ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672
10705 SENATE TRANSPORTATION 550

SB

226

SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

MEMORANDUM

To: Senator Cowdrey, Chair
Senate Transportation Committee

From: Senator Dave Donley

Date: January 29, 2002

Re: Senate Bill 226

I request that Senate Bill 226, an act requiring highways to be designed and constructed so that they will adequately serve anticipated traffic levels for the next 30 years; and providing for an effective date, be scheduled for a hearing in the Transportation Committee at your earliest convenience.

Senate Bill 226 would require the Department of Transportation and Public Facilities to require design criteria of 30 years of use with consideration for anticipated traffic levels. Currently, the DOT/PF regulations state that road projects should be designed for 20 years of use. The intention is that the use period begins with actual construction completion and the public having use of the road. Current interpretation of the 20-year period is that the period begins when the project is nominated in the long-range plan. The average time for a project to be completed is about 8-11 years (an average of 6 years moving up the priority list and then 3-5 years for design and construction). This leaves only ten years or so of actual use in the 20-year time period. The bill increases the planning horizon so that the actual use period is at least the 20 years as intended.

I have included a copy of the bill and the sponsor statement for your review.

Thank you in advance for your consideration of this request. If you or your staff should have any questions, please contact myself or Phil Cutler of my staff at 465-3892.

DD/pc

Co-Chair: Senate Finance Committee
Vice-Chair: Senate Judiciary Committee
Member: Legislative Budget and Audit Committee • Legislative Council

January-May: STATE CAPITOL • JUNEAU, AK • 99801 • (907) 465-3892 • FAX: (907) 465-6595
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www.akrepublicans.org/Donley.htm • www.legis.state.ak.us/senate/donley/htm

Sponsor Statement

Sponsor Substitute for Senate Bill 226

"Requiring Highways to be Designed and Constructed for 30 Years Life"

Senate Bill 226 would require the Department of Transportation and Public Facilities to require road improvements to be designed to last for at least 30 years. Currently, the DOT/PF regulations state that road projects should be designed for 20 years of use.

Current interpretation of the 20-year period is that the period begins when the project is **nominated** in the long-range plan. The average time for a project to be completed is about 8-11 years (6 years moving up the priority list and then 3-5 years for design and construction). That leaves only 10 years of use within the 20-year time period. The bill increases the planning horizon so that the actual use period will hopefully be at least 20 years.

SB226 would amend AS 19.10.160 "Standard plans and specifications" to include language that directs the Department to design and construct highways that will adequately serve the planned future traffic for the next 30 years with criteria that include meeting current safety and durability standards, as well as providing for economical maintenance in the future.

Federal law requires that federally funded projects be designed for <u>at least</u> 20 years use. The Federal law does not limit longer periods for design and use.

DD:pc

SENATOR DAVE DONLEY
ALASKA STATE LEGISLATURE

Sponsor Statement

Sponsor Substitute for Senate Bill 226

"Requiring Highways to be Designed and Constructed for at least 30 Years Life"

Senate Bill 226 would require the Department of Transportation and Public Facilities to require design and construction of major upgrades and new roads to last for at least 30 years. Currently, the DOT/PF regulations state that road projects should be designed for 20 years of use. Maintenance projects would not have to meet these criteria, nor would road projects outside major metropolitan areas.

Current interpretation of the 20-year period is that the period begins when the project's Environmental Impact Statement process is completed. The average time for a project to be ready for the public's use from that point is about 8-11 years (5-6 years moving up the priority list and then 3-5 years for design and construction). That leaves only 10 years of use within the required 20-year time period. The bill increases the planning horizon so that the actual use period will hopefully be at least 20 years.

SB226 would amend AS 19.10.160 "Standard plans and specifications" to include language that directs the Department to design and construct highways that will adequately serve the planned future traffic for at least the next 30 years with criteria that include meeting current safety and durability standards, as well as providing for economical maintenance in the future.

Federal regulations require that federally funded major upgrades and new roads be designed for 20-30 years of use while bridges must last at least 50 years. The Federal law does not forbid longer periods for design and use.

DD:pc

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22-LS0993\O
Utermohle
2/12/02

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 226( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS DONLEY, Cowdery, Phillips

A BILL

FOR AN ACT ENTITLED

"An Act requiring certain highway projects to be designed and constructed so that the highways will adequately serve anticipated traffic levels for at least the next 30 years; and providing for an effective date."

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

*** Section 1.** AS 19.10.160 is amended by adding a new subsection to read:

(b) After December 31, 2002, plans and specifications for proposed major upgrade and new construction projects for highways in metropolitan areas must provide for the design and construction of highways that will adequately serve the planned future traffic for at least the next 30 years in a manner that is conducive to safety, durability, and economy of maintenance. This subsection does not apply to plans and specifications for highway maintenance projects.

*** Sec. 2.** This Act takes effect January 1, 2003.

A POLICY on GEOMETRIC DESIGN of HIGHWAYS and STREETS

2001

**American Association of State
Highway and Transportation Officials
444 North Capitol Street, N.W., Suite 249
Washington, D.C. 20001
(202) 624-5800
www.transportation.org**

ISBN: 1-56051-156-7

Projection of Future Traffic Demands

Geometric design of new highways or improvements to existing highways should not usually be based on current traffic volumes alone, but should consider future traffic volumes expected to use the facility. A highway should be designed to accommodate the traffic volume that is likely to occur within the design life of the facility.

It is difficult to define the life of a highway because major segments may have different lengths of physical life. Each segment is subject to variations in estimated life expectancy for reasons not readily subject to analysis, such as obsolescence or unexpected radical changes in land use, with the resulting changes in traffic volumes, patterns, and demands. Right-of-way and grading may be considered to have a physical life expectancy of 100 years; minor drainage structures and base courses, 50 years; bridges, 25 to 100 years; resurfacing, 10 years; and pavement structure, 20 to 30 years, assuming adequate maintenance and no allowance for obsolescence. Bridge life may vary depending on the cumulative frequency of heavy loads. Pavement life can vary widely, depending largely on initial expenditures and the repetition of heavy axle loads.

The assumption of no allowance for functional obsolescence is open to serious debate. The principal causes of obsolescence are reduction in the traffic operational level of service resulting from increases in the number of intersections and driveways, and increases in traffic demand beyond the design capacity. With freeways, which have full access control and no at-grade crossings, obsolescence due to increased number of intersections and driveways can be eliminated. On other highway types, obsolescence due to addition of intersections and driveways is much more difficult to forestall; this occurs particularly in urban and suburban areas, but may occur in rural areas as well.

It is a moot question whether the design capacity of a highway should be based on its life expectancy. The decision is greatly influenced by economics. For example, a highway might be designed for traffic volumes 50 years hence with the expectation that the pavement structure would be restored in 20 to 25 years. However, if the added cost of a 50-year design over a design with a 25-year life expectancy is appreciable, it may be imprudent to make a further investment providing capacity that will not be needed for at least 25 years. The construction cost savings could be used to construct another currently needed highway project. Furthermore, the cost of increased maintenance for the larger highway would be avoided for at least 25 years. Also, most highways are capable of handling higher traffic volumes than their design volume indicates, but this may cause more inconvenience, such as a reduction in speed and less maneuverability.

For example, a four-lane divided highway with a design ADT of 10,000 or 15,000 vehicles per day could handle two or three times that design volume depending on several factors discussed later. Thus, the four-lane divided highway could adequately serve traffic long after the design year and, in many cases, indefinitely.

In a practical sense, the design volume should be a value that can be estimated with reasonable accuracy. Many highway engineers believe the maximum design period is in the range of 15 to 24 years. Therefore, a period of 20 years is widely used as a basis for design. Traffic

cannot usually be forecast accurately beyond this period on a specific facility because of probable changes in the general regional economy, population, and land development along the highway, which cannot be predicted with any degree of assurance.

Estimating traffic volumes for a 20-year design period may not be appropriate for many reconstruction or rehabilitation projects. These projects may be developed on the basis of a shorter design period (5 to 10 years) because of the uncertainties of predicting traffic and funding constraints.

Speed

Speed is one of the most important factors considered by a traveler in selecting alternative routes or transportation modes. Travelers assess the value of a transportation facility in moving people and goods by its convenience and economy, which are directly related to its speed. The attractiveness of a public transportation system or a new highway are each weighed by the traveler in terms of time, convenience, and money saved. Hence, the desirability of rapid transit may well rest with how rapid it actually is. The speed of vehicles on a road or highway depends, in addition to capabilities of the drivers and their vehicles, upon four general conditions: the physical characteristics of the highway and the amount of roadside interference, the weather, the presence of other vehicles, and the speed limitations (established either by law or by traffic control devices). Although any one of these factors may govern travel speed, the effect of these general conditions is usually interrelated.

The objective in design of any engineered facility used by the public is to satisfy the public's demand for service in a safe and economical manner. The facility should, therefore, accommodate nearly all demands with reasonable adequacy and also should not fail under severe or extreme traffic demands. Therefore, highways should be designed to operate at a speed that satisfies nearly all drivers. Because only a small percentage of drivers travel at extremely high speed, it is not economically practical to design for them. They can use the highway, of course, but will be constrained to travel at speeds less than they consider desirable. On the other hand, the speed chosen for design should not be that used by drivers under unfavorable conditions, such as inclement weather, because the highway would then be inefficient, and possibly unsafe, for drivers under favorable conditions, and would not satisfy reasonable public expectations for the facility.

Operating Speed

Operating speed is the speed at which drivers are observed operating their vehicles during free-flow conditions. The 85th percentile of the distribution of observed speeds is the most frequently used measure of the operating speed associated with a particular location or geometric feature.

Alaska State Legislature
Senate
Office of the Secretary

OFFICIAL BUSINESS

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1-14-02
Kim
done

FOR YOUR IMMEDIATE ATTENTION

DATE: January 14, 2002

TO: Transportation Committee
(Senator Cowdery, Room 205)

FROM: Office of the Senate Secretary

SUBJ: Sponsor Substitute

A Sponsor Substitute has been introduced for the following bill/resolution pending in your Committee:

RETRIEVE

SENATE BILL NO. 226

"An Act relating to the statewide transportation improvement program; and providing for an effective date."

Please pull this bill/resolution folder from your files and give to the page. The bill/resolution may be returned to you with the Sponsor Substitute.

Thank you.

SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

Sponsor Statement

Sponsor Substitute for Senate Bill 226

"Requiring Highways to be Designed and Constructed for at least 30 Years Life"

Senate Bill 226 would require the Department of Transportation and Public Facilities to require design and construction of major upgrades and new roads to last for at least 30 years. Currently, the DOT/PF regulations state that road projects should be designed for 20 years of use. Maintenance projects would not have to meet these criteria, nor would road projects outside major metropolitan areas.

Current interpretation of the 20-year period is that the period begins when the project's Environmental Impact Statement process is completed. The average time for a project to be ready for the public's use from that point is about 8-11 years (5-6 years moving up the priority list and then 3-5 years for design and construction). That leaves only 10 years of use within the required 20-year time period. The bill increases the planning horizon so that the actual use period will hopefully be at least 20 years.

SB226 would amend AS 19.10.160 "Standard plans and specifications" to include language that directs the Department to design and construct highways that will adequately serve the planned future traffic for at least the next 30 years with criteria that include meeting current safety and durability standards, as well as providing for economical maintenance in the future.

Federal regulations require that federally funded major upgrades and new roads be designed for 20-30 years of use while bridges must last at least 50 years. The Federal law does not forbid longer periods for design and use.

DD:pc

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Vice-Chair: Senate Judiciary Committee
Member: Legislative Budget and Audit Committee • Legislative Council

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22-LS0993\O
Utermohle
2/12/02

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 226( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS DONLEY, Cowdery, Phillips

A BILL

FOR AN ACT ENTITLED

"An Act requiring certain highway projects to be designed and constructed so that the highways will adequately serve anticipated traffic levels for at least the next 30 years; and providing for an effective date."

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

*** Section 1.** AS 19.10.160 is amended by adding a new subsection to read:

(b) After December 31, 2002, plans and specifications for proposed major upgrade and new construction projects for highways in metropolitan areas must provide for the design and construction of highways that will adequately serve the planned future traffic for at least the next 30 years in a manner that is conducive to safety, durability, and economy of maintenance. This subsection does not apply to plans and specifications for highway maintenance projects.

*** Sec. 2.** This Act takes effect January 1, 2003.

SB

238

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 238
(S) Publish Date: 1/16/02

Revision Date/Time (Note if correction):
Dept. Affected: DOT&PF
Title: An act relating to plans and programs for the safety and security of facilities...
BRU
Component
Sponsor: Rules by Request of Governor
Requester
Component No.

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2002) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

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

This bill allows the department to issue civil fines to airport tenants who violate FAA security policies. These funds will be passed through to the FAA to cover airport fines.

Prepared by: Dennis R. Poshard, Assistant to Commissioner
Phone 465-3904
Division: Commissioner's Office
Date/Time 1/11/02 10:07 AM
Approved by: Joseph L. Perkins, Commissioner
Date 01/ 1/2002
Agency: AK DOT&PF

(Revised 9/2001 OMB)

COMMITTEE COPY

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

TEXT: *(907) 465-3652*
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PHONE: *(907) 465-3900*

April 1, 2002

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

Dear Senator ~~Cowdery~~ John:

I respectfully request that you schedule Senate Bill 238, an act relating to state plans and programs for the safety and security of facilities and systems in the state, for a hearing in the Senate Transportation Committee. This bill allows the state to keep confidential certain information pertaining to the security of state facilities and infrastructure, and exempts the adoption of security plans from the administrative procedures act.

