



SURFACE TRANSPORTATION BOARD
Washington, DC 20423

Office of Economics, Environmental Analysis and Administration

August 12, 2009

Margie Goatley
Project Review Coordinator
Division of Coastal and Ocean Management
Alaska Department of Natural Resources
550 West 7th Ave., Ste. 705
Anchorage, AK 99501

Re: STB Finance Docket No. 35095, The Alaska Railroad Corporation – Petition to
Construct and Operate a Rail Line Extension to Port MacKenzie, Alaska

Dear Ms. Goatley,

The Surface Transportation Board (Board) is the lead agency in the preparation of an Environmental Impact Statement (EIS) for the Alaska Railroad Corporation's (ARRC) proposed rail line extension to Port MacKenzie, Alaska. The U.S. Army Corps of Engineers, U.S. Coast Guard and Federal Railroad Administration are cooperating agencies in the preparation of the EIS. The purpose of this letter is to initiate consultation with the Alaska Department of Natural Resources (ADNR) regarding the project's consistency with the State of Alaska's Coastal Zone Management Plan. The Board's Section of Environmental Analysis (SEA) understands that ADNR could request additional project details during permitting, which is a responsibility of the project proponent – ARRC, to complete this consultation. SEA respectfully requests ADNR provide input on the project's consistency with coastal standards as described below.

Project Background

ARRC proposes to construct and operate approximately 30 to 45 miles of new rail line between the Matanuska-Susitna Borough's (MSB) Port MacKenzie in south-central Alaska and a point on ARRC's main line between Wasilla and north of Willow, Alaska. ARRC has stated that the proposed rail line would provide an additional mode of transportation for the movement of bulk materials, intermodal containers, and other freight to and from Port MacKenzie; and would support ARRC's statutory goal to foster and promote long-term economic growth and development in the State of Alaska. ARRC also advances that the proposed rail line would be consistent with Port MacKenzie's economic development plans, which include the continued development of Port MacKenzie as a multi-modal and bulk materials export and import facility.

Figure 1, which is enclosed as an attachment to this letter, illustrates the project area and the build alternatives that have been identified for detailed analysis in the Draft EIS.

Coastal Zone Standards and Policies

In preparing the Draft EIS, SEA has reviewed the statewide standards of the Alaska Coastal Management Program (ACMP), as amended June 2, 2005, as well as the policies of the Matanuska-Susitna Borough (MSB) Coastal Management Plan and the Point MacKenzie Areas Meriting Special Attention (AMSA) Final Plan. Through this review, SEA has identified the elements of the proposed project that are pertinent to the primary areas of concern outlined in the ACMP and MSB's enforceable policies. These elements are described below:

1. Coastal Development – *Compliance with coastal development standards*

The proposed Port MacKenzie Rail Extension would involve construction of a rail line within the Matanuska-Susitna Borough from Port MacKenzie to an area near Wasilla and Willow, and would require development of coastal areas. Construction of the proposed rail line extension would require the placement of fill material into wetlands and other waters of the U.S., and would cross fish-bearing streams. All reasonable terms and conditions of permit requirements would be incorporated into project design and construction to protect coastal resources during construction and operation of the proposed project.

2. Natural Hazard Areas - *Development in adherence to safety standards to ensure protection of public safety and the environment from potential damage caused by known natural hazards*

Potential natural hazards exist within the vicinity of the project including earthquakes along the Castle Mountain Fault, tsunamis, volcanic eruptions from Mount Spurr, high winds, slope instability in the form of avalanches and landslides, and wildfires. Measures to mitigate potential impacts to the public, rail line and environment from damage caused by natural hazards could include: ensuring the design would meet all relevant codes and safety standards; designing the project in accordance with the latest applicable seismic codes; and taking into account the region's potential for earthquake activity in order to mitigate potential damage to bridges and tracks.

3. Coastal Access – *Ensure projects maintain and, where appropriate, increase public access to coastal areas*

ARRC has proposed at-grade crossings or grade-separated crossings to maintain vehicular access to coastal waters along existing public and private roads. For those roads where access cannot be maintained through grade crossings, ARRC has proposed relocating roads in order to maintain access. To maintain trail access to coastal waters, ARRC has proposed grade-separating all officially recognized recreation trails crossed by the project.

