

E1-6973

March 19, 2008

David Navecky
STB Finance Docket No. 35095
Surface Transportation Board
395 E. Street S.W.
Washington, D.C. 20423

It was a pleasure talking with you at the scoping meeting in Big Lake and Anchorage.

Along with a copy of the letter I gave you in Anchorage (excluding HB 229) I am enclosing additional items that surfaced after our conversation:

1. An email dated March 13 from the MSB Manager to members of the Borough Assembly.
2. A newspaper opinion article dated March 16 concerning the Agrium plant in Kenai.
3. "Benefit Cost Assessment" document revealed by Mr. Duffy on television news on or about March 13. (Apparently, from an email I received from Patty Sullivan at the Borough a final report is expected in the near future).
4. A "Projects Facts" document dated January 4, 2008.
5. The "STB Process" diagram sheet that I received at the 12/11/07 Borough Assembly meeting that I showed you in Anchorage and a similar diagram sheet that I obtained from the Port Mac website on March 18. They conflict.

Also enclosed are:

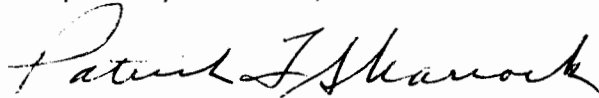
1. My letter dated October 29, 2007 to Patty Sullivan, Public Affairs Director, MSB and Stephanie Wheeler, Port Mackenzie Rail Extension Public Involvement Officer.
2. My testimony before the MSB Borough Assembly on December 11, 2007 (Note: pages 2 and 4 are omitted in Volume IV "Preliminary Environmental and Alternatives Report" at pages B-269-271).

Additionally, I would like to submit findings that I have mined from documents that I have reviewed. As vague, confusing and distasteful as the "matrix" (at page 5-5, in Volume 1, "Preliminary Environmental and Alternatives Report") has been to most people, my intention here is to use that approach to reflect factual information that I reference from various documents. (Note: the matrix shown in above item 4 is the fifth "matrix" variation distributed by ARRC/MSB during the last five months). Using the impact categories listed in your "Draft Scope of Study for EIS," my intent is to hopefully assign facts to an appropriate impact category. I have tried to be as objective as possible.

My "category source" review clearly shows the Willow Route to be the most reasonable route. This route was supported by the Alaska Railroad and the Matanuska-Susitna Borough. The route clearly does not bisect a large recreational area and passes through the least populated/residential and temporary use recreational areas with the least impact to dwellings. The impact from noise, diesel exhaust, potential derailments and crossing violations is significantly decreased by using this route.

I look forward to reviewing your draft EIS.

Respectfully submitted,

A handwritten signature in black ink, reading "Patrick L. Sharrock". The signature is written in a cursive style with a large, stylized "P" and "S".

Patrick L. Sharrock

8731 Solar Drive

Anchorage, AK 99507

Item	Impact Category	Houston	Willow	Source
1		2003 Corridor 4	2003 Corridor 3	
2				
3				
4				
5	1 Safety			
6				
7	a. Subjected to the most illegal			
8	crossings in winter/summer	--	+	Overall routes map
9				
10				
11				
12				
13	2 Land Use			
14				
15	a. Closes a private airstrip	--	+	Vol 1, pg 4-4, para 4
16	b. Passes thru honeybee apiaries	--	+	Vol 4-letters, pgs B-179-180
17	c. Passes thru a home	0	--	Vol 4-letters, pgs B-155-162
18	d. Land ownership suitability - favors			
19	Willow Route	--	+	Vol 1, Fig 2-10, pg 2-15
20				
21				
22				
23				
24	3 Recreation			
25				
26	a. Biseects a large winter/summer			
27	recreation area	--	+	Overall routes map
28	b. Unofficial trail system-East to West and	--	--	Vol 1, pg 4-33, para 3 ---- Not
29	West to East			considered
30				
31				
32				
33				

Item	Impact Category	Houston	Willow	Source
34				
35	4 Biological Resources			
36				
37	a. Endangered species	0	0	None identified
38				
39				
40				
41	5 Water Resources			
42				
43	a. "largest impact on wetlands"	--	+	2003 study, pg 10 (Corridor 4)
44				Vol 1, Fig 2-6, pg 2-9
45	b. Impacts lakes	--	+	
46	This assessment is my own and differs from statement at Vol 1, page 4-8, para 1 that states alternatives would not impact area lakes. " Potential impacted lakes are Muleshoe Lake, West Lake, Horseshoe Lake, Papoos/Twin Lakes and other surrounding pnds and swamps			
47				
48				
49				
50				
51				
52	6 Navigation			
53				
54	a. Waterways	0	0	Willow Creek, Little Susitna River, Lake Creek
55				
56				
57				
58				
59	7 Geology and Soils			
60				
61	a. Severly limiting soils	--	+	Vol 1, Fig 2-7, pg 2-10
62	b. Similar to a.	--	+	Vol 2, pg 4-16, Table 4-4
63				
64				
65				
66				

