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MAYER • BROWN

Mayer Brown LLP
1909 K Street, N.W.
Washington, D.C. 20006-1101

Main Tel (202) 263-3000
Main Fax (202) 263-3300
www.mayerbrown.com

Kathryn Kusske Floyd
Direct Tel (202) 263-3223
Direct Fax (202) 263-5223
kkusskefloyd@mayerbrown.com

July 3, 2008

Rec'd 7/3/08

VIA HAND DELIVERY

Ms. Victoria Rutson
Chief, Section of Environmental Analysis
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Finance Docket No. 35095, The Alaska Railroad Corp. -- Petition For An Exemption From 49 U.S.C. §10901 To Construct and Operate a Rail Line Extension to Port MacKenzie, Alaska

Dear Ms. Rutson:

On behalf of the Alaska Railroad Corporation, attached hereto please find responses to your April 17, 2008 request for information concerning the feasibility or infeasibility of various potential new alignments and features in connection with the above-referenced proceeding.

Please let me know if you have any questions.

Sincerely,

Kathryn K. Floyd
Kathryn Kusske Floyd

cc: Dave Navecky (w/encl.)
Alan Summerville (w/encl.)
Brian Lindamood (w/encl.)

RESPONSES OF THE ALASKA RAILROAD CORPORATION TO APRIL 17, 2008
REQUEST

1. *In the northern portion of the proposed Willow segment alignment (segment titles taken from the January, 2008 Preliminary Environmental and Alternatives Report), what is the feasibility of avoiding the Willow Creek State Recreation Area (SRA) by following the southern boundary of the SRA and connecting to the existing mainline between approximately Mileposts 186 and 187?*

The technical consulting teams that authored the 2003 study by Tryck Nyman Hayes, Inc. (TNH 2003) and the January 2008 Preliminary Environmental and Alternatives Report (PEAR) investigated the opportunity to avoid impacts to the Willow Creek SRA by connecting to the mainline at the referenced location. A mainline connection between Mileposts 186 and 187 was found to be infeasible by both studies due to impacts to the Willow Airport, located between the Parks Highway and the ARRC mainline at this milepost location.

- Any alignment south of Willow Creek and north of the main Willow commercial area would require the relocation of the Willow Airport.
- Any alignment far enough south of Willow Creek to avoid both the Willow Airport and the Willow commercial area would be located in the Nancy Lake SRA.
- The elevation of the Parks Highway in this area is similar to that of the existing mainline and the highway is not far enough away to permit a railroad grade sufficient for a grade separation. (Nor would an at-grade crossing work due to the volume of traffic on the highway.) A grade separation would require a major profile adjustment to the highway, severely impacting adjacent properties and the intersection with the Willow-Fishhook Road.

2. *For the proposed Willow segment alignment, what is the feasibility of avoiding the Nancy Lake SRA between approximately Mileposts W12.8 and W13.8 (mileposts designated in the January, 2008 Conceptual Plan Set for the Preliminary Environmental and Alternatives Report), by shifting the alignment west?*

The Willow alignment between Mileposts W12.8 and W13.8 was located to minimize impacts to wetlands and the Nancy Lake SRA to the extent practicable. However, impacts to either the scrub-shrub wetland complex or Nancy Lake SRA were unavoidable in this area. The wetland complex has compressible soils just west of Milepost W14 that would likely require compacting the soils through the use of substantial soil or gravel piled high. After a period of compression, such material would be removed and the area

regraded. Realignment in this area would likely impact between 3.5 and 4.0 acres of additional wetlands.

The area throughout this portion of the corridor is undeveloped and owned by the state of Alaska. The western border of the Nancy Lake SRA is defined by state legislation and is a function of section line location rather than habitat or topography. State land to the north and west does not have a permanent land use identified and is presently used for non-designated recreational uses. In fact, there is no evident boundary delineation in the area other than what is depicted on maps.

The ARRC would propose the adjustment of the Nancy Lake SRA western boundary such that the overall land area of the SRA would not be diminished or degraded and the railroad could be constructed outside the SRA.

3. In the eastern portion of the study area, east of the Big Lake segment alignment, what is the feasibility of an alignment that would be located in parts or all of the existing Port MacKenzie Road and Knik-Goose Bay Road corridors?

TNH 2003 investigated using these road corridors as a potential rail corridor or as an expanded road facility. While it was carried forward as the “no build” alternative in that study, it was found unsuitable for development because it draws additional freight traffic into the heart of the Wasilla area and increases an already difficult congestion problem. Because of the potential for increased congestion and because the area around Wasilla is one of the fastest human population growth areas in the state, this corridor was not carried forward for further study in the PEAR. Field observations of these roadways in 2007 and 2008 indicate the following:

- The east-west portion of the Port MacKenzie Road is unsuitable for railroad construction due to undulating terrain in the western portion and significant stretches of wetlands and compressible soils in the eastern portion.
- Constructing a railroad in the Knik-Goose Bay Road corridor would impact numerous residential properties and require a railroad junction in downtown Wasilla.
- The Knik-Goose Bay (KGB) Road corridor serves as the primary transportation artery into a moderately developed area which has witnessed substantial suburban development over the past decade. The KGB corridor represents the southern-most roadway corridor along the Knik Arm, and connects the majority of north-south road corridors in the developed portion of the western Mat-Su Borough. Further, according to the environmental analysis in the KABATA EIS, it is anticipated that the presence of the new bridge and roadway will bring growth to the area.