4. Energy Facilities – *Compliance with siting standards*

Not applicable. No energy facilities are part of the proposed project.

5. Utility Routes and Facilities – *Compliance with siting standards*

Not applicable. The project is located inland and no utilities would be placed along shorelines or beaches.

6. Timber Harvest and Processing – *Compliance with the Forest Resources and Practices Act*

Timber resources would likely be removed during project construction. Timber surveys have not been conducted to quantify the volume of commercial timber in the area that would be cleared, and ARRC has not developed specific plans for timber salvage from land that would be cleared for the proposed rail line right-of-way (ROW). SEA understands that for ROW areas on state or MSB land, applicable land management plans, policies, and regulations require that timber with commercial or personal use values be salvaged from land that is to be cleared for other uses such as mining, transportation or utility corridors, and habitat enhancement projects, where feasible and prudent. SEA understands that similar provisions for timber salvage on other non-state land that would be cleared for the proposed rail line ROW would ensure that timber resources affected by the project were properly utilized.

7. Sand and Gravel Extraction – *Avoidance of sand and gravel extraction from coastal areas when practicable*

Fill material would be required for rail line construction. ARRC plans to obtain subballast and fill primarily from materials excavated during railbed construction, from existing commercial sources, and from borrow areas established along the rail line. As part of the final design and permitting process, ARRC would perform geotechnical testing to identify borrow locations with suitable material. Measures to mitigate potential impacts resulting from fill extraction could include locating suitable borrow areas to avoid and minimize impacts to wetlands and other waters as much as practicable, and ensuring that appropriate Federal, state and local permits are secured prior to construction.

8. Subsistence – *Avoidance and minimization of impacts to subsistence uses of coastal resources*

There are no local, state, or Federally recognized subsistence harvests within the project area; the entire project is within a state nonsubsistence area. According to state regulations (5 Alaska Administrative Code [AAC] 99.015), a nonsubsistence area is “an area or community where dependence upon subsistence is not a principal characteristic of the economy, culture, and way of life of the area or community.” No subsistence hunting or fishing regulations manage the harvest of resources in the project area. Because the

entire project would be in a state nonsubsistence area and there are no Federal public lands in the project area, no harvests of wildlife and fish resources in or directly outside the project area qualify as subsistence activities under either state or Federal regulations.

9. Transportation Routes and Facilities – *Minimization of impacts to drainage patterns, wildlife transit and existing access*

The proposed rail line would fill wetlands and cross multiple fish-bearing and non-fish bearing streams with culverts or bridges. The rail line could be designed and constructed in such a way as to maintain natural surface and sub-surface water flow and drainage patterns to the extent practicable to prevent impoundment of water or excessive drainage, bank erosion, and to maintain the connectivity of floodplains, wetlands, streams, and other waters along the rail ROW. All Federal permits for work in jurisdictional waters, such as a Section 404 Clean Water Act permit (33 United States Code [U.S.C]. 1251 *et seq.*), would have to be obtained prior to construction. The Applicant would also obtain and comply with reasonable requirements of all necessary state permits and authorizations, such as the Alaska Department of Fish and Game (ADF&G) Fish Habitat Permit for protection of fisheries.

Construction and operation of proposed rail line would remove and alter vegetation and wildlife habitat, and potentially alter wildlife movements and migration, including moose migration. These potential impacts will be analyzed in the forthcoming Draft EIS.

ARRC has proposed at-grade crossings or grade-separated crossings to maintain vehicular access to coastal waters along existing public and private roads. For those roads where access cannot be maintained through grade crossings, ARRC has proposed relocating roads in order to maintain access. To maintain trail access to coastal waters, ARRC has proposed grade-separating all officially recognized recreation trails crossed by the project.