	Item	Impact Category	Houston	Willow	Source
67	8	Air Quality			..
68					..
69					..
70					..
71					..
72					..
73					..
74					..
75					..
76			--	+	2003 Study, Table 3-1, pg 40
77		a. Impacts the largest population area			..
78		b. "separation between rail and developed areas reduces impacts such as noise, vibration and visual impacts"			Vol 1, pg 2-11, para 1
79		c. 2030 projected population in Pt. Mac area - 60,700 w/ Knik Arm bridge		+	..
80			--		..
81					..
82					..
83					..
84	10	Energy Resources			..
85					..
86		a. I am not qualified to assess the issues involved in this category			..
87					..
88					..
89					..
90					..
91	11	Socioeconomics			..
92					..
93		a. Majority public support	--	+	Vol 4
94		b. Big Lake Chamber of Comm. support	--	+	Vol 4, letters, Pgs 182-184
95		c. Willow Chamber of Comm. support	--	+	" "
96		d. Big Lake Community Council support	--	+	Vol 4, letters, pgs B-190-191
97		e. Recommended route	--	+	2003 study, Exec. Sum, pg iv
98		f. Supported by Alaska Railroad Corp	--	+	2003 study, Appendix M
99		g. Adopted by MSB in comprehensive plan	--	+	Ord. No. 05-011, Appendix A

Item	Impact Category	Houston	Willow	Source
100	h. Route is "relatively remote"	--	+	2003 study, pg 50, para 2
101	i. Knik Tribal Council support	+	--	Vol 2, pg C-29
102	j. AK DNR Office of Habitat Mgmt	+	--	Vol 2, pg C-32
103	k. MSB Cultural Resources Div.	+	--	Vol 2, pg C-38
104				
105	12 Transportation Systems			
106				
107	a. provides room for future highway	--	+	2003 study, pg 64, last para
108				
109				
110				
111				
112	13 Cultural and Historic Resources			
113				
114	a. Inconclusive	0	0	not fully surveyed
115				Vol 1, pg 4-34, para 4.3.3 and Vol 2
116				Appendix I
117				
118				
119				
120	14 Environmental Justice			
121				
122	a. None known	0	0	Vol 1, 4-43-44, para 4.3.10
123				
124				
125				
126	15 Cumulative Impacts			
127				
128	a. Future railroad mainline	--	+	2003 study, pg 8, para 1 & pg 54,
129				para 2
130	b. Cost	+	--	
131	c. Bonding authorized - \$300 million	0	+	AK Legislature '07 HB 229
132	d. Impacts the largest developing area	--	+	Vol 1, Fig 2-8 pg 2-12

David Navecky, STB, Finance Docket No. 35095 - Impact by Category/Source by Patrick L. Sharrock

	Item	Impact Category	Houston	Willow	Source
133					..
134					..
135					..
136					..
137					..
138		TOTALS (net)	minus 18	plus 17	..
139					..
140					..

David Navecky
STB Finance Docket No. 35095
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Patrick L. Sharrock
8731 Solar Drive
Anchorage, Alaska 99507
(907)345-5353

March 10, 2008

Dear Mr. Navecky:

Thank you for your time and courtesy at the scoping meeting at Big Lake on March 4.

I finally remembered what I was going to say concerning Alaska Legislature House Bill 229. The bill passed the legislature last May and was signed by Governor Palin in September. (Note: this information was never divulged by ARRC or the MSB) The bill authorizes ARRC to issue bonds for a total of \$2.9 billion to participate in construction of facilities in Kenai, Alaska for the Agrium plant there. Bonding authorization includes \$300 million for the railroad to construct a rail line "for transportation of coal by rail from Healy to Port MacKenzie and thereafter by barge to the northern Kenai Peninsula." It appears that the primary issue at hand is getting coal to Kenai.

You mentioned that STB could consider additional route alternatives. During our conversation, I mentioned that there is another alternative route, at my wife's suggestion, that is not included in the ARRC/MSB routes proposal. That additional route is from Moose Pass, Alaska to Kenai. This route is portrayed on the attached maps. Enacted HB 229 is also attached.

I hesitate to propose this alternative route because it probably poses similar challenges to the routes posed in the MSB and could lessen viability of Port MacKenzie. However, it would eliminate the necessity for coal loading facilities at the port and related barging of coal to the Kenai. Coal from the mine at Healy to Seward has passed through the Municipality of Anchorage for many years.

I believe further consideration and review of additional routes is warranted to accomplish a full assessment of possible actions by STB.

Thanks again for your courtesy and consideration.

Patrick L. Sharrock

Google

e.g., "10 market st, san francisco" or "hotels near lax"

Moose Pass, Alaska

Search Maps

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[Search the map](#)

[Find businesses](#)

[Get directions](#)

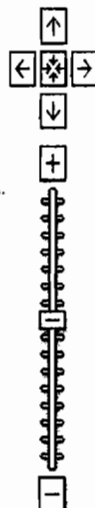
Search Results My Maps


 Moose Pass, AK

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[Terrain](#)

Anchorage

Kenai Soldotna Sterling

20 mi
 20 km

©2006 Google Map data ©2008 NAVTEQ™

 - Present line to Seward
 - Alternative route to Kenai



Anchorage

Moose Pass, AK

Kaglin Island

© 2008 Europa Technologies
Image © 2008 TerraMetrics
Image © 2008 DigitalGlobe
Image NASA

Streaming 100%

Lat: 60°45'50.03" N 149°02'27.94" W elev 1383 ft

EyeAlt 408.00 ft

From: John Duffy [mailto:John.Duffy@matsugov.us]

Sent: Thursday, March 13, 2008 9:31 AM

To: Cindy Bettine; Curt Menard; Lynne Woods; Mary Kvalheim; Michelle Church; Pete Houston; Rob Wells; Tom Kluberton

Subject: Agrium

Mayor and Assemblymembers,

We have received word that the propose Kenai Coal Gasification project (Agrium) will be cancelled. There will be some kind of public announcement today. Although this project helped get our rail extension off the ground, at this time our rail extension project is not dependent on the Agrium effort. John

Anchorage Daily News
3/16/08

**TIM
BRADNER**
ECONOMY



Agrium plant did what it was meant to

Last Thursday brought another tough break for Agrium Corp., owner of a major fertilizer plant near Kenai that suspended production last fall. The company announced that an innovative coal-gasification project it hoped would get the plant back into operation was uneconomic.