The original version of the bill also allowed the department to issue fines for security violations at state airports. The department supports this version of the bill and would welcome the opportunity to explain our position to the committee.

If you have any questions or need additional information, please contact my special assistant, Dennis Poshard.

Thank you in advance for your favorable consideration.

Sincerely,

Joseph L. Perkins, P.E.
Commissioner

cc: Governor's Legislative Office

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us

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SB 338

January 14, 2002

The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Halford:

This bill I transmit today contains recommendations of the Administration's Terrorism Disaster Policy Cabinet convened in response to the attacks of September 11th. It is one of six bills I am forwarding for the Legislature's consideration to ensure Alaska is fully prepared in terrorism prevention and emergency response. This bill relates to plans and programs for the security of state facilities and systems.

This bill would assist the Department of Transportation and Public Facilities (DOT&PF) and its Alaska International Airports System and rural airport network in responding to the need for increased security since the tragic events of September 11. It would also enable all state agencies, including the DOT&PF, to maintain the confidentiality of their sensitive security plans.

Specifically, the bill would allow the DOT&PF to impose civil administrative penalties of up to $1,100 per incident for violations of an airport security program. Currently, the Federal Aviation Administration (FAA) may assess a civil penalty of up to $1,100 against the DOT&PF for violating any of the department's FAA-approved airport security programs. Although the FAA considers the DOT&PF to be the violator for federal regulatory purposes, nearly all violations are the result of conduct of employees of airport tenants and contractors. Usually, the DOT&PF passes these fines on to its tenants and contractors. This situation, however, is an unsatisfactory way to get airport tenants and contractors to correct security problems because it requires the DOT&PF to invite the FAA to punish that department in order to charge the penalty to the violator.

The DOT&PF should be able to directly assess civil penalties against its contractors, lessees, and licensees, and their agents and employees, for violating a security program. This will make those responsible for security more vigilant and responsive to the increased needs. It is anticipated the DOT&PF would adopt regulations that would set out the procedures for the assessment of penalties and would establish an appeals process to meet the constitutional requirements of due process.

The bill also would add an exclusion to the list of state records that are available for public inspection and copying to allow for confidentiality of certain security and safety documents and information. Similarly, the bill allows a new exemption from the public notice provisions and procedures for adopting regulations so that regulations regarding certain security plans, programs and procedures may be protected information. Specific exemptions from these requirements of the Administrative Procedure Act already exist, such as prison security plans for the Department of Corrections.

Thank you for your prompt consideration of this bill.

Sincerely,

Tony Knowles
Governor

SB

241

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

MEMORANDUM

To: Senator John Cowdery
chair, Senate Transportation Committee

From: Representative Jeannette James

Date: January 15, 2001

Subject: Request for Hearing: HB 241

Please schedule the following bill to be considered by the Senate Transportation Committee at your earliest convenience:

> HB 244, An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Whitehorse, Yukon, Canada.

A copy of the resolution, a sponsor statement, fiscal notes and background information is attached. Thank you for your attention to this matter.

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

Sponsor Statement, HB 241

1/14/02

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

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

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

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

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

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

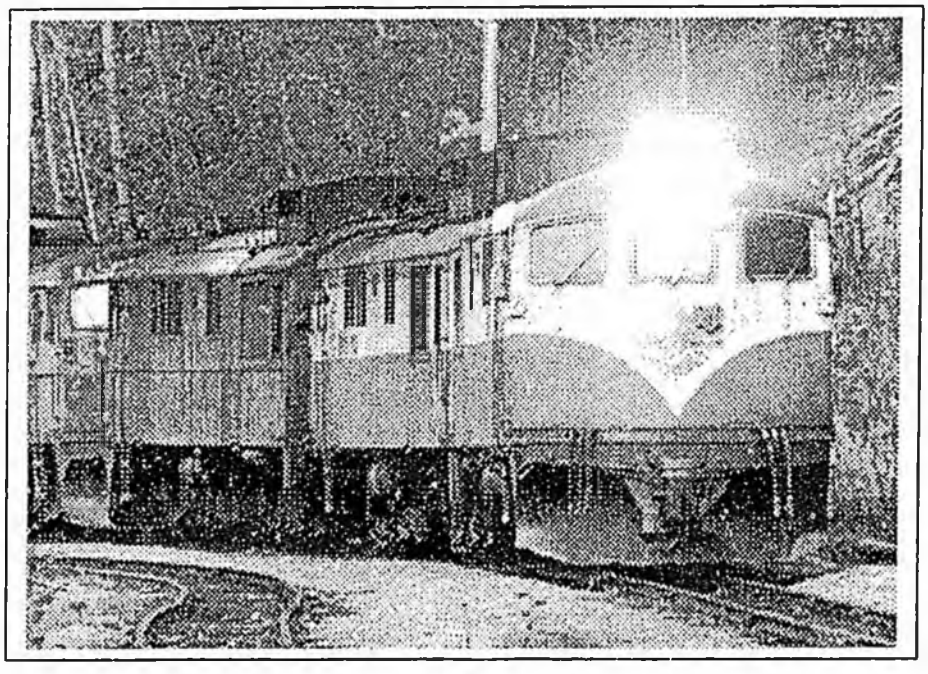
Report of the office of

REP. JEANNETTE JAMES

on a

RAILROAD / TRANSPORTATION-UTILITY CORRIDOR TO CONNECT ALASKA WITH THE REST OF NORTH AMERICA

Fourth Printing, December 1, 2001



Published by the office of Representative Jeannette James
Room 214, Alaska State Capital
Juneau, Alaska 99801
Richard F. Schmitz, Editor

URL: www.repjames.org

SPEECH TO CHAMBER OF COMMERCE
by REPRESENTATIVE JEANNETTE JAMES,
February 22, 2001

Before I begin, I have to tell you it took a few minutes to come up with suggestions for a title for my address to you here today. ...

So I see from the flyer the final draft turned out to be "The Inside **Track** to a Growing, Healthy Economy."

Now, I know you know that building a railroad to connect our state with the rest of North America is a project I've worked long and hard on. I have to tell you I think it's a very good sign when I find little puns included in titles of my speeches.

I'm working hard on this railroad connection ... How hard? Well, I have to tell you ... I think a gas pipeline to the Lower 48 will be an excellent add-on to this railroad project!

But I'm here to speak about **a growing, healthy economy** ... and about **growing a healthy economy**.

To begin, let me offer you a couple of my basic tenets. ... because I've been repeating them a lot lately, or so it seems.

One. I do not believe Alaska has an economy. Not really. Alaska does have a series of boom and bust cycles, framed by federal pass-through funds. ... All of which are restricted and most of which require a state match.

What we have is an out of balance economy ... most of it in the service sector. We do not have sufficient basic industries to support steady, long-term growth ... and a steady long-term growth pattern is absolutely necessary for a growing, healthy economy and quality of life. ...

We are fortunate right now -- the price of oil is high ... Although the price of oil is an important part of our income, it also increases our cost of living as fuel prices rise.

Our most tremendous asset, of course, is our three guys in Washington. Their seniority and prowess is unmatched. ... But we don't have a lot of control over that, either. At some point we will not have these people holding up what is **really** a major portion of Alaska's economy, and we should all think long and hard about that now. ...

Two. We must have a long term revenue plan. What should that plan look like? ... I will repeat, as I have many times before ...

I believe we need a broad-base tax ... where everyone pays a little ... there ain't no free lunch. And in that statement, two negatives do not make a positive ... they make a bigger negative.

We need to use some earnings of the Permanent Fund. We need to maintain a healthy dividend program over the long term.

We must continue to find efficiencies in government --- and we need to accelerate our opportunities to develop our natural resources ... and that, of course, includes our people.

My constituents are very insistent about cutting and streamlining the cost of state government ... and I fully agree with them .... But backing up is very hard to do.

I would like to tie one and two together with another of my basic tenets ... you can not tax your way to prosperity!

The public does not seem to understand that we have less money coming in than we need to fund the services they want and the ones we are required to provide. In anyone's math, that means we are eating up our savings ... which will soon be gone ... and what then? We have to fill that gap some way.

I believe you understand this issue. You know, as business people who depend on income to cover your expenses and paycheck, you cannot continue to operate by spending more than you take in without inviting disaster.

We have exercised restraint and reduction in spending over the last five years. It has been very, very difficult.

There are only two ways to balance the issue -- one is to cut spending, the other is to increase income. You as business people also understand that you cannot cut spending when it eats into your ability to bring in income ... or your paycheck will disappear.

The general public does not understand this fact ... It takes money to make money. We need to balance our benefits with our responsibilities.

And you can help.

The Alaska public needs a reality check. We need a serious dose of education. As business people you create -- or at least spread the cash flow in this state ... .

We need to be sure we have a reliable source. Is it a spring that will be ever-flowing? Or will it be a slough that just collects runoff?

The public must understand this theory.

I am a supporter of building a rail connection because I am convinced it will become a lynchpin of a real Alaska economy. We lack infrastructure, and therefore much of our state's wealth is off the table.

Trains are cutting edge. New locomotives use natural gas as fuel. Other new locomotives use gravity to generate electricity. Intermodal technology allows for rapid movement of cargo.

Railroads were cutting edge in the 1850s. And they're cutting edge in 2001. When the White Pass and Yukon Route was built in 1899, it was considered truly visionary. And it will be visionary when Alaska is finally connected with the rest of North America by rail a century or so later.

Relative to other forms of transportation, railroads are inexpensive, durable, effective and easy to build.

The footprint a railroad makes on the land and environment is small. But the impact a railroad makes on an economy is great.

Lets look at Alaska, where railroads are limited compared to most of the rest of North America. Is it just coincidence that Alaska's economic heartland is called "The Railbelt?" Is it only coincidence that Anchorage -- and not Valdez -- is Alaska's largest city?

Remember, for a second, that when the visionaries decided to build the Alaska railroad, Valdez was the main Alaska port and what we now know as Anchorage was a tent city construction camp.

I represent North Pole, and the railroad's economic presence is certainly evident every time a refinery employee cashes a paycheck. The same could be said for Healy or Usibelli, communities also in my district.

I am very encouraged about this project. Senator Murkowski passed legislation authorizing a bilateral commission -- and up to $6 million to fund it. The commission's task will be to complete a feasibility study.

A number of meetings will be taking place in Washington D.C. before the month is over, all involved with moving this project forward. I have been told the next step is formally presenting the commission to Canada's federal government.

Folks in the Yukon are solidly behind this project, and I think we are seeing some good signs that the Canadian government will stand behind them.

Much of the criticism of the railroad connection surrounds its cost, which will be in the billions of dollars. But in talking with folks involved with the business of

building a gas line, I am convinced there is an opportunity to see economies of scale in building **both** along a shared corridor.

That's why I'm advocating a transportation and utility corridor. One Environmental Impact Study (EIS) could cover all, allowing for efficient construction of not only a gas line and a railroad, but also fiber optic cable and energy transmission lines.

Someday Alaska may export mining concentrates and coal ..., agricultural products ... frozen seafood ... But Alaska can also export information ... vision ... expertise ... and ideas.

If we are going to have an economy in Alaska, we have to create wealth. To do this we sorely need to have transportation infrastructure, and this is the heart of the reason why I have been pressing this issue since 1993 when I began my service in the Alaska House of Representatives.

A railroad connection to the rest of North America will mean incentive and opportunity for the private sector to invest in Alaska, thereby creating the roots of a real and stable economy.

I have learned that for each job in the basic economy, two and a half are created in the service sector. Service industry jobs cannot exist in a vacuum -- or in an economy that lacks long-term stability. To put it simply, If no wealth is created, then there's no one way to pay for services.

I am fully aware that some of my contemporaries don't believe the railroad will ever be built, and I guess they wonder why I or other supporters of the project bother to put in the effort. ...
Let me quote for them from a work of classic literature ... and I'll pose it in the form of a question ... Just when did we as Alaskans decide to let "I Think I Can, I Think I Can, I Think I Can" be the *end* of the story?

I love to talk about economic development and transportation infrastructure -- but I can't say I love talking about raising taxes. But I have to.

Alaskans -- all of us -- will be facing some bad news in a few short years. I said as much in a newsletter I sent to a little over 3,000 voters in my district. I laid it out just as plain as I know how. ... Here are a few of the things I said:

When it comes to a long-term revenue plan, I have ideas -- but I don't have solutions. ... For that reason, I need to hear from you. No long term revenue plan can ever work if it doesn't have the support of the people.

Then, I explained that in a few years the constitutional budget reserve will be empty. In the long term, some earnings of the permanent fund will have to be used to pay for state government. To balance our budget, we will have to use

some combination of fair and equitable taxes ... and earnings of the permanent fund.

I added that the longer we limit use of the permanent fund to inflation-proofing and paying dividends, the more vulnerable the fund is to IRS taxation.

Well, the constituents who responded to the survey I enclosed offered their support -- and I'm thankful for that -- but, clearly, there is a lot of educating we have to do.

Let me share with you the gist of comments I received in response to my request for their ideas as to how we can balance the budget in the next decade or so. I asked respondents to assume we will need to raise between $500 million and $1 billion a year.