10. Habitats – *Avoidance of adverse impacts to coastal habitats*

The proposed project would require the construction of culverts and bridges to cross wetlands, rivers, streams, floodplains, and riparian habitats along the rail line, which are considered important habitats designated under 11 AAC 114.250(h). Wetlands would also be filled during construction. Measures to mitigate potential impacts to these habitats could include: requiring that the rail line be designed and constructed in such a way as to maintain natural surface and sub-surface water flow and drainage patterns to the extent practicable; employing Best Management Practices (BMPs) during construction and operation of the rail line to minimize impacts to habitats; requiring that ARRC obtain all Federal permits for work in jurisdictional waters, such as a Section 404 Clean Water Act permit, prior to construction; and requiring that ARRC obtain and comply with reasonable requirements of all state permits necessary for the protection of water resources and fisheries, such as the ADF&G Fish Habitat Permit.

11. Air, Land, and Water Quality – *Compliance with the statutes and regulations of the Department of Environmental Conservation regarding the protection of air, land, and water quality*

Measures to mitigate potential impacts to air, land, and water quality could include requiring that ARRC comply with all Federal regulations concerning air, land, and water quality where impacts are unavoidable, and all reasonable requirements of applicable ADEC regulations identified in Alaska Statute (AS) 46.40.040(b) during construction and operation of the proposed rail line.

12. Historic, Prehistoric, and Archeological Resources – *Compliance with applicable state statutes*

Several archaeological and historic sites have been documented in the vicinity of the proposed project. There are 56 known prehistoric sites and 22 historic cultural resources located within 1 mile of the proposed ROW. In addition, dogsledding associated with the Iditarod National Historic Trail and Iditarod Race is potentially a cultural landscape eligible for inclusion on the National Register of Historic Places (16 U.S.C. 470f). As a result, SEA is currently developing a Programmatic Agreement with the Advisory Council on Historic Preservation, the Alaska State Historic Preservation Officer and the cooperating agencies to comply with Section 106 of the National Historic Preservation Act. An additional measure to mitigate potential impacts to cultural resources could include requiring that ARRC comply with the applicable requirements of AS 41.35.010 – 41.35.240 and 11 AAC 16.010 – 11 AAC 16.900.

13. Recreation – *Development to ensure continued access and use of recreational resources*

The proposed project could affect the following recreational resources depending on the alternative route chosen (if any): 1) Iditarod National Historic Trail, 2) Willow Creek State Recreation Area, 3) Little Susitna State Recreation Area, 4) Susitna Flats State Game Refuge, 5) Nancy Lake State Recreation Area, and 6) numerous recorded and unrecorded trails. The project area is well suited for both winter and non-winter outdoor recreation activities. For recreation areas and game refuges protected under Section 4(f) of the U.S. Department of Transportation Act (49 U.S.C. 303), impacts to recreation will be assessed through a Section 4(f) Evaluation that will be in the Draft EIS. As stated in #3 Coastal Access above, ARRC has proposed grade-separated crossings of all officially recognized trails to provide continuity of trails within the project area.

14. Waterbody Setback Requirements – *Compliance with 75-foot setback from ordinary high water line for development activities within the designated recreational use area*

SEA understands the entire project area is within the existing MSB coastal zone, the Designated Recreational Use Area (with the exception of the Point MacKenzie AMSA). Therefore, the proposed rail line would require development within 75-feet of the

ordinary high water line within the designated recreation use area. The proposed project would include construction of culverts and bridges to cross wetlands, rivers, streams, floodplains, and riparian habitats along the rail line, and some wetlands within the project area would be filled during construction. Measures to mitigate potential impacts could include requiring that the rail line be designed and constructed in such a way as to maintain the connectivity of floodplains, wetlands, streams, and other waters along the rail ROW and employing BMPs during construction and operations to minimize impacts to recreational areas.

Construction and operation of the proposed Port MacKenzie Rail Extension would require development in the coastal zone and impact resources within the coastal zone. Potential impacts will be evaluated in the forthcoming Draft EIS and measures to avoid, minimize and mitigate impacts will be developed. SEA respectfully requests ADNR provide input on the project's consistency with coastal standards and suggest mitigation measures, as necessary, to ensure that the project is consistent with the State of Alaska's Coastal Zone Management Plan.

Thank you for your cooperation. If you have any questions, please do not hesitate to contact Dave Navecky, SEA's Project Manager, at 202-245-0294, or Alan Summerville, Project Manager for ICF, SEA's third-party independent contractor, at 703-934-3616.