Agrium had put a huge amount of work into the project, as had Usibelli Mines Inc. of Fairbanks, which would have supplied coal for the plant. The company had wide support from community and government leaders too.

In the end it just didn't pencil, a victim of rising costs for steel and other materials and also a worsening overall economic environment nationally, Agrium said, which would affect the company's efforts to finance the \$2 billion project.

Agrium's idea was to make a synthesis gas from coal to replace natural gas as a chemical feedstock in the making of ammonia and urea fertilizer.

Natural gas has been in in-

grown and the use of gas for heating and power generation has become the norm. Not a lot of new exploration was done, and reserves declined. The result is that gas is selling for \$6 per thousand cubic feet and getting pricier. Fundamentally, the economic environment in which the fertilizer plant developed and helped bring prosperity to Kenai Peninsula communities has changed. Agrium made a valiant effort at a technology solution — coal gasification — which might have changed the economic environment for the plant, but it didn't work.

Still, we have to look at this plant as a brilliant success for what it accomplished. As Wagoner points out, the plant did exactly what it was supposed to do in making value-added products from a then-inexpensive resource and creating well-paying jobs in the community.

It's too early to say "rest in peace" for the fertilizer plant, not while there's even a sliv-

creasingly short supply in the Cook Inlet region as gas fields are depleted. The company began experiencing shortfalls of gas a few years ago and suspended operations last year, meanwhile keeping the plant in "warm shutdown" until a decision could be made on the coal gasification project.

State and federal officials did their part to help. The state contributed \$5 million and the federal government \$2 million to help pay engineering costs. The Alaska Railroad Corp. stepped forward with an offer of a \$2.6 billion financing plan that would have had the railroad make the first use of its unique authority to issue tax-free bonds to finance a non-rail project.

Six hundred million of that was to finance the railroad's own projects, including a rail spur to the Mat-Su Borough's bulk commodities port at Port MacKenzie, across Knik Arm from Anchorage, but \$2 billion was reserved to help Agrium finance its coal-gasification plant.

This was just an option in financing for Agrium had the company gone ahead with the coal gasification plan.

Agrium isn't dismantling the plant yet, however, and there is still hope, though a slender possibility, for a restart if more gas can be made available through a pipeline from the North Slope.

As bad as this news is, let's consider it in its historical context. The plant was built in 1969 by Unocal as a way of making something more valuable — fertilizer — with then-inexpensive surplus natural gas that had been discovered when the industry was looking for oil.

State Sen. Tom Wagoner of Kenai remembers that gas in Cook Inlet was worth about 18 cents a thousand cubic feet when the plant was built. That was almost 40 years ago. Over the years populations have

er of a chance for a restart, but we must be realistic in accepting that its time may have passed.

However, there are always opportunities and we must be alert to them. For example, a pipeline from the North Slope, if it happens, might bring natural gas liquids, the foundation for a petrochemical industry, to Southcentral Alaska.

Also, an Alaska-based firm, Alaska Natural-Resources-to-Liquids, is working on a plan for a coal-to-liquids plant near the Beluga coal fields on the west side of Cook Inlet. The company and its partners recently completed a \$1.5 million conceptual feasibility study and are ready to move to the next stage.

The plant would make ultra-clean liquid fuels and other products for U.S. West Coast markets. It would also make carbon dioxide available to squeeze more oil from aging oil fields in Cook Inlet and would have substantial waste heat available for power generation. That would be enough for 300 megawatts of power. The plant would be 12 miles from Chugach Electric's Beluga power station with its transmission infrastructure.

The point is that there will always be opportunities to make things of value from Alaska's resources if people seize the opportunities and our state and local governments back them. That was certainly the case with Agrium's coal gasification plan and we should applaud the effort even if it didn't work, at least for the fertilizer plant.

If the era of value-added from cheap gas has passed, maybe other eras, like value-added from coal, are arriving.

Tim Bradner writes for an Alaska economic reporting service. He also consults for private clients and writes for business publications. His opinion column appears every fourth Sunday.

Benefit-Cost Assessment of the Port McKenzie Rail Extension

prepared by:
Steve Colt and Nick Szymoniak
Institute of Social and Economic Research
10 March 2008

Costs

We assume that the Port McKenzie rail extension would cost \$275 million to construct.¹ This is a conservative estimate based on a range of between \$210 million and \$295 million for different route options. O&M costs are assumed to be \$1.5 million per year. The time horizon runs 50 years from 2012 to 2061. The net present value of all costs is \$301.1 million.

Benefits

The rail extension would provide two distinct types of benefits: 1) It reduces the cost of rail transportation; and 2) It is likely to stimulate significant new mines and other major development. These benefits come from a diverse mix of potential projects – thus a strength of the rail extension is that its economic viability does not depend on any one project.