The majority of respondents did not want any new taxes ... or for us to spend any of the permanent fund earnings. They want to keep the dividend as it is ... and they're not willing to let the budget grow with any increased population or cost of living.

Obviously they didn't hear me -- nor do they believe there is a problem.

One respondent said he supports both an income tax and a sales tax -- with two conditions -- surely he jests -- that anyone who receives a permanent fund dividend be exempted from the income tax, and that anyone who has an Alaska drivers license be exempted from the sales tax.

I have no intention of poking fun of the people who've taken the time to respond to my survey. Just the opposite, because I am extremely grateful for the time and effort these folks put in to answering questions none of us have yet been able to answer.

We may be making some progress. In the 1999 "**what part of 'no' don't you understand**" vote, just 16 percent of my district voted in favor of the long-range plan. Of survey results I've tallied, 19 percent said they would at least support a cap on the permanent fund dividend; 36 percent said they could support using excess earnings of the Permanent Fund, and 29 percent said they could support a flat income tax.

Progress? Maybe. ...

One thing my survey respondents did agree on -- almost totally -- was the need to continue to find efficiencies in state government.

But sometimes these efficiencies cost money up front. In other words, we might have to pay to save money in the future.

ADDRESS BY REPRESENTATIVE JEANNETTE JAMES TO PAC-COM CONFERENCE, ANCHORAGE, FEB. 14, 2001

Remember the last time you were stopped at a railroad crossing gate ... Your first reaction was probably great annoyance, particularly if you were in a big hurry.

But think about it ... I'll bet you still looked for that train as it approached. And I'll go so far as to say that you probably felt a little, tiny thrill as the train went by. There's something about a train that seems to just force you to stop, look and listen.

I've always loved trains. And it's no secret that I'd love to see a railroad built to connect Alaska with the rest of North America ... which is the reason I'm speaking to you right now.

Not everyone in Alaska is as big a fan of trains as I am, though. Take Anchorage Daily News columnist Mike Doogan, for example. Mike's big problem with building a railroad to the Lower 48 is that it would be using, and I quote here, "the very best of 19th century technology."

I think Mike Doogan should get out a little more.

Just because railroads were visionary in the 19th century doesn't mean they won't be visionary in the 21st. Have you been in Salem, Oregon lately? The train station there is shiny-new and fully restored to its original grandeur. Seattle's King Street Station will be similarly restored. These are no tourist attractions, they're working train stations -- and they're plenty busy. Amtrak's new Cascades service connects Vancouver, B.C. with Eugene, Oregon three times a day. The lines' new Talgo trains, designed and partly manufactured in Spain, are sleek ... fast ... and packed with passengers. Commuters now move between Seattle and Tacoma on the brand-new Sounder ... double deck passenger cars with locomotives just as new and shiny as the California Zephyr was in 1936.

There's nothing 19th century about either of these trains. There's nothing 19th century about the Eurostar -- the high speed train which connects London and Paris through the Channel Tunnel in about the same time it would take by air, counting the time to and from the airport, for a little less money.

Trains are cutting edge. New locomotives use natural gas as fuel. Other new locomotives use gravity to generate electricity. Intermodal technology allows for rapid movement of cargo.

Railroads were cutting edge in the 1850s. And they're cutting edge in 2001. When the White Pass and Yukon Route was built in 1899, it was considered truly visionary. And it will be visionary when Alaska is finally connected with the rest of North America by rail a century or so later.

Relative to other forms of transportation, railroads are inexpensive, durable, effective and easy to build.

The footprint a railroad makes on the land and environment is small. But the impact a railroad makes on an economy is great. And that's another reason why I'm speaking to you here.

Lets look at Alaska, where railroads are limited compared to most of the rest of North America. Is it just coincidence that Alaska's economic heartland is called "The Railbelt?" Is it only coincidence that Anchorage -- and not Valdez -- is Alaska's largest city? Remember, for a second, that when the visionaries who decided to build the Alaska railroad, Valdez was the main Alaska port and what we now know as Anchorage was a tent city construction camp.

I represent North Pole, and the railroad's economic presence is certainly evident there every time a refinery employee cashes a paycheck. The same could be said for Healy or Usibelli, communities also in my district. Chances are you've watched those gold and blue Alaska Railroad engines haul rail car after rail car of coal or jet fuel.

I was at a committee hearing the other day, and the economist who was speaking made the off-hand comment that "Alaska didn't have an economy." People were kind of taken aback by that statement. ... But I knew exactly what he was talking about. We don't have an economy in Alaska ... we have a series of boom and bust cycles, and do you know the worst part of that? We aren't even the engineer that drives those booms and busts. Alaska's economy is *re*actionary instead of actionary. There ... I made up a new word!

This is why I am such a strong advocate of building this railroad. Over and over again we are told that Alaska must improve its infrastructure. Mining -- which historically has provided among the best-paying jobs this state can offer -- will remain limited to narrow belts around existing roads, ports or cities. A railroad from Eielson Air Force Base to the Canadian Border, however, passes within miles of some of the state's most promising and proven mineral reserves. Not only are the Tanana uplands rich in gold and silver, but there are proven deposits of copper, lead, zinc, tin, molybdenum and tungsten.

This rich geological belt extends across the border to the Yukon Territory, where mining now is in steep decline due to transportation issues. Still, mining is the No. 1 commercial activity in the territory.

Railroads provide mines with exactly the kind of transportation they need, because, once connected with the North American rail system, concentrates can be shipped to a smelter economically and efficiently. Manufactured goods, timber and agricultural products could be sent to market with similar efficiency. And I see a new role for Alaska's ports such as Anchorage. Freighters sailing between the West Coast and Asia pass right by Alaska. With a rail connection to the rest of North America, containerized goods from, or headed to, the Mid West or East Coast could transfer to rail right here, putting Alaskans to work in this transportation sector.

This summer I bought a new, digital camera. One of its features is a lens with an adjustable view. Push the button one way, and you get a wide view. Push it the other way and you get what I call a long view. I believe Alaska must take two looks at this railroad

project: a broad view, and a long view. When I talk about benefits to resource industries, I'm taking the long view ... to a time when the railroad link is up and running.

Now let's look at the wide view.

The project I envision is more than simply iron tracks, ties and locomotives. I see a transportation and utility corridor. When we lay tracks, we must also lay fiber optic cable. I don't think you can have too much fiber optic connectivity. True, Alaska can export mineral concentrates. But Alaska can also export information ... vision ... expertise ... and ideas.

If we are going to have an economy in Alaska, we have to create wealth. To do this we sorely need to have transportation infrastructure, and this is the heart of the reason why I have been pressing this issue since 1993, when I began my service in the Alaska House of Representatives. A railroad connection to the rest of North America will mean incentive and opportunity for the private sector to invest in Alaska, thereby creating the roots of a real and stable economy.

I have learned that for each job in the basic economy, two and a half are created in the service sector. Service industry jobs cannot exist in a vacuum -- or in an economy that lacks long-term stability. To put it simply, If no wealth is created, then there's no one to pay for services.

In taking a broad view of the railroad I see great potential for tourism. I am convinced tourism will be a major user of this railroad ... particularly when you consider the trip itself will be the destination. In a week you could go from Fairbanks to New York and back. Imagine, you could watch the northern lights one day ... and the lights of Broadway a few days later.

I am fully aware that some of my contemporaries don't believe the railroad will ever be built, and I guess they wonder why I or other supporters of the project bother to put in the effort. ... Let me quote for them from a work of classic literature ... and I'll pose it in the form of a question ...

Just when did we as Alaskans decide to let "I Think I Can, I Think I Can, I Think I Can" be the *end* of the story?

SPEECH TO ALASKA STATE CHAMBER
October, 2001

When I was 15 years old, I took my first long-distance train trip -- from Portland, Ore. to Clinton, Iowa -- to attend my grandparents' 50th anniversary celebration.

I particularly remember going through Wyoming. There were herds of antelope. All around I could see country that looked, to me, as if no human being had ever walked on it. It was spectacular, utter wilderness, except every once in a while there would be an oil well pumping to remind me that people had been there before.

I also remember the trip back to Oregon. The whole train was full of servicemen, and here I was, this 15-year-old girl. . . . I'll never forget the look on my dad's face.

Over most of my adult life, I have seen train travel kind of fade away -- replaced by high speed highways and air travel. It's no surprise, really. If I was planning a trip to Anchorage ... or Atlanta, for that matter, I'd fly. Or in Alaska, I might drive.

Now, however, I am convinced our next generation will see train travel in a whole new way. First, let me state, that my long-held dream of building -- completing, really -- a railroad to connect Alaska with the rest of North America will come to pass. A few years ago, I would have told you I didn't really expect to see this happen in my lifetime. Now, I'm not so sure I won't ride the rails from the Northern Lights of Fairbanks to the Midnight Lights of Broadway!

A railroad connecting Alaska is an old idea, first popularized by Edward Harriman, who proposed a tunnel under the Bering Strait.

In 1914, President Woodrow Wilson committed to building a railroad in Alaska. By 1923, two failed short lines were bought and consolidated into 382 miles of track -- from Seward to Fairbanks -- which now comprises most of the Alaska Railroad. At the time, it was assumed the railroad would be extended to connect with the Lower 48 states.

During the Second World War, the Army completed a route survey and worked to begin completing that rail connection. But when the Japanese invaded the Aleutians, the rail option was dropped in favor of a road -- which was easier to build and didn't require badly-needed steel.

After statehood, Gov. Walter Hickel promoted the rail connection, and in 1972 Nenana Rep. Red Swanson took up the cause, passing legislation which established a right of way to the Canadian Border.

After I was elected to the State House for my first term, I determined to bring the rail connection to the front burner. I remember that for a long time I'd get mostly polite smiles and rolled eyeballs -- maybe even from some of you here right now! In general, though, the project was seen as pie-in-the-sky."

Not today.

As we speak, the railroad connection has achieved a profile higher than I would have imagined even two or three years ago. For that, we can thank Senator Frank Murkowski and Congressman Don Young. Last year, Senator Murkowski passed his "Rails to Resources" legislation, which provides for a 24-member U.S.-Canada commission -- and $6 million in funding -- to complete a feasibility study of the rail connection.

The commission is awaiting an OK from the Canadian government in Ottawa, but it has strong support in the Yukon Territory and Northern B.C., and has growing support in Alberta and the population centers of British Columbia.

Let me pass on an example. In 2000, I put together a conference in Vancouver, B.C. on the topic of the rail connection -- at the request of Senator Murkowski, who was looking to see if there was in fact tangible support for his Rails to Resources legislation. Well, we had a great turnout. But it was hard to get anyone's attention at a high level. There were representatives of the B.C. Rail, and some government ministries -- all at a lower level.

Earlier this year I took part in a round-table conference in Calgary, organized by our consul-general, Mr. Roy Chavera. This time, the level of interest was noticeably higher as executives from the major railroads took part. Now, they didn't commit to anything, but they were at the table and asking real questions.

One of the round-table organizers was the Van Horne Institute, a top-level transportation think-tank associated with the University of Calgary. Just this week I learned the Van Horne Institute was joining forces with some folks who attended a rail conference we held in Fairbanks earlier in the month, and are taking some proposals and ideas to Washington DC for further talks on the topic of the rail connection. It's this kind of interaction that I hoped would be the product of the conferences and committee meetings I've organized on this issue.

This year, Rep. Young introduced his RIDE-21 legislation, which is a $71 billion package to promote high-speed double-track rail in the U.S. Some are calling in "Interstate 2." In the bill, Alaska is specifically exempted from high-speed requirements, meaning some of the loan guarantees and other funds could be used to build the railroad connection at single-track, or branch line, standard.

A very short 1,100 miles separates the Alaska Railroad from the British Columbia Railroad at Fort Nelson. About 280 miles of track would have to be laid to extend the Alaska Railroad from Eielson AFB to the border, following the Alaska Highway.

The total cost of the railroad connection has been placed at $2-3 billion, at $2-3 million a mile.

And that's small change, considering how much money was just spent to keep our nation's airlines afloat following the attack on America on Sept. 11.

Please remember that I'm not just promoting a rail connection. We need A Connection. That mean gas pipeline, fiber optic cable, power transmission, improved air service, even aqueducts to move fresh water.

In the 1970s the British Columbia railroad constructed a railbed as far north as Dease Lake, just a stone's throw from Watson Lake, Yukon. That route, however, has been abandoned. Today the BC Rail extends to Chipmunk, just north of Fort St. John.

To the East the BC Rail extends to Fort Nelson, on the Alaska Highway, where it serves a major natural gas field and a growing timber industry.

As discussions of a rail connection increase, so do arguments about which route to pursue. In the Yukon, this discussion is particularly acute with residents of the old mining community of Faro actively calling for the rails to run through the so-called Tintina Trench, rather than through the territory's population center of Whitehorse. In fact, in October 2001, a community association drove a ceremonial "first spike" on a one-rail-length section of track built for the occasion.

I applaud this effort, but it is premature to begin any kind of debate as to what route the railroad should take. First, we need the connection, and it's my belief that a feasibility study will show the most economic route to take. Once the connection is made, all regions near the corridor will benefit. If the railroad bypasses Whitehorse, for example, a spur will, I'm, sure, be added. In fact, there is a real opportunity to see the White Pass railroad extended to meet a new railroad -- and that will be a tremendous benefit to Southeast Alaska.