Sincerely,

A handwritten signature in black ink, appearing to read "Victoria Rutson". The signature is fluid and cursive, with a large initial "V" and "R".

Victoria Rutson
Chief
Section of Environmental Analysis

cc: Don Perrin, ADNR, Program Management and Permit Coordinator

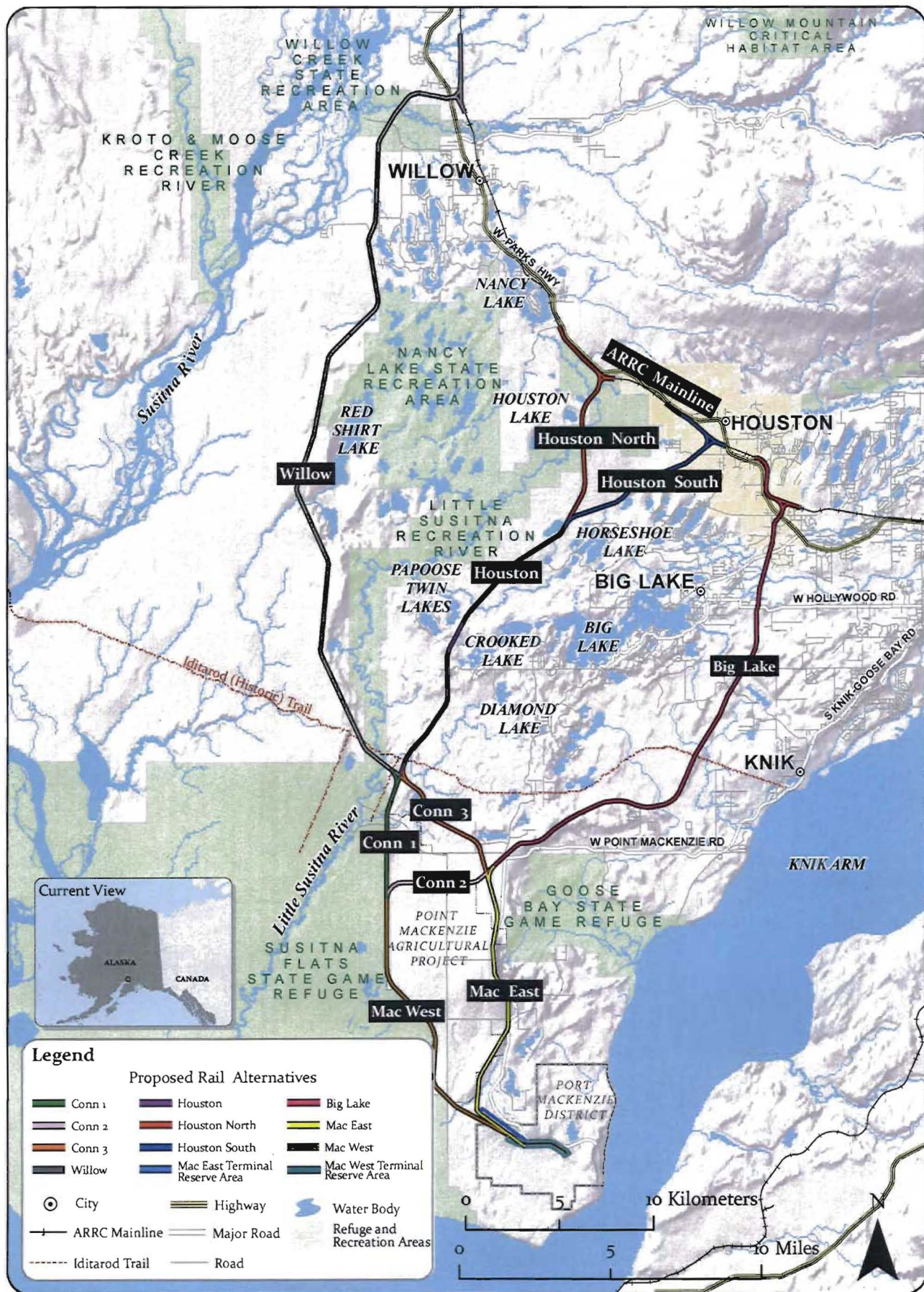


Figure 1