Reduced transportation costs.

Relative to Seward, using the extension would save 140.7 miles per one-way trip.² Assuming an average cost savings of 6 cents per ton-mile and a 5.0% real discount rate,³ we estimate that using the extension would save \$648 million in avoided rail costs, avoided port costs, and avoided railroad and road upgrades. These savings are shown in the following table.

	Tons per year	Years of operation	Benefits from reduced rail and port cost NPV at 5%	Notes
Usibelli Coal	1,000,000	2012 - 2061	\$ 152,292,784	
Gas pipeline materials	N/A	2013 - 2015	\$ 101,484,644	1
Ore from new mines	3,558,750	2017 - 2056	\$ 144,786,021	2
Coal to Agrium	4,000,000	2012 - 2061	\$ 114,380,371	
Cement plant	1,095,000	2020 - 2061	\$ 99,358,093	3
Misc commodities	250,000	2012 - 2061	\$ 35,725,880	4
Total benefits			\$ 648,027,793	
Benefit / Cost ratio from transportation savings			2.2	

- Notes:
1. Gas pipeline savings includes \$82 million of avoided rail and road upgrade costs
 2. Mines would commence operation in various years; the tonnage in this table is peak production reached after 2037.
 3. Assumes a 3,000 tons per day output shipping to tidewater for export.
 4. Assumes a combination of gravel, wood chips, additional fuel imports to meet growing demand, and other miscellaneous bulk commodities.

In addition to the above, we estimate that between 1,200 and 2,200 crossings of Pittman Road and other roads would be avoided by the extension, saving motorists up to **120,000 hours** of travel time delay between now and 2061.

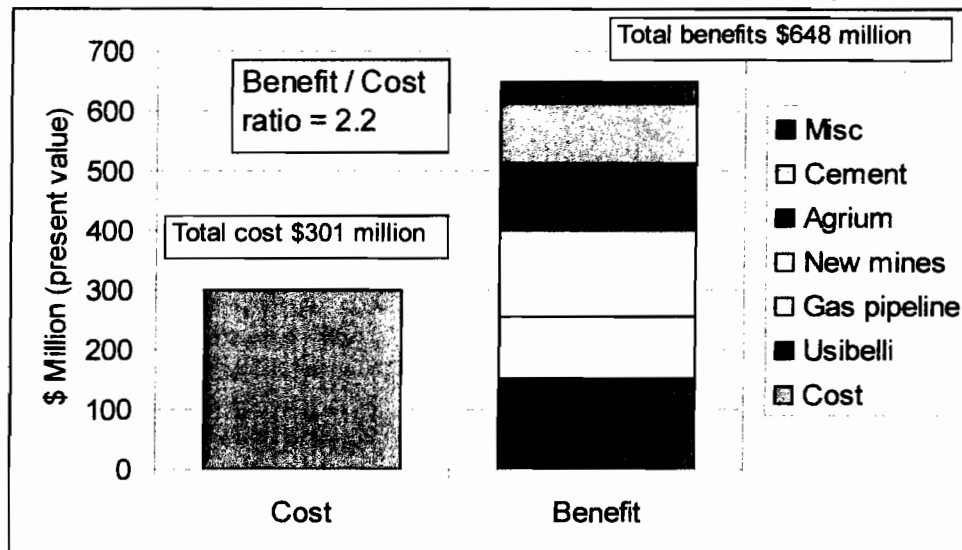
¹ AK Railroad submission to Federal Surface Transportation Board requesting license to build rail extension. January 2008.

² Paul Metz, Economic Analysis of Rail Link Port MacKenzie to Willow, Alaska. February 2007

³ "real discount rate" means adjusted for inflation. This rate is based on the real rate of return from the Alaska Permanent Fund.

Benefits of Port McKenzie rail extension from reduced transportation costs

(Present value @ 5.0%; does not include motorist time savings)



Economic development from new mineral activity

According to a detailed analysis by Paul Metz,⁴ the rail extension would provide a significant stimulus to new mineral developments within a 120-mile wide corridor surrounding the existing Railbelt. Metz projects likely minerals development with a gross metal value of \$327 billion. This value would generate taxes and royalties to the State of Alaska starting at \$42 million per year (in 2017) and increasing to \$543 million per year in 2027 and to \$1.1 billion per year after 2037. In addition these developments could generate up to \$3 billion per year in additional economic activity in Railbelt communities.

Direct fiscal return to State of Alaska

Because much of the savings from reduced rail transportation costs would flow through to increased taxable income, we estimate that direct annual fiscal returns to the State of Alaska would have a present value of between \$110 million (tied to rail cost savings) and \$6.3 billion (including all mineral revenues from new mines). These break down as follows:

- Between \$1 million and \$4 million per year in additional corporate income taxes and oil and gas revenues, with a present value of \$68.5 million
- A direct saving to the state of \$41.2 million from avoided railroad and road upgrades⁵
- Assuming new mineral development and attributing it to the rail extension, \$42 million per year increasing to \$1.1 billion per year from mining license fees, royalties, and corporate income taxes. The present value of all these mineral revenues is \$6.2 billion.