I truly believe the economic case can be made for building this railroad. In fact, I have said that over the long run the railroad will prove more valuable to the economy of our state than even the oil pipeline. I don't think that is a shocking statement ... after all, when the transcontinental railroad was completed in the 1880s, it was done with a long-term return on investment in mind. There were no great resources on hand to be moved immediately -- it took the connection itself to light fire to an economic boom that expands even to this day.

But here in Alaska, we don't have an economy. What we have is a series of boom-and-bust cycles ... and we have a lot of government jobs. A railroad would open markets for the mining and petrochemical industry, agriculture, timber and tourism.

I believe joint construction of a railroad and a natural gas pipeline could achieve economies of scale for both projects. In fact, I think a good case can be made for building the railroad first.

We will build the natural gas pipeline. Having a railroad in place -- even if there are separate corridors -- will make job a whole lot easier. Can you imagine the impact of pipeline construction on the Alaska Highway? I have been told that without a railroad, the impact of bringing all the pipe in by truck will be the equivalent of 6.8 million cars driving the Alaska Highway.

In addition, a rail connection could cut the cost of constructing the controversial missile defense system, to be based largely in Alaska. In fact there is presently considerable interest in extending the Alaska Railroad 82 miles south to Fort Greeley, where early stages of the defense system are already under construction. The estimated cost of the extension has been put at $125 million, and I believe this project has been worked on by Senator Ted Stevens, who is also on record as being a supporter of the rail connection.

"No one is talking about moving missiles by rail. But bringing construction materials directly from Seward or Whittier would be a real efficiency.

From an environmental standpoint, a railroad means less impact on the land.

Dr. Paul Metz, Professor of Geological Engineering at the University of Alaska Fairbanks, has told me many times of the many major mineral deposits that have been identified within just 50 miles of the rail corridor in Alaska. It's only a lack of transportation infrastructure that has kept them from being developed. World-class mineral deposits of copper, copper-molybdenum, Platinum Group metals, chromite and tungsten are all found within 50 miles of the rail corridor in Alaska -- and across the border the trend continues with no let-up.

Fairbanks is a world-scale mining center. Delta Junction is the terminal supply point for developing the recently-discovered Pogo gold deposit (with an estimated reserve of 5.2 million ounces of gold). And Tok serves the Fortymile and Delta Districts. Senator Murkowski's office has reported over 200 million cubic feet of timber can be found within 50 miles of the rail corridor in Alaska.

There's also a key strategic element to an Alaska railroad connection. In Alaska, roads, railroads and pipelines all cross high mountain ranges that are subject to geological hazards. A railroad connection follows very stable ground. In fact, Dr.

Milt Wiltse of the Alaska Division of Geological and Geophysical Surveys, has pointed out that the proposed routes are ideal for rail construction.

The value of tourism is beyond measure, and I am convinced that adventure travel and passenger service will bring a bigger return to investors than many predict.

Think about it. You could ride in a dome car under the Northern Lights in the wilderness of Alaska -- and finish your journey under the lights of Broadway. I think the tourism potential of this railroad is tremendous, particularly when you consider the success of the White Pass Railroad or the Rocky Mountain Rail Tours, for example.

Alaska's cruise industry would benefit if passengers could complete a circle by taking the train. The Alaska Railroad has been a key factor in reinventing leisure rail travel, as it began using Ultradome cars on its Midnight Sun Express between Anchorage and Fairbanks in 1988. Today the railroad, Princess Cruises and Holland-America Westours use Colorado Railcar Manufacturing's Ultradome II cars on the Anchorage-Denali route. These cars use high-tech design and materials to put super clear, super strong domes on refurbished rail cars that had been thought lost with the decline of passenger service in the 1950s and 60s.

Alaska could also benefit as a port, considering Seward is at least a day closer to Asia than Seattle. With a railroad likely connecting to the Midwest, it would be in a good position to carry intermodal freight or bulk commodities such as grain bound for Asian markets. I also see the rail connection as a way of offering opportunities for growth of the sector in Alaska. It would be a lot more cost-efficient to bring in fertilizer or farm equipment. And with refrigerated containers, Alaskan seafood would have a more efficient way of getting to market in the Midwest.

This legislative session I will push hard to pass HB 241, which is now in the Senate. This bill will allow the Alaska Railroad to seek a right of way as far as Whitehorse, Yukon. No money comes with the bill, but it authorizes the corporation to seek funding to obtain and survey a corridor.

Senator's Murkowski's bilateral commission is now in the hands of the Canadian government. No quick action is expected, however. Larry Bagnell, the Yukon's member of Parliament in Ottawa, said there may be some reluctance to match the $6 million for the bilateral commission.

One of the strongest supporters of this project is Gil Carmichael. He's not a household name here in Alaska, but he may be some day. He's the chairman of the Amtrak Reform Council and Senior Chairman of the Intermodal Transportation Institute at the University of Denver. His most recent words to me

were that Alaska must put its foot down hard as hell and insist this project be completed.

Energy resources will be the driving economic engine for this railroad. Sometime in the next decade or two we're going to have another energy crisis, Gil told me.

I believe that one of the lessons of Sept. 11 is just how vulnerable our aviation system is. We cannot allow Alaska and all its tremendous reserves of oil, coal and natural gas to remain stranded.

SECTION 1:

SIGNIFICANT LETTERS, MEMOS

URL: www.repjames.org

Fairbanks Industrial Development Corporation

April 12, 2001

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

Dear Representative James:

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

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

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

Sincerely,

Dean M. Owen
Executive Director

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

FRANK H. MURKOWSKI
ALASKA

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RECEIVED BY

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Rep. Jeanniette James

June 6, 2001

Dear State Legislator:

As a consequence of your being in session, even for such a short time, I did want to take the opportunity to communicate some preliminary thoughts on a project we are working on to expand the scope of the natural gas pipeline feasibility study.

I will be asking the producers to expand the scope of their study to consider the conjunctive building of a rail corridor to be part of the proposed pipeline route. In my view, such a corridor could offer an ideal route for complementary rail and telecommunications services. I hope you will consider what appropriate role the State might take regarding this proposal. Perhaps a Resolution encouraging the producers to evaluate the multiple use concept of a pipeline, rail and telecommunications corridor would be appropriate.

For the first time in many years, there is a concerted effort to construct a natural gas pipeline carrying Alaska North Slope natural gas to markets in the lower 48 states. Factors such as the current energy crisis and the worldwide concern over air quality and climate change have combined to change the landscape, making an Alaska gas pipeline a matter of "when," not "if."

The consortium of gas producers has put together an excellent team to analyze and assess the economic feasibility of constructing the pipeline. And the consortium has been willing to commit substantial resources to that assessment. As the consortium continues its analysis, we urge them to consider a cost/benefit assessment that is truly comprehensive and encompasses all potential uses of the projected pipeline corridor.

Pipeline construction would occur in a yet-to-be-designated corridor. It is my well-known view that the preferred route is from the North Slope to Fairbanks, thence southeastward along the Alaska Highway through Canada. Such a corridor could, if carefully chosen, offer an ideal route for complementary services such as rail and communications, in addition to serving Fairbanks, the Pogo mine and other markets in Alaska - Yukon Territory (Whitehorse to British Columbia.)

Just as conditions now warrant serious consideration of a pipeline, there is growing interest, both in the United States and Canada, in the construction of a rail connection to Alaska from the existing Canadian system. There is the possibility of a petro-chemical industry developing from the conditioned gas in Alaska. These and other products would require rail transportation to markets east and south. Further, the right-of-way could support fiber optic for both pipeline monitoring as well as commercial uses of the advanced land line technology.

In my view, there are enormous potential long term economic benefits to the State of multiple utilization of the corridor route containing pipelines, railroad and fiber optic communications.

The economics of the railroad, of course, are based on long term cost-benefit metrics that

deserve considerable evaluation. For the interim I ask that the gas owners only concern themselves with the multiple use right-of-way concept. As an example, it may be possible to use materials excavated for a pipeline to form part of the roadbed for a rail line, building both simultaneously. Conversely, if a rail platform were built with the pipeline, it might be significantly less costly to transport pipe, excavate materials and lay pipe. In fact, the Canadians have already developed a method to lay pipe directly from a railroad.

In the same way, it seems clear that fiber optic cable would provide an ideal basis for broad-band communications for pipeline monitoring and rail communication needs, and for continuous monitoring and control of both utilities' operations. There would also be significant benefits to communications within Alaska, Canada and the lower 48 from such a telecommunications network.

In addition, should a National Missile Defense (NMD) facility be sited in Alaska at Delta along the Alaska Highway route, it seems clear that such a facility would require secure broad-band communications with other defense command sites.

Both an NMD facility and a gas pipeline would require the movement of very significant quantities of construction materials, equipment and manpower -- and rail is far and away the most efficient and environmentally sound method of moving material overland. Unlike the road that parallels the TAPS pipeline, a railroad would eliminate any need for an access road.

All this presents a unique one-time opportunity to combine several efforts, each of which would be complementary to the others, and any of which might later either be incorporated or spun off as individual ventures with their own long-term potential.

I urge the State to evaluate this unique opportunity, and to take the appropriate steps to ensure that a route analysis is comprehensive. This is a once in a lifetime opportunity to combine all these projects into an undertaking that is truly greater than the sum of its parts.

Sincerely,

Frank H. Murkowski
United States Senator

cc: The Honorable Tony Knowles

Alaska State Legislature

Senator Rick Halford
President of the Senate

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June 8, 2001

Michael J. Hurley
North American Natural Gas Pipeline Group
601 West 5th Avenue
Suite 500
Anchorage, Alaska 99501

Dear Mr. Hurley:

Attached is a copy of recent correspondence from Senator Frank Murkowski. We agree with this suggestion for including a rail and utility corridor in the planning process for a natural gas pipeline parallel to the Alaska Highway. We urge you to consider the financial and time advantages such consideration would bring about.

Sincerely,

Senator Rick Halford
President of the Senate

Representative Brian Porter
Speaker of the House

cc: Ken Konrad, BP Exploration (Alaska) Inc.
R.D. (Robbie) Schilhab, ExxonMobil Production Company
Joseph R. Marushack, Phillips Alaska Inc.
Senator Frank Murkowski

COOPER CONSULTING COMPANY

June 20, 2001

Mr. Jack Phelps, Executive Assistant
Office of Senator Frank Murkowski
United States Senate
323 Hart Senate Office Building
Washington, D.C. 20510

Dear Mr. Phelps:

I am writing to you at the request of Alaska State Representative Jeannette James of North Pole with regard to the proposed railroad project between Alaska and Canada in order to connect with the rest of the North American rail network.

This past week I attended the Alaska Chukotka Summit Conference as the representative of State Rep. James which was held in Nome on June 13-14, 2001. I made a presentation at this Summit Conference on this proposed Alaska-Canada railroad project and of the possible colocation of one or more natural gas pipelines from Alaska to Canada for supplying the Lower 48 States.

I mentioned to the Alaska Chukotka Summit Conference participants that it was not only possible for the natural gas pipelines to be located in parallel on a common right-of-way, but thta there were considerable economies in doing so. The recent capital cost estimates by the Canadian Arctic Railway indicate that as much as 10 to 15 percent of the estimated capital cost of the natural gas pipelines of $10 to 15 billion can be saved through reductions in the transportation costs during construction.

These transportation cost savings available by having a railroad line already in place in advance or by parallel simultaneous construction of as much as $1.0 to 1.5 billion are equivalent to the estimated capital cost of the initial construction of the new railroad line between Canada and Alaska. The estimated capital cost of the natural gas pipeline is then basically the same for the cases of either having the railroad or not having the railroad located in parallel to the natural gas pipeline.

There is a parallel situation where a similar capital cost savings could be attained by the parallel construction of a railroad line and a natural gas pipeline in Russia. Several years ago, a consortium of South Korean companies proposed to build a new natural gas pipeline from the southwest part of the Sakha Republic of the Russian Far East to South Korea by way of Russia and North Korea over a 3,000 mile route in order to transport up to 2.0 billion cubic meters per year in a 58 inch diameter pipe.

The route of this natural gas pipeline approximately followed the route of the Trans Siberian Railway from Skovorodino in the Amurskaya region to the south of the Sakha Republic to Khasan at the border of Russia and China and the far northeast corner of North Korea to the southwest of Vladivostok. The pipeline was also planned to follow the northern extension of the railway line from Skovorodino to Tynda to Nerungri at the southern end of the Sakha Republic.

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The natural gas pipeline was planned to start in the very large natural gas fields in the southwest of the Sakha Republic and go east to the right-of-way of the proposed extension of the railroad line between Berkakit, Tommot and Yakutsk at the major new bridge crossing over the Lena River(3 miles wide) to the south of the capital city of Yakutsk from Haptagay to Tabaga on a common structure.

The natural gas pipeline would then be built in parallel to the railroad line over the 450 mile distance between Haptagay and Nergungri to join with the existing railroad line from Tynda, some of which was already in existence but which needed to be upgraded. The entire natural gas pipeline could then be built over the 3,000 mile distance from the Sakha Republic at Lensk to Seoul, South Korea

The estimated capital cost of this natural gas pipeline alone was approximately $20 billion, or $6.7 million per mile, if there was no railroad line built or existing in parallel. The combined capital cost of the natural gas pipeline with the railroad built over the 500 miles in the Sakha Republic plus upgrading the rest of the route was also $20 billion, with $18 billion for the pipeline and $2 billion for the railroad. The capital cost estimate for this railroad included approximately $500 million for the very large bridge over the Lena River to carry the railroad and the natural gas pipeline plus a highway and electric transmission lines plus oil and water pipelines on the same structure.

