ordering supplies, and shipping as required. This 3pl must also have real time tracking capability that ties into the military for both regular and sensitive cargo.

* An analysis of these issues should be completed as soon as possible if the data are to be considered in the Quadrennial Defense Review.

Anchorage Economic Development Corporation

The Center of Opportunity

ANCHORAGE BASED MILITARY LOGISTICS INITIATIVE

During the past month Michael Kean, Transportation Director for AEDC, Kirk McGee, VP for Real estate, CIRI and Paul Fuhs, project consultant to CIRI have met with Senior military and civilian staff of the Department of Defense to explore expanded military logistics from and through Anchorage. ($23.5 million a year, primarily food and medical supplies, is already originating from Anchorage and an unknown quantity of military material is transiting through). Copies of their business cards are attached to this document.

Everyone we met with was intrigued with the potential efficiencies that Anchorage could offer, particularly in light of the fact that Anchorage is the number one landed weight air cargo airport in the US and significant civilian airlift capacity is available on a regular basis and it is on US soil. The trend for military logistics is toward increased outsourcing and privatization of warehousing, transportation and maintenance of military equipment.

However, they all cautioned that it would be necessary to quantify these efficiencies through a study performed by a qualified and reputable consulting firm specializing in military logistics issues. This analysis should include time savings contributing to war fighting capability and economic costs along with a risk analysis on the potential security benefits of forward logistics on US soil, capable of responding quickly in several operational theatres.

They provided us with a list of potential contractors they had worked with in the past and we contacted them to determine their costs, timelines for completion and availability to do the work. We wrote a draft scope of work for this analysis and asked for comments from all those we met with. The draft scope is attached to this document.

It is also important that this analysis be completed before this fall so that it will be available for consideration in the military's Quadrennial Defense Review in which the total package of military systems is considered. The Undersecretary of Defense for Logistics is also heading up the Logistics Reform Senior Steering Group (LRSSG) initiative whose goal is to model some of the advanced logistics systems developed in the private sector by companies like FedEx and UPS and provide an integrated procurement and logistics system which will reduce the need for organic (military owned) warehousing and transportation, especially during peacetime.

Due to all these factors, our timing is excellent if we can procure the funding and complete the business case analysis for Anchorage based military logistics operations.

The most responsive firm, Price Waterhouse and Coopers gave us an estimate of $175,000 and a completion time of 2 months to perform the analysis. This is due to the

fact that they already have a wealth of the baseline data available to do the analysis. All the Department of Defense personnel we met with pledged their cooperation in providing data and so did all the private air and sea carriers serving Anchorage. The Alaska Department of Transportation also pledged their cooperation in providing data from Anchorage International Airport.

We need to obtain the $175,000 for the study in cost sharing with the Department of Defense or to raise it from local sources if DoD funding is not available. Even if we raise the money ourselves, it is important to have an executive sponsor for the study within DoD so that it will not be viewed as a cheerleading exercise where you pay for a predetermined outcome and they have some ownership of the product.

The case for this analysis will be presented to the LRSSG executive committee on March 23rd on the issues of potential funding and executive sponsorship of the study. We are requesting letters of support from our Congressional delegation and from those senior military personnel who are most familiar with the potential of Anchorage for military logistics and we are exploring private, municipal and state funding for our matching money for the study.