Conclusion

This project provides a benefit/cost ratio ranging from 2.2 (based only on transportation cost savings) up to about 50 (based on additional mineral activity). In addition, there will be community benefits (jobs and income) that we have not explicitly considered here. These are extraordinarily good returns on an infrastructure investment in Alaska.⁶

⁴ Paul Metz, Economic Analysis of Rail Link Port MacKenzie to Willow, Alaska. February 2007.

⁵ Assumes that the state would pay half of these upgrades and pipeline builders would pay half.

⁶ By comparison, the Bradley Lake hydroelectric project now appears to have a B/C ratio of less than 1.5, even when based on high and rising natural gas prices. Most public projects in Alaska have not been subjected to formal cost-benefit analysis.



Port MacKenzie Rail Extension



PROJECT FACTS

Project Scope

The Matanuska-Susitna Borough (MSB) and the Alaska Railroad Corporation (ARRC) jointly propose construction and operation of a new rail line to connect the Borough's Port MacKenzie to ARRC's rail system.

The port lies about 30 miles southwest of Wasilla and about 5 miles due north of Anchorage, across Cook Inlet. Depending on the route selected, the project would involve 30 to 45 miles of new rail line extending from Port MacKenzie to the Alaska Railroad's mainline at some point between Meadow Lakes and north of Willow.

Port MacKenzie has a deep draft dock that requires no dredging and can serve the world's largest ships (Panamax and Cape Class vessels). The port's 8,940 upland acres and 1,300 tide-land acres provide ample room to accommodate bulk resource storage, transport and processing facilities, as well as rail and terminal facilities for efficient train loading and unloading.

The project includes completion of an environmental study/document (either an Environmental Impact Statement, EIS, or an Environmental Assessment, EA) as required by the National Environmental Policy Act (NEPA). This work includes identifying and analyzing feasible alignment alternatives, completing preliminary engineering design on alternatives, estimating anticipated construction costs, and determining the project's economic, financial and engineering feasibility.

When the environmental document, design and construction are complete, the new rail line would operate as part of the Alaska Railroad system.

Project Benefits

- The rail line would maximize Port MacKenzie's potential as a bulk resources export and import facility.
- Railbelt communities would benefit from newly stimulated natural resource development and rail freight activity through increased employment, contributions to state and community tax base, and overall economic health.
- With room for layout and storage, Port MacKenzie would be an ideal site to supply materials for pipeline and other construction projects.

Project Status & Timeline

- In 2007, the Alaska State Legislature appropriated \$10 million to complete the environmental document and related studies.
- In June 2007, MSB and ARRC signed a Memorandum of Agreement to pursue environmental work, engineering and alternative analysis in support of the Surface Transportation Board (STB)-led environmental document for a Port MacKenzie rail line extension.
- The project timing is currently tied to rail transport for the proposed Agrium Kenai Coal Gasification (KCG) project, which requires the rail extension to be operational by 2012. If the rail extension timing remains based on the KCG project, the environmental study, engineering, design and construction activities will follow a tight schedule:



- NEPA Environmental Study Completion / Identify Funding: 2007-2009
- Project Final Design: 2008-2009
- Construction: 2009-2011
- Operation: 2011-2012
- In Summer 2007, MSB and ARRC hired HDR Alaska to assist with completing an Alternatives Analysis. This entailed review of prior studies related to Port MacKenzie, as well as new preliminary engineering and environmental field work to support the NEPA process. Extensive public involvement activity took place September through December 2007, including five public meetings (Wasilla, Knik, Big Lake, Houston and Willow), and dozens of briefings and meetings with community and special interest groups, as well as with municipal, borough, state and federal regulatory agencies. A project web site was also developed, going live in September – www.portmacrail.com.
- The railroad will submit the completed Alternatives Analysis as part of an application to the STB in January 2008. See the STB NEPA Process described in the flow chart on page 4 indicating the anticipated next steps following the application submittal.

Project Participants

- Matanuska-Susitna Borough (MSB) – MSB is the local government that owns the Port MacKenzie land and facility. The Mat-Su Borough is the project's Sponsor, responsible for financial and public/government relations oversight and land use planning. MSB is co-managing the project.
- Alaska Railroad Corporation (ARRC) – ARRC is a self-sustaining corporation owned by the State of Alaska. The Alaska Railroad is the project's Applicant, responsible for rail-

related technical expertise, and preparation and submittal of documents to the STB in support of the NEPA environmental document effort. ARRC co-manages the project.

- Surface Transportation Board (STB) – STB is the lead federal agency on the project. Because the project involves new rail line construction requiring federal approval, an environmental document will be prepared to meet NEPA requirements. The STB, through its Section of Environmental Analysis (SEA) will be responsible for preparing the environmental document.

Cost and Funding

- The State appropriated \$10 million during the 2007 legislative session to support the STB's process for achieving a license for constructing and operating the rail line. This includes alternative analysis, preliminary engineering, NEPA environmental documentation and a financial feasibility study.
- Final design and construction of a rail spur to Port MacKenzie is estimated to cost \$230 to \$300 million, depending on route selection. The Mat-Su Borough and Alaska Railroad will jointly conduct a financing study to assess options for funding the project.