I prepared a report for the Yakutia Railway of the Sakha Republic in 1997 with regard to the feasibility of the railway project extension from Berkakit to Tommot to Yakutsk. This feasibility study also included the expected impact of the parallel construction of the natural gas pipeline along the same right-of-way as the railroad line. A copy of this feasibility study is enclosed for your information and review along with my previous study of commodity transport for the proposed Alaska-Canada railroad line and also a similar study of the proposed Bering Strait railroad tunnel presented in Russia in 1994.

In conclusion, it is my opinion that considerable economies of scale are possible through the parallel location of one or more natural gas pipelines from Alaska to Canada and the Lower 48 States along with a railroad line. The railroad line can be built slightly in advance of and in parallel to the natural gas pipeline(s) on a common right-of-way from Eileson to Fort Nelson so that the equipment, materials and piping for the natural gas pipeline can be hauled by the economical rail as compared to the noneconomical road or helicopter transport modes at a considerable savings to all of the projects in common for the present and future

Please let me know if you have any questions with regard to any or all of the above or with respect to any of the enclosed reports or papers.

Respectfully submitted;

Hal B. H. Cooper, Jr.
Consulting Engineer

cc. State Rep. Jeannette James
State Rep. Lecil McGuire
State Senator Loren Leman
Mr. Jesse Duke-Yukon Terr.
Mr. J. David Broadbent-CAR

P.S. It might be desirable to begin the major new energy development in Alaska to supply the Lower 48 States with the natural gas pipeline(s) now being proposed along with the railroad as an alternative to the Arctic National Wildlife Refuge oil development so that there will be more political support and less environmental opposition from the Lower 48 States to Alaska energy usage.

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May 31st, 2001

Mr. Norman Y. Mineta
Secretary of Transportation
U.S. Department of Transportation
400 7th Street, S.W.
Washington D.C. 20590

Dear Mr. Mineta,

Allow me to begin by congratulating you on your recent appointment as Secretary of Transportation. I hope we will be able to meet soon to discuss transboundry issues between Yukon and Alaska.

In particular, I would like to work closely with you on the Alaska/Yukon/B.C. railroad project envisioned under Congress "*The Rails to resources Act*".

Personally I have been for years a big supporter of this project, and hope Congress will approve this year's requested 2 million dollars appropriation as soon as possible. (I also mentioned this to Paul O'Neill, Secretary of the Treasury when I met him a few weeks ago at the Asian Development Bank meeting). I am continuing to promote the idea of this great international project with my colleagues in Parliament.

Please keep me up to date on this file as things progress and I look forward to discussing this issue with you in the near future.

Sincerely,

Larry Bagnell, M.P.
Yukon

c.c. Hon. David Collennette, Minister of Transport

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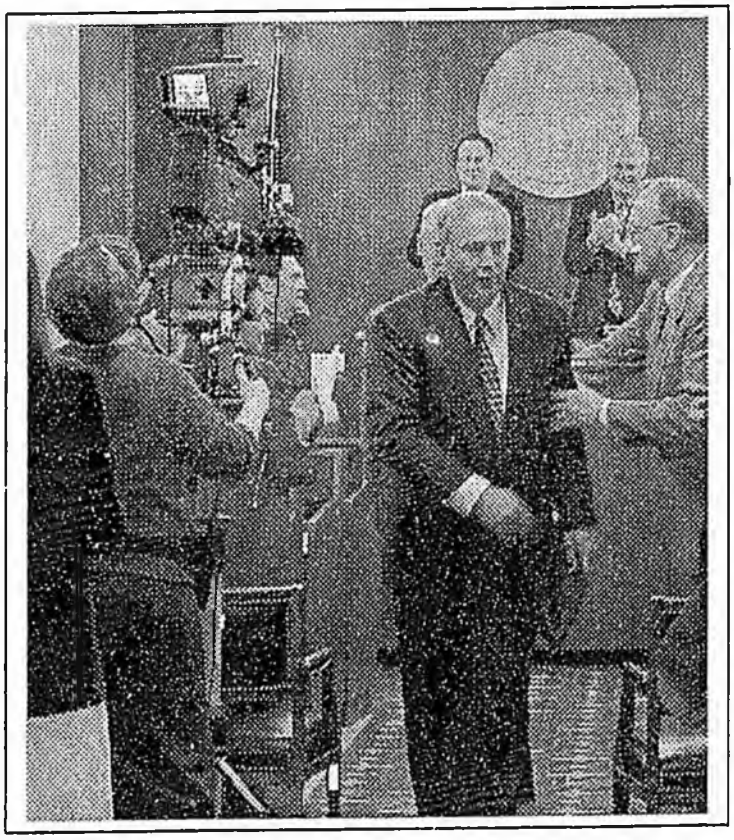
Hon. John Manley, Minister of Foreign Affairs
Senator Frank Murkowski (Alaska)
Senator Ted Stevens (Alaska)
Governor Tony Knowles (Alaska)
Rep. Jeannett James (North Pole), Republican Majority Leader
Rep. Don Young (Alaska)
Mr. Glen Everitt, President of AYC, Mayor, Dawson City, Yukon
Mrs. Sandy Babcock, Executive Director of the Yukon Chamber of Commerce
Mr. Stephen Dunbar, President of the Whitehorse Chamber of Commerce
Mrs. Claire Fastel, Executive Director of the Tourism Industry Association of the Yukon

SECTION 2:

'RAILS TO RESOURCES' REPORT OF SENATOR FRANK MURKOWSKI



URL: www.repjames.org

Rails to Resources

Bringing Alaska and the Yukon closer to the world

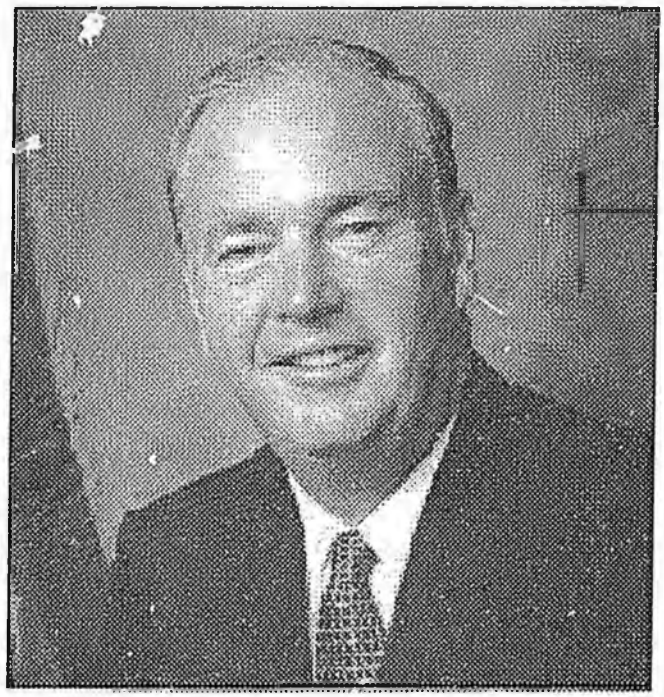
United States Senator Frank H. Murkowski

Press Information Packet
March 16, 2000

Here is an Op-Ed on the Senator's view on expanding railroads in Alaska. It is timely because of the introduction of legislation to set up a commission to consider railroad extension. Please consider for use. (Words 988) 3-15/16-00

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

By Senator Frank Murkowski



Senator Frank H. Murkowski of Alaska

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

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

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

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

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

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

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

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

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

mile line to tie into the Alaska Railroad heading south.

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

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

I propose a public/private alliance to conduct a comprehensive feasibility study. Let's join forces to make a modest investment to examine this carefully.
- US Senator Frank H. Murkowski, speaking to the CAN/AM Border Trade Alliance in September of 1999

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

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

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

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

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

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

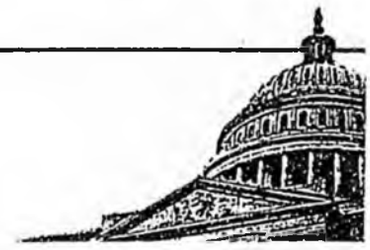
All the commission will do is bring about debate. It will consider and explore new ideas. If a railroad connection is economically, environmentally and socially sound, then we should move ahead with it. If it is not, then it should be dropped. But at the very least, let's give the idea an honest hearing,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

-30-

NEWS FROM THE OFFICE OF

FRANK MURKOWSKI

United States Senator • Alaska



For Immediate Release:
March 16, 2000

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Murkowski Introduces Alaska-Canada Railroad Extension Bill

FAIRBANKS — Alaska Sen. Frank Murkowski took another step in efforts to link the continental rail system with the Alaska Railroad when he announced today he will introduce legislation to create a bilateral U.S.-Canada Commission to study the feasibility of the rail link.

Murkowski announced legislation in the Senate that would create an 18member commission, equally appointed by the President and the Canadian government, to conduct a technological and economic feasibility study of linking the rail system in Alaska to the "nearest appropriate point" in Canada. The commission would be charged with reporting on the results of its study within five years, and it would be authorized to spend $6 million in American funds on preliminary engineering and environmental work.

"Alaska and the Yukon both are woefully deficit in the transportation systems to move goods to market. A railroad extension might provide the essential transportation infrastructure to allow the Far North to blossom in the decades ahead, while protecting the environment. If a railroad connection proves to be economically, environmentally and socially sound, then let's move ahead. If not, let's drop the idea. But at the very least we need this commission to give the idea a honest hearing," said Murkowski in announcing the legislation.

Last year, after discussions with a group of Canadian parliamentarians, Canadian Ambassador Raymond Chretien, Canadian Minister of Transport David Collinette, and the Canadian-American Border Trade Alliance, Murkowski suggested it might make sense to build the roughly 1,200 miles of rail that would be needed to finish the linkup. The Alaska Railroad currently ends at Eielson Air Force Base, outside of Fairbanks, about 270 miles from the Canadian border, while the Canadian rail system ends at spurs to Fort Nelson or beyond Fort St. James, both about 900 miles from the Alaskan border.

Noting that America is continuing testing on a North American anti-missile defense system, Murkowski noted this is a particularly good time to launch a review of railroad extension since one of the prime sites under consideration for a missile interceptor

base is at Delta Junction in Alaska, which could well justify construction of the first 80 miles of the Alaska Railroad's extension toward the Canadian border.

Murkowski also encouraged a railroad conference held in Vancouver, B.C. in January. He said some estimates during the conference indicated the potential for such a line to carry up to 120 million tons of freight per year — future mineral developments and timber making up the majority of the potential freight.

He noted the line would allow economic development of the mineral resources of the Yukon-Tanana uplands that stretch from Faro, Y.T., north to Fairbanks. The zone, home already to the Fort Knox gold mine in Alaska and the future home of mines working the huge Pogo gold deposit, contains large amounts of silver, tungsten, copper, lead, zinc and other ores. On the Alaska side of the border there are already more than 14 major hard-rock deposits identified, while in the Yukon there are more than 10 major mineral deposits known. This does not include the Alaska coal deposits a line could move to markets in the rest of North America or to port facilities connecting to East Asia.

Murkowski said the railroad's likely corridor is also filled with timber. He said within just 15 miles of a likely railroad corridor, there are 1.4 billion board feet of hardwood pole timber and almost 1.7 billion board feet of mixed pole timber.

"I am not an expert. I cannot verify the 120 million ton freight estimate. But it is fuel for thought and a reason why we need a comprehensive feasibility study," said Murkowski.

He said such a study commission might be opposed by environmentalists because of their bias against the use of natural resources or fear of the opening of undeveloped land in the north by a rail line. But Murkowski said a railroad should be most favored transportation system by environmentalists since railroads have small "footprints," and are controlled access systems that prevent uncontrolled development and uncontrolled land and wildlife impacts.

Under the bill, the commission would be comprised of representatives from local communities and local/Native residents, individuals with economics, engineering and resource management backgrounds, including representatives with minerals, timber and wildlife and fisheries management training. Specifically the American side of the commission will contain two members from local communities, one representing the State of Alaska nominated by the Governor, one representing Alaska Natives, four from commercial activities including one associated with the Alaska Railroad, and two scholars employed by Alaska education institutes, one with subarctic engineering expertise.

The bill will formally be introduced in the Senate on Monday, March 20. -30-

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

Alaska-Canada Rail Link Conference, January 20, 2000, Vancouver, BC

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

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

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

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

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

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

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

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

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

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

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

Therefore be it resolved, that the undersigned call upon the United States and Canada to engage in a cooperative feasability study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory via northern British Columbia with the existing North American rail system; and,

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

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

Be it further resolved that copies of this resolution shall be disseminated to local, provincial, territorial, state and federal governments in the affected regions of the United States and Canada.