The location of a railroad corridor along this corridor would introduce a significant number of transportation conflicts between rail, roadway, ATV, cycling, and dog mushing requiring frequent grade crossings or grade separations if possible. Large tracts of undeveloped property on the north side of KGB Road would have access severely restricted, retarding development which is presently ongoing and is projected to continue. Noise impacts to those properties are expected to be an issue, as well as safety concerns related to illegal crossing of the tracks and trespassing. For these reasons, the ARRC does not believe joint occupation of a railroad in a highway corridor to be practicable.

4. For the Mac West segment alignment from Milepost MW5.2 north to the end of the segment, what is the feasibility of adjusting the route to avoid the Susitna Flats State Game Refuge (SGR)?

The Mac West and Conn 1 alignments were located to balance potential impacts to the natural environment (the Susitna Flats SGR and wetlands) and the human environment (homes, private property, and the Point MacKenzie Agricultural Project). Moving the alignments into the agricultural area bisects farmlands and increases potential impacts to private property owners. Potential mitigation for the Mac West and Conn 1 alignments could include land swaps between the Susitna Flats SGR and private agricultural landowners, such that agricultural lands isolated south and west of the rail line would become part of the SGR while refuge lands isolated north and east of the rail line would become agricultural lands.

5. In the northern portion of the Big Lake segment alignment, what is the feasibility of shifting the alignment to the east such that it would connect with the existing mainline between approximately Mileposts 166 and 168 and avoid a proposed grade-separated crossing of Big Lake Road and development in the area?

The Big Lake corridor originally included a connection to the mainline between Mileposts 166 and 168. However, during the constraints analysis that refined the alternatives, this connection was determined to be infeasible because:

- Impacts to Blodgett Lake, an unnamed lake, and two Native allotments located near the tie-in location would be unavoidable.
- The Parks Highway corridor near Pittman Road is highly developed and a rail connection in this area could potentially increase traffic and congestion issues.
- The junction of Big Lake Road with the Parks Highway represents one of the busiest intersections between Wasilla and Talkeetna. Any attempts to grade separate a railroad crossing in this area will result in a significantly larger footprint than would be otherwise necessary

at another location due to the needs of handling turning traffic, sight distances for highway speeds, and needed queuing of vehicles. Further, valuable private road-front property already partially developed will also be impacted nearly twice as much as the existing proposed location. Big Lake Road represents one of the main east-west arteries between Wasilla and Talkeetna, connecting the residential and commercial development to the west with the Parks Highway. As the area continues to develop, it is likely that the Alaska DOT would consider a grade-separated intersection at this location. Any means to potentially grade separate the intersection of the Parks Highway and Big Lake Road in the future would likely be substantially limited with the additional of a railroad grade separation.

6. What is the feasibility of "straightening" the Big Lake segment alignment with the objective of reducing impacts with a shorter segment, especially between Mileposts B5.9 and B8.4?

The majority of the Big Lake Alignment was located to minimize wetland impacts and construction on compressible soils by utilizing higher and dryer ground. This is illustrated by the relief shown on the Map Key (PEAR Volume 3, Drawing A3) and the presence of birch trees, which indicate drier soils, shown in gold in the aerial photos on Drawings B2 through B5. The curve between Mileposts B5.9 and B8.4 was also necessary because of Goose Creek and its associated floodplain. The Goose Creek crossing at Milepost B6.4 is located where the creek is narrower and has a more stable streambed. Upstream of this location, Goose Creek appears to be spread out into wider or multiple channels.

7. In the northern portion of the Houston North segment alignment between Milepost HN3.5 and the existing mainline, what is the feasibility of adjusting this alignment to the west to reduce impacts to the Little Susitna Recreation River area, and connecting to the existing mainline at approximately Milepost 180?

During the constraints analysis phase of the project, the connection location for the Houston North Alignment was evaluated for numerous potential impacts, including wetlands, the Little Susitna Recreational River, and private homes and cabins adjacent to Nancy Lake. A connection near Milepost 180 has two major disadvantages:

- The Nancy Lake Creek crossing location is in a meandering reach of the creek which could contribute to greater stream impacts than the currently proposed crossing location.
- The 8,600-foot siding required parallel to the existing mainline could impact numerous private lakeshore and commercial properties when rail cars occupy siding tracks which would block driveways. It is likely that the majority of the private lake-front properties along the

Parks Highway side of Nancy Lake would have to be purchased and razed as there does not seem to be any means to mitigate vehicular access impacts. These properties also could experience noise impacts from braking, idling, and accelerating on this siding. As a result, connecting north of the Little Susitna Recreational River was not considered practicable.