For More Information

Mat-Su Borough:

- Public Affairs Director Patty Sullivan at 907.745.9577

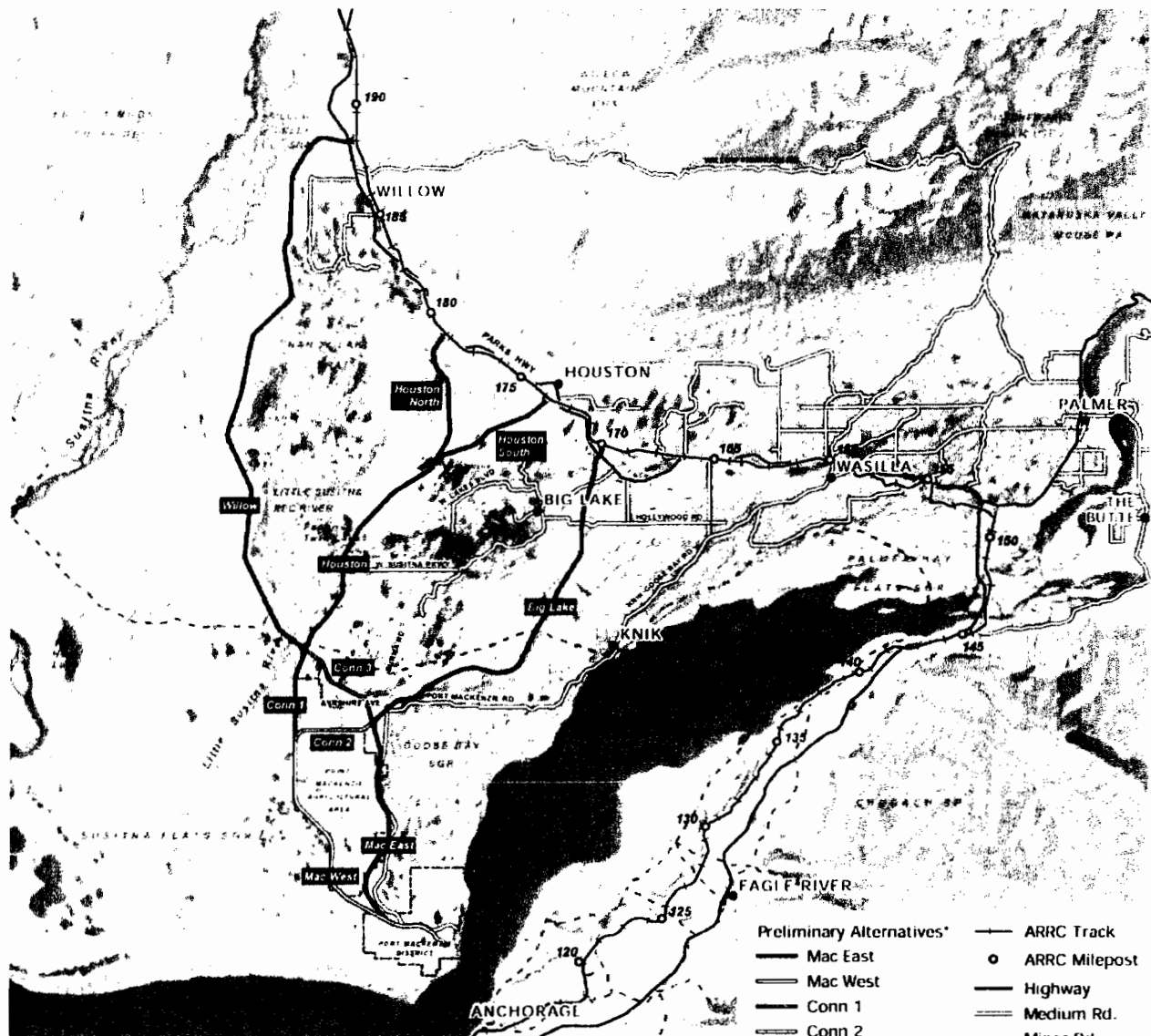
Alaska Railroad:

- Public Involvement Officer Stephenie Wheeler 907.265.2671

www.portmacrail.com



Route Alternatives



Matrix Reference

Use this map as a reference for reviewing the project matrix on the following page. Footnotes regarding the matrix:

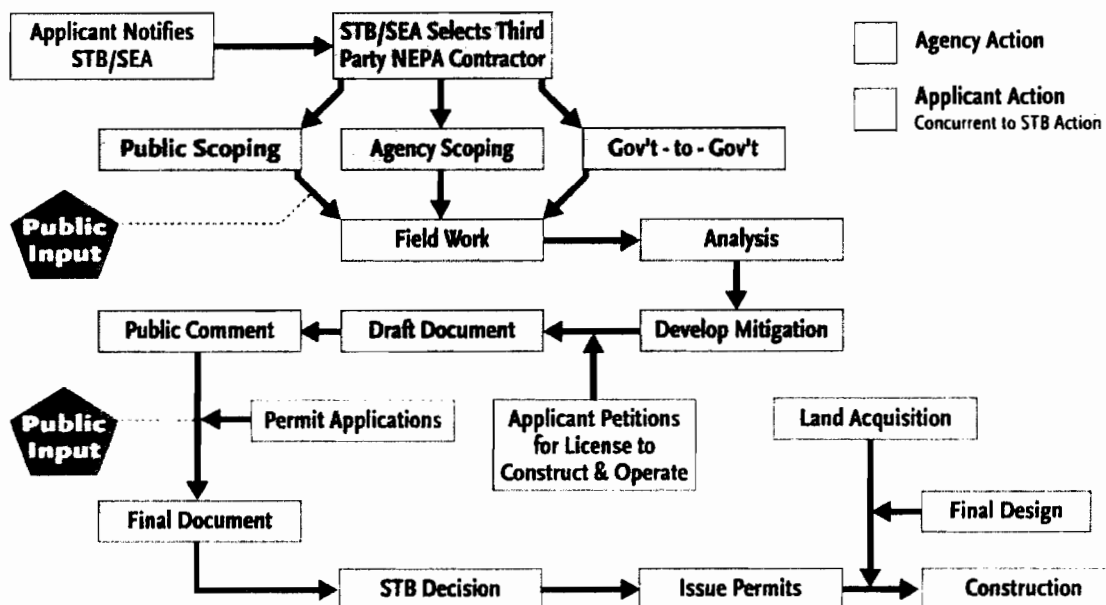
- Criteria are rated as follows: (+) Positive; (0) Neutral; (-) Negative. Criteria are not weighted and routes are not ranked.
- Large parcels of undeveloped land owned by the State (but not designated for parks or refuges), Mat-Su Borough, University of Alaska, Mental Health Trust, and Alaska Native Corporations.
- Lands designated for parks, refuges or agricultural uses.
- Routes impacting greater than 500 acres were given a minus (-) and routes impacting less than 300 acres were given a plus (+).
- Costs do not include approximately \$10 million for a loop track constructed within the Port. This cost is common to all of the route alternatives.



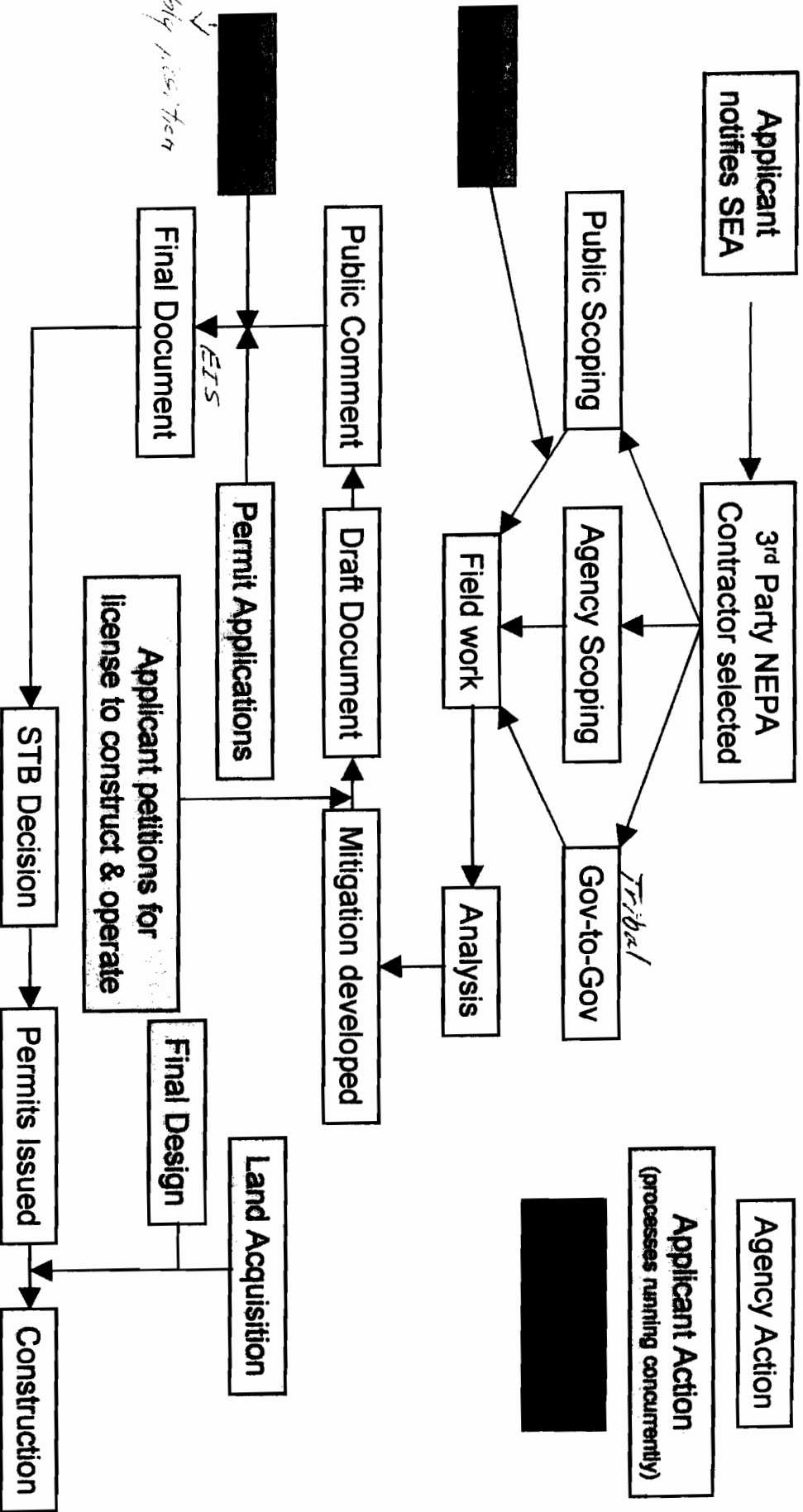
Port MacKenzie Rail Extension Criteria Matrix