Ed Asp, Dease Lake & Tahltan District Chamber of Commerce
Laurel Barger-Sheen, Delta Junction Chamber of Commerce
Dave Beatty, Ironworkers Local 97
Tom Blackbird
John Blair, McElhanney Land Surveys
Douglas Blamey, Whistle Poke Railway Co.
Kells Boland, Prolog Canada Inc.
Morris Booth, The Bering Connection
J. D. (David) Broadbent, Canadian Arctic Railway
Al Broadfoot, Thompson Foundry
Bill Brophy, Fairbanks Industrial Development Corporation
Jim Carlyle, Seaspan International Ltd.
Gil Carmichael, Board of Directors, Intermodal Transportation Institute
Domenico Celli, Canadian Arctic Railway
Terry Chandler
Alben Chmelauskas, MacMillan Bloedel Paper Co.
Jim Christie, McElhanney Land Surveyors
Marshall Cohoe, Confederation Pacific Roadways Ltd.
George Colquhoun
Hal Cooper, Cooper Consulting Company
Iain Cuthbert, Triton Environmental Consultants
Graham Dallas
Lyle Dallman, Ahtna Enterprise Corp.
Paul Daniels, The Bering Connection
Steven Dean, Teck Corp.
Jesse Duke, Yukon Dept. Of Economic Development
James Evavold, A Financial Source
Bruce Feltham
Michael Fournier
Peter Fraser, Pacific Corridor Enterprise Council
T. C. Fuglestad, Tryck Nyman Hayes, Inc.
Jim Gleeson
David Gobel, Technical Services and Design
Gloria Goodwin, Fort St. James Chamber of Commerce
Diane Gregory, Kennecott Canada Exploration
Paul Grigsby, BC Chamber of Commerce
Kees Groot, Canadian Arctic Railway
Pete Hallgren, City of Delta Junction (Ft. Greely Reuse Authority)
John Hansen, Northwest Cruise Ship Association
David Hayer
Gordon Hazlewood
Joe Henri, International Bering Strait Tunnel and Rail Group
Laurie Herman, Alaska Railroad
Scott Hinds
Steve Hites, Skagway Street Car Company
Jeannette James, Alaska House of Representatives
Scott Janke, City of Seward
Graham Kedgley, NW Corridor Development Corp./ Kitac Ent. Ltd.
Doug Kelsey
James Kohnke, BC Chamber of Commerce
Gerard Koldyk, Railpower Technologies, Inc.
Pam LaBolle, Alaska State Chamber of Commerce
Paul Levelton, KPMG International
Darren Lewis, Lance Yearly Exp. Metal Trades Division
Arnold Lincoln, Ahtna Enterprises Corp.
Don Lowell, Alaska Transportation Consultants, Inc.
Andrew Lund, Lance Yearly Exp. Metal Trades Division
Donna Mercier, Yukon Chamber of Commerce
Paul Metz, UAF Dept. Of Mining and Geological Engineering
Debbie Miller
Daniel Morris
Roberta Mulholland, BC Yukon Hotel Association
Susan Munro, Ft. Nelson Chamber of Commerce
John Murphy, Cominco Ltd. Transportation Dept.
Hansi Natzke, Pro Tours
Clynton Nauman, Viceroy Resource
Peter Norton
Jerry Ofukany, Canadian Arctic Railway
Bruce Patnode
Stephen Phillips
Merle Railton, Westrail Construction
Steve Rhodes
Scott Robart, Can-Al Rail Link
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Jon T. Rudolph, BC Yukon Hotel Association
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David Servage, Terus Construction Ltd.
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Dave Smith, Thurber Engineering Ltd.
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R. J. Stoeckly, Southern Railway of British Columbia
John Strini, Thompson Foundry
Steven Szeplaky
David Tait, Tait and Tait Consultants
Joan Tait, Tait and Tait Consultants
Tony Tennessy
Bob Tivy
Jim Togyi, Ft. Saint James
Greg Vezina, Canadian Arctic Railway
Thomas Vissing, University of British Columbia
Patrick Weber, Canadian Arctic Railway
James Wilson
Milton Wiltse, Alaska Division of Geological and Geographic Surveys
John Winter, BC Chamber of Commerce
Mike Young, Fairbanks North Star Borough Assembly
R. Walt Young
Tom Zbaren, Hebert Research
Richard Zimmer

DRAFT--FOR DISCUSSION PURPOSES ONLY--DRAFT

106TH CONGRESS
2D SESSION

S. ____

IN THE SENATE OF THE UNITED STATES

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

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A BILL

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

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

SECTION 1. SHORT TITLE.

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

SEC. 2. FINDINGS.

Congress finds that—

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

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

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

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

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

transportation;

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

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

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

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

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

SEC. 3. AGREEMENT FOR A UNITED STATES-CANADA BILATERAL COMMISSION ON THE EXTENSION OF THE CONTINENTAL RAILROAD SYSTEM

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

SEC. 4. COMPOSITION OF COMMISSION.

(a) MEMBERSHIP.—

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

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

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

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

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

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

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

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

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

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

(c) CANADIAN MEMBERSHIP.—The Agreement should provide for the Canadian membership of the Commission to be representative of broad categories of interests of Canada

as the government of Canada determines appropriate, consistent with subsection (a)(2).

SEC. 5. GOVERNANCE AND STAFFING OF COMMISSION.

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

(b) COMPENSATION AND EXPENSES OF UNITED STATES MEMBERS.—

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

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

(c) STAFF.—

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

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

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

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

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

SEC. 6. DUTIES.

(a) STUDY.—

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

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

(A) Railroad engineering.

(B) Land ownership.

(C) Geology.
(D) Proximity to mineral, timber and other resources.
(E) Market outlook.
(F) Environmental considerations.
(G) Social effects, including changes in the use or availability of natural resources.
(H) Potential financing mechanisms.

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

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

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

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

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

SEC. 7. COMMENCEMENT AND TERMINATION OF COMMISSION.

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

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

SEC. 8. FUNDING.

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

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

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

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

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

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

SEC. 9. DEFINITIONS.

In this section:

(1) Agreement.—The term "Agreement" means an agreement described in section 2.

(2) Commission.—The term "Commission" means a commission established pursuant to any Agreement.

(3) Commission commencement date.—The date determined under section 6(a).

The North American Rail System

From Real Horses to Real Horsepower

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

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

In the United States, four of the first five transcontinental railroads were largely made possible by such grants, along with a considerable number of smaller lines in the western United States. A total of 131 million acres of public land was appropriated to dozens of rail-lines. A receiving company was given the right-of-way along with alternate sections of land, with the Federal Government generally raising the price of the sections it kept. In return, all rates were reduced by 50% for Federal traffic. From 1850 until the practice was ended in 1946, it is estimated that the government saved $900 million; a considerable deal considering that the land was only worth a total of $500 million at the time it was granted. After the Civil War ended, trackage grew from 35,000 miles to an all-time high of 254,000 miles in 1916.

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

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

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

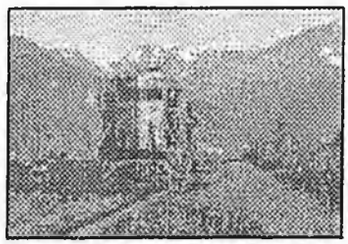
Meanwhile, Canadian Pacific operates a 15,000 mile network extending from Montreal to Vancouver and into the U.S. midwest and northeast. It serves ports on the east coasts of Canada and the U.S. and the Port of Vancouver.

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

The Alaska Railroad

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

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



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

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

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

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

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

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

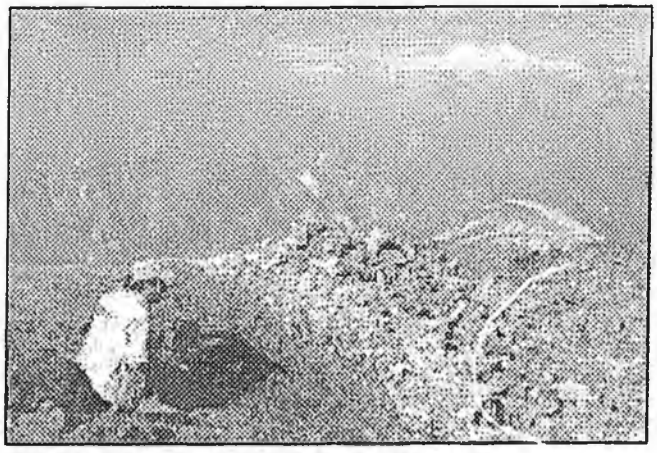
Although the latter parts of the once-planned system have not yet been built, the U.S. Department of Defense has consistently maintained that Alaska's strategic location remains critical, and that rail is an essential element of a comprehensive defense transportation system.

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

Proposed Railroad Corridor Resources

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

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



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

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

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

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

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

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

figure 1, mining data in Alaska

Alaska Mines	Ownership	Resource Information
Koyukuk-Huges mining district	production mostly from Alaska Gold Co.	231,000 oz Au produced 1930-1995
Innoko-Tolstoi mining district		Placer Au district; significant Au-Sb-Hg potential 706,267 oz Au produced through 1995
Hot Springs mining district	(numerous)	Placer Au-Sn district; 568,532 oz Au and 720,000 lb cassiterite produced through 1995
Fairbanks mining district	(numerous)	8,022,434 oz placer Au 1902-1995; 304,548 oz Au and over 4 million lbs Sb from veins and shear zones produced through 1990
Fort Knox	Kinross Gold Corp.	3,745,000 oz Au proven and probable reserves open at depth; 702,295 oz Au produced between 1996 and 1998
Ryan Lode	reclaimation by La Teko Resources Inc.	822,200 oz Au and 2.4 million oz Au in two shear zones
Grant Mine		212,000 tons of 0.36 oz/ton Au
True North	La Teko Resources Inc.	Estimated 1,314,000 oz Au
Gil Claims	Kinross Gold Corp./ Teryl Resources Corp.	Resource of 433,000 oz Au
Delta massive sulfide belt		40 million ton reserve containing percentages of: Cu, Zn, Pb, Ag,Au
Taurus		Cu-Au prospect; 140 million ton reserve containing percentages of: Cu, Au, Mo
Big Creek/Ladue		Pb-An-Ag massive sulfide prospects
Slate Creek	Slate Creek	55 million tons of 6.3% high quality chrysotile asbestos
Fortymile mining district	Kennecott Exploration Co.	Placer Au district; 534,974 oz Au produced 1883-1995
Pogo	Teck Corp./Sumitomo Metal Mining America Inc.	5.2 million oz Au reserves; exploration and development on-going
Red Dog Mine*	Cominco Alaska Inc.	157,8 million tons proven and probable reserves containing percentages of Zn, Pb, Ag; production and exploration on-going; over 1 million tons of concentrate produced in 1998

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

figure 2, mining data in the Yukon Territory

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

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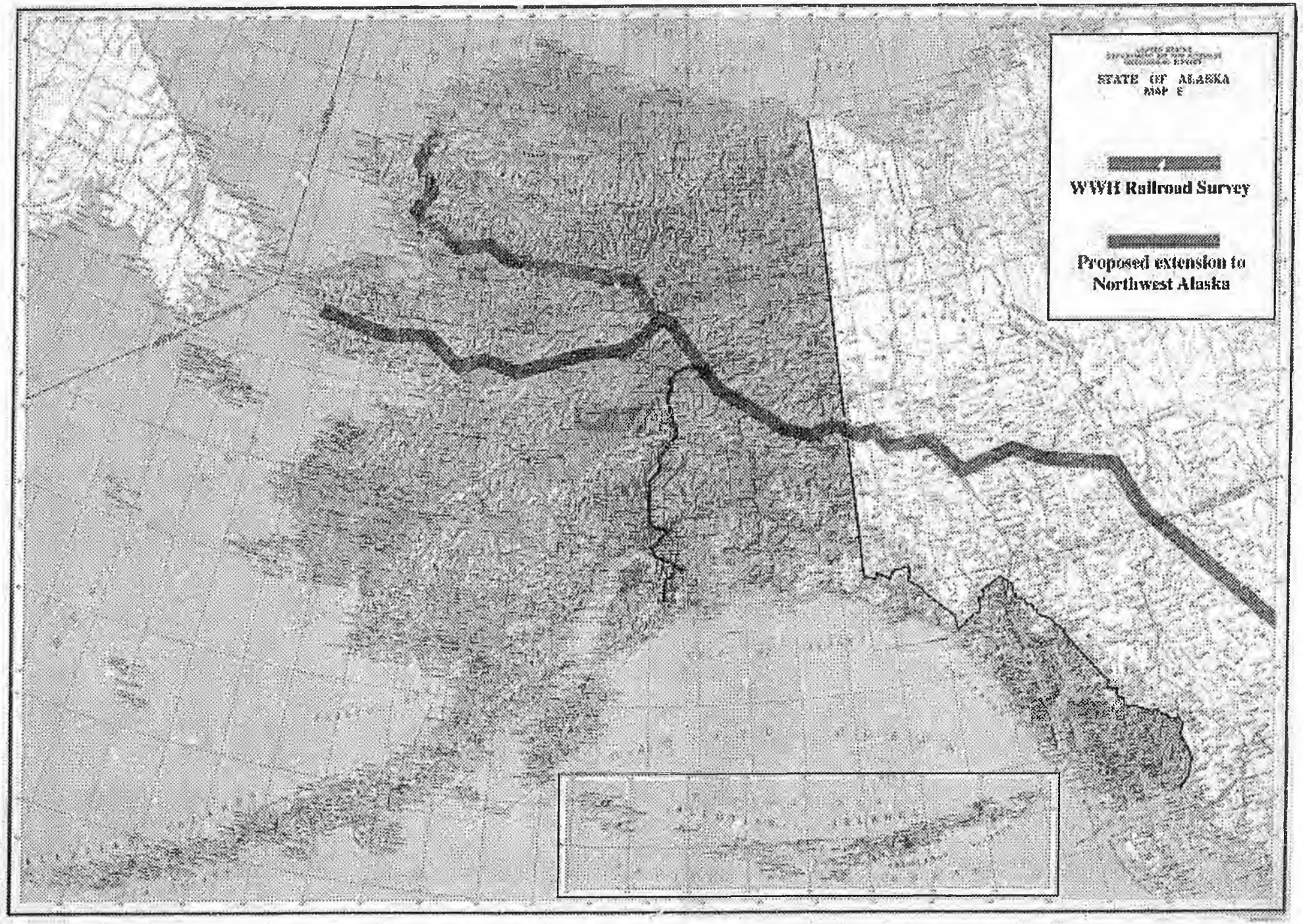
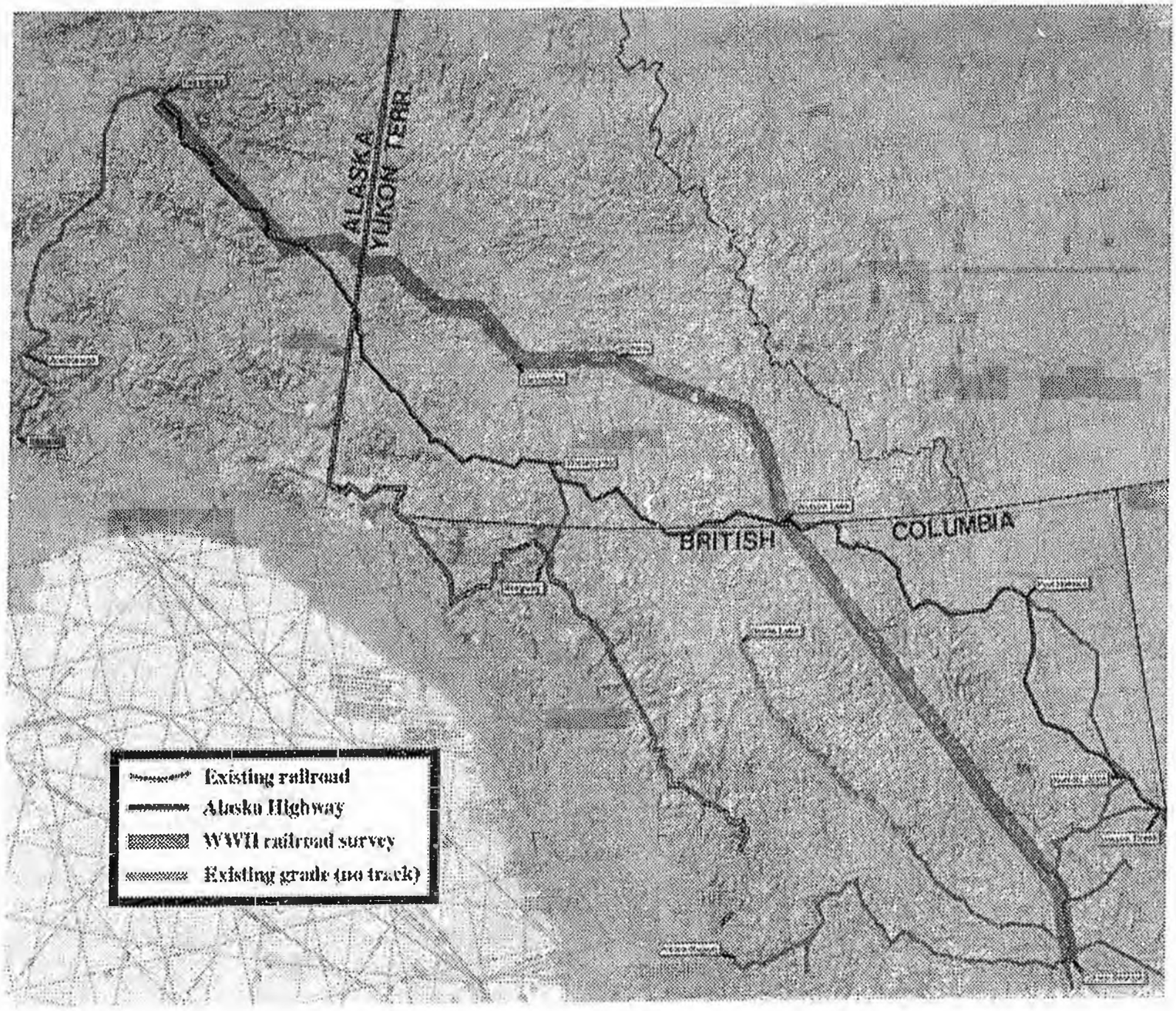
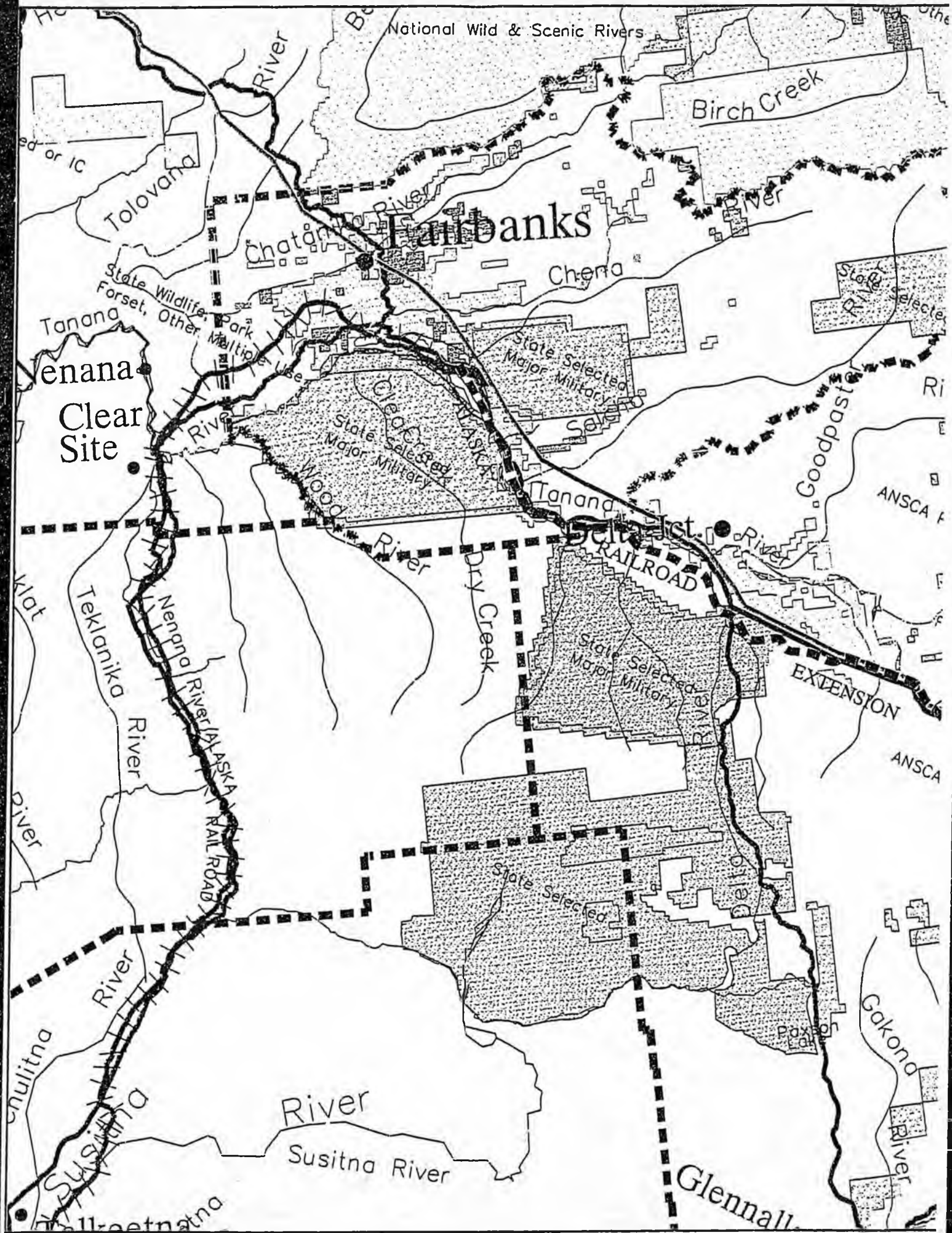
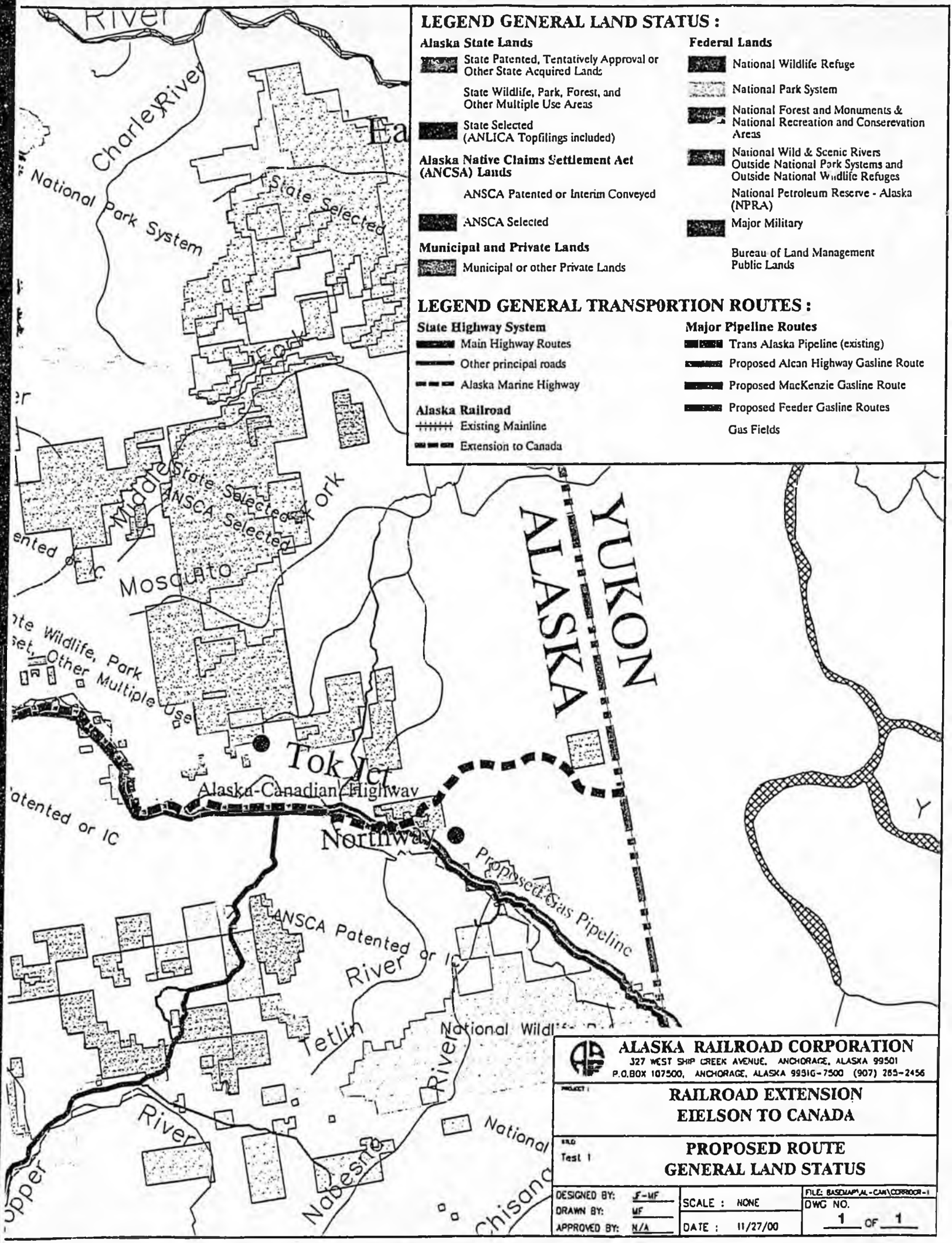

STATE OF ALASKA
WWII Railroad Survey
Proposed extension to
Northwest Alaska


ALASKA
YUKON TERR
BRITISH
COLUMBIA
Existing railroad
Alaska Highway
WWII railroad survey
Existing grade (no track)

Prepared by the office of United States Senator Frank H. Murkowski. For further information, contact Chuck Kleeschulte, Press Secretary, at (202) 224-6665. Although every attempt has been made to assure the accuracy of the information in this packet, changing resource data prevents guaranteeing the authenticity of all the information.

produced by Robert W. Corbisier


National Wild & Scenic Rivers
Fairbanks
Clear Site
Tanana
Birch Creek
Chena River
Tolovana
State Wildlife Park
Forset, Other Multiple Use
State Selected Major Military
Clear Creek
Wood River
Tanana
Delta Jct.
RAILROAD
Dry Creek
Nenana River
Teklanika River
ALASKA RAILROAD
EXTENSION
ANSCA
Goodpaster River
Gakona River
Susitna River
Glennallen



LEGEND GENERAL LAND STATUS :

Alaska State Lands

- State Patented, Tentatively Approval or Other State Acquired Lands
- State Wildlife, Park, Forest, and Other Multiple Use Areas
- State Selected (ANLICA Topfilings included)

Alaska Native Claims Settlement Act (ANCSA) Lands

- ANSCA Patented or Interim Conveyed
- ANSCA Selected

Municipal and Private Lands

- Municipal or other Private Lands

Federal Lands

- National Wildlife Refuge
- National Park System
- National Forest and Monuments & National Recreation and Conserevation Areas
- National Wild & Scenic Rivers Outside National Park Systems and Outside National Wildlife Refuges
- National Petroleum Reserve - Alaska (NPRA)
- Major Military
- Bureau of Land Management Public Lands

LEGEND GENERAL TRANSPORTION ROUTES :

State Highway System

- Main Highway Routes
- Other principal roads
- Alaska Marine Highway

Alaska Railroad

- Existing Mainline
- Extension to Canada

Major Pipeline Routes

- Trans Alaska Pipeline (existing)
- Proposed Alcan Highway Gasline Route
- Proposed MacKenzie Gasline Route
- Proposed Feeder Gasline Routes
- Gas Fields

ALASKA RAILROAD CORPORATION
327 WEST SHIP CREEK AVENUE, ANCHORAGE, ALASKA 99501
P.O.BOX 107500, ANCHORAGE, ALASKA 99510-7500 (907) 265-2456

PROJECT :

RAILROAD EXTENSION
EIELSON TO CANADA

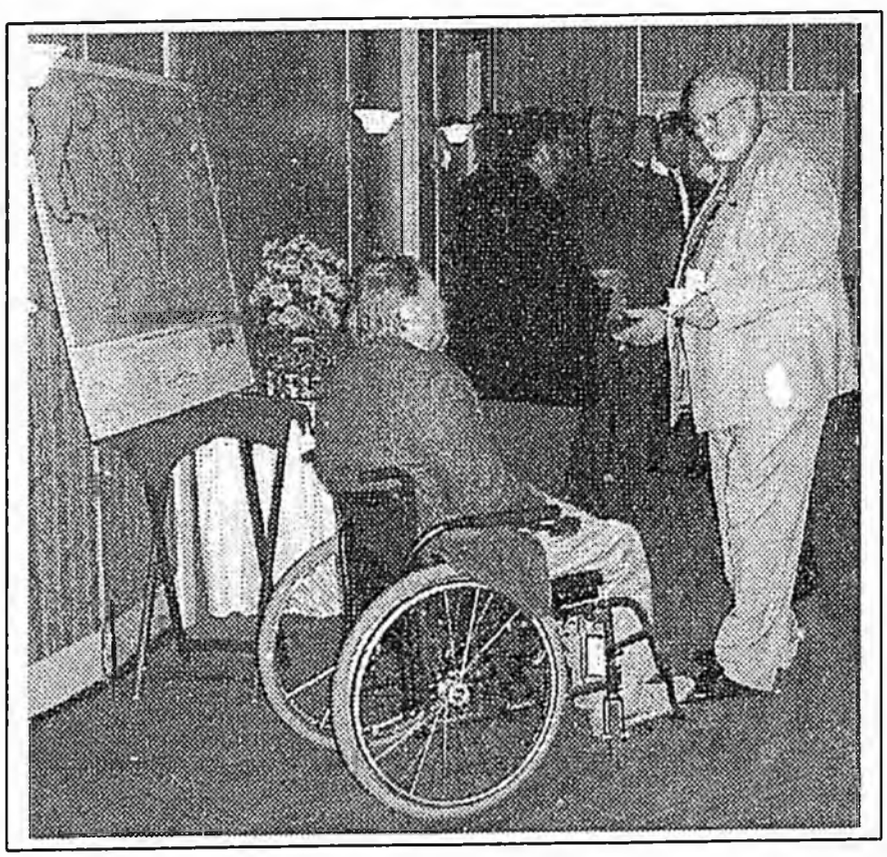
SHEET
Test 1

PROPOSED ROUTE
GENERAL LAND STATUS

DESIGNED BY:	F-MF	SCALE : NONE	FILE: BASEMAP\AL-CAN\CORRIDOR-1
DRAWN BY:	MF		DWG NO.
APPROVED BY:	N/A	DATE : 11/27/00	1 OF 1

SECTION 3:

2ND RAIL CONFERENCE, FAIRBANKS, OCT. 2001



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- Princess Tours
- Riverboat Discovery
- Usibelli Coal Mine
- Wilken, Inc.
- Williams Alaska Petroleum

AGENDA

ALASKA RAIL CONNECTION CONFERENCE

Fairbanks, Alaska
October 10-11, 2001

October 10

11:00 a.m.	Registration begins	
12:00 noon	Lunch	**Welcoming Remarks:** Fairbanks North Star Borough Mayor Rhonda Boyles North Pole Mayor Jeff Jacobson Sen. Gary Wilken, Interior Delegation Fairbanks Mayor Steve Thompson
1:00 p.m.	**Session 1** Topic: Status of Bilateral Commission, other legislation	**Rep. Don Young** (brief remarks via. videotape) **Hon. Larry Bagnell** Member of Parliament, Yukon **Bill Woolf** Aide to Senator Frank Murkowski **Mr. James McLachlan** Member of Legislative Assembly, Yukon (Faro)
2:45 p.m.	Short Break	
3:00 p.m.	**Session 2**	**Don Lowell** Alaska Transportation Consultants **Jim Clements** Whistle Poke Railroad, British Columbia **Walter Young** Executive Vice President, Canadian Arctic Railroad **Jack Coghill** Former Alaska Lieutenant Governor
4:30 p.m.	Break	
6:30 p.m.	**Reception**	Fairbanks Westmark (Gold Room)

AGENDA

ALASKA RAIL CONNECTION CONFERENCE

Fairbanks, Alaska
October 10-11, 2001

October 11

7:30 a.m.	Breakfast	**Mr. Gil Carmichael** Board Chair, MotivePower Industries Member, Amtrak Board CEO, Intermodal Transportation Institute, University of Denver **(by videotape, and by live teleconference from Meridian, Miss.)**
8:30 a.m.	**Session 3**	**Rep. Jeannette James** Majority Leader, Alaska House of Representatives **Mr. Charles Jurasz** Faro Sustainable Development, Faro, Yukon **Mr. Hal Cooper** Cooper Consulting, Kirkland, Wash. **Dr. Paul Metz** University of Alaska Fairbanks
10:00 a.m.	Short Break	
10:15 a.m.	**Session 4**	**Mr. Jim Kubitz** Alaska Railroad **Mr. Kells Boland** PROLOG Canada, Calgary, Alberta **Mr. Jack Eidson** Lockheed Martin Corp. Dallas, Texas
12:00 noon	Lunch	Keynote address: **Mark Hamilton** President, University of Alaska
1:30 p.m.		**Tour** Alaska Railroad Facilities

PRO
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Qualifications of . . .

KELLS S. BOLAND

Kells Boland is a Principal of PROLOG Canada Inc., a Western Canadian management and economics consulting firm based in Calgary, Alberta. He has over 20 years experience completing northern transportation strategy, infrastructure development and policy planning assignments with PROLOG. Recent PROLOG projects which he directed include Transport Canada's *Northern Territories Transportation Systems Study* and the *Manitoba-Nunavut Transportation Assessment.*

Mr. Boland's northern experience includes logistics planning for Alyeska, Canadian Arctic Gas, Northwest Alaskan and Foothills Pipe Lines. His railway experience includes employment as an in-house Executive Department consultant with the former Southern Pacific Transportation Company. His military experience includes eight years as a naval reserve officer in the Military Sealift Command and active duty assignment as Military Traffic, Aviation Fuels and Stevedoring Officer at Kodiak, Alaska.

Mr. Boland was previously on long term retainer as Director of Legislative Affairs for the Western Office of the Canadian Industrial Transportation League. He has served as a Board Member and Surface Committee Chairman of the Calgary Transportation Authority.

PRO
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Canada

ALASKA CONNECTION(s)

A View From Canada

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Canada

Railways to Canada's Northern Territories

- Each Canadian Territory has a Railway to it.
- Each of these WAS a Resources Railway.
- Each of these NOW is Something Else.

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Canada

The Point is that Things Change AND Accommodating Change Is a Key to Success

- Railways don't just have to haul resources
  - They can haul construction materials for resource projects

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Canada

- HOWEVER, Railway investment may not be forthcoming for one-shot construction traffic.
- AND, Resource Development Projects may not be able to wait for completion of new railway construction.
- SO, be willing to look beyond a railway to other concepts that can optimize vital *Connections* to Alaska.

PRO
LOG
Canada

Make The Connection Something More:

- Air Connections
  - e.g., Alberta-Alaska direct service
- Marine Connections
  - e.g., Inside Passage to Yukon
- Highway Connections
  - e.g., Juneau Access
- Energy Connections
  - e.g., Alaska Gas Pipeline
- Communication Connections
  - e.g., Fibre Optics

PRO
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Canada

Make It More Than A ROW

- Make the Connection include anything that CONNECTS through Canada to Alaska:

  – In the Sky
  – On the Water
  – On the Ground
  – Under the Ground

PRO
LOG
Canada

Make It Work With A Bi-Lateral Commission that has the political punch to:

- Identify connections that are in the mutual national interest of both countries.
- Expedite construction and operations through multiple regulatory regimes in both countries.
- Provide ongoing trans-border policy planning and coordination for both countries.

PRO
LOG
Canada

Whether the connection is a railway, pipeline or anything else, the regulatory process can jeopardize construction success:

- The Alaska Gas Producers Group has identified a potential 2 year delay if regulatory reviews are not successful

PRO
LOG
Canada

A Bi-Lateral Commission Could be The Key To Regulatory Success.

Career Summary
Jack C. Eidson
Manager, Special Projects, Lockheed Martin Space Operations

Mr. Jack C. Eidson has over 30 years experience in the areas of Business Management Consulting, Program and Project Management, Logistics Management, Business Development, and Information Technology (IT) and Communications Systems Architecture Design.

Currently, Mr. Eidson is Manager of Special Projects for Lockheed Martin Space Operations Company (LMSO) in Houston, Texas. As part of their Consolidated Space Operations Contract with NASA, he has managed the development of a LMSO Team of service providers and carriers to start installing the largest private network in the world. This network will not only consolidate and merge all of NASA's voice, video and data communications world-wide, it will also be marketed to other large government agencies and commercial enterprises, particularly those requiring very large bandwidth at very economical pricing.

M. Eidson was an Independent Management and Outsourcing Consultant for 15 years, provided specialized services to a host of government and commercial customers, with special emphasis on IT and communications, project and program control, logistics, new business start ups and major program startup transition management, business re-engineering, and outsourcing business ventures.

Mr. Eidson was the manager of the IT, communications, software, and computer services for Bechtel on the construction of the Trans Alaska Pipeline System in the early to mid 70s, and later the engineering strategy for the Canadian Arctic Gas Pipeline proposed project (for Williams Brothers and Director of Project Control Services). Mr. Eidson also provided consulting services to two Sea Launch programs for the build out at Prudhoe Bay. Mr. Eidson has also managed or consulted in start up and project control for numerous other It outsourcing, international and national pipeline, petrochemical plant, nuclear power industry, gas liquification plants, municipal projects, and airports projects.

Starting out as an Astro-physics graduate in the mid 60s, Mr. Eidson worked for NASA contractors doing earth-moon trajectory analysis and crew training for the Apollo Program lunar sphere aborts, before migrating into the computer services and software development industries.

Alaska Transportation Consultants

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Ph: (907) 488-2879
Fax: (907) 488-2545

II ALASKA CANADA RAIL CONNECTION CONFERENCE
FAIRBANKS, ALASKA
OCTOBER 10, 2001

I wish to thank Senator Murkowski, Representative James, the Fairbanks Chamber of Commerce, other sponsors and participants for holding this important session in support of connecting Alaska to the Canadian and continental United States railway systems.

Last year at the Vancouver, BC conference, I presented State studies supporting Senator Murkowski's goal of funding a U.S.- Canadian railroad feasibility study. For the benefit of this audience, I will briefly cover those studies and recommend action to update the environmental assessment of extending the Alaska Railroad to the Canadian border.

In 1942 the U.S. Army Corps of Engineers surveyed a route for a rail connection between the continental United States and Alaska about the same time that the Alaska Highway was constructed. Project interest in the rail connection faded after the end of World War II, but the route chosen at that time has been reaffirmed many times in subsequent years.

In 1974, the United States Department of Interior, Bureau of Land Management, Alaska State Office, recommended a railroad linkage with Canada in a report "Multimedia Transportation and Utility Corridor Systems in Alaska".

In 1976, a State sponsored conference was held to consider the connection of Alaska and Canada by an all-rail land route leading to the mid-western and eastern manufacturing centers. The conference concluded that Alaska was far behind the Yukon Territory and Northern Canada in their research on the potential for a rail route, and the concept of a rail connection between Alaska and Canada looked promising and should be pursued. Thereafter, the Alaska Legislature appropriated funding for four rail transportation studies as follows:

In 1977 the Alaska Department of Commerce and Economic Development produced a preliminary study of a transcontinental rail connection to the contiguous United States and concluded a comprehensive cost-benefit analysis of this transcontinental rail connection should be funded, conducted on a priority basis and conducted jointly with the Canadian government.

In 1980 the Alaska Legislative Affairs Agency directed a feasibility study of a proposed extension of the Alaska Railroad from Eielson Air Force Base to the Canadian border. The study recommended officials from Canada and the U.S. form a committee to review data with a view of common thrust for the construction of a rail extension linking the