PROPOSED ROUTES	CRITERION ^a										+ / 0 / -	Total	Cost Estimate ^e (millions of dollars)
	Poor or Highly Compressible Soil (millions of cubic yards)	Number of New Road Crossings	Land Availability ^b (acres / mile)	Number of Developed Parcels	Designated Land Use ^c (acres)	Train Energy Needed (horsepower-hours)	Wetlands (acres)	Number of Mapped Anadromous Fish Streams	High Potential for Archeological Sites (acres) ^d	Fragmentation of Refuges or Recreation Areas (yes / no)			
Mac West • Willow	1.14 0	5 +	15.5 0	11 0	440 -	8,100 +	260 0	5 0	585 -	Yes -	2 / 5 / 3	-1	\$285 -
Mac West • Houston North	1.75 -	1 +	11.6 0	13 +	445 -	7,700 0	350 -	7 -	225 +	Yes -	3 / 2 / 5	-2	\$220 0
Mac West • Houston South	1.19 0	5 +	16.3 0	13 +	415 -	8,100 0	280 -	6 0	280 +	No 0	3 / 5 / 2	+1	\$200 +
Mac West • Big Lake	0.60 +	11 -	11.3 -	35 -	320 -	9,800 -	220 0	7 -	530 -	No 0	1 / 2 / 7	-6	\$240 0
Mac East • Willow	1.05 0	7 0	18.9 0	7 +	150 +	8,700 0	90 +	4 +	580 -	Yes -	4 / 4 / 2	+2	\$280 -
Mac East • Houston North	1.62 -	6 0	18.7 0	5 +	145 +	7,900 0	240 0	6 0	225 +	Yes -	3 / 5 / 2	+1	\$220 0
Mac East • Houston South	1.05 0	7 0	20.4 +	5 +	130 +	8,700 0	175 +	5 0	280 +	No +	6 / 4 / 0	+6	\$200 +
Mac East • Big Lake	1.12 +	11 -	11.4 0	26 -	120 +	9,100 -	160 +	7 -	540 -	No +	4 / 1 / 5	-1	\$220 0

STB NEPA Process



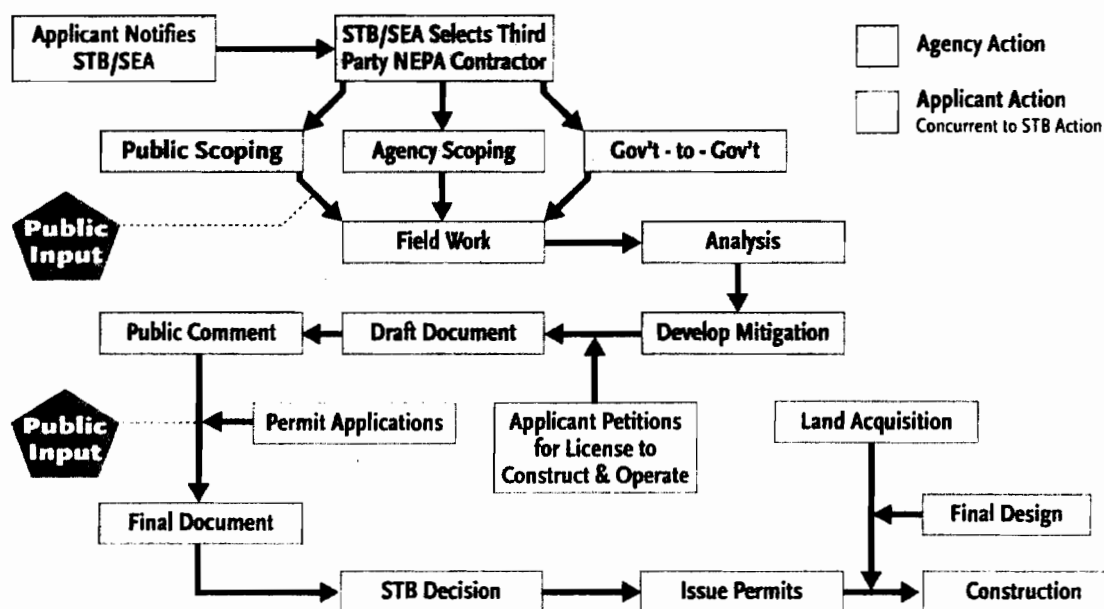
STB Process



Port MacKenzie Rail Extension Criteria Matrix

PROPOSED ROUTES	CRITERION ^a										+ / 0 / -	Total	Cost Estimate ^c (millions of dollars)
	1 Poor or Highly Compressible Soil (millions of cubic yards)	2 Number of New Road Crossings	3 Land Availability ^b (acres / mile)	4 Number of Developed Parcels	5 Designated Land Use ^c (acres)	6 Train Energy Needed (horsepower-hours)	7 Wetlands (acres)	8 Number of Mapped Anadromous Fish Streams	9 High Potential for Archeological Sites (acres) ^d	10 Fragmentation of Refuges or Recreation Areas (yes / no)			
Mac West • Willow	1.15 0	5 +	15.8 0	15 0	447 -	2,100 +	260 0	5 0	585 -	Yes -	2 / 5 / 3	-1	\$285 -
Mac West • Houston North	1.73 -	7 +	14.6 0	13 +	449 -	7,300 0	350 -	7 -	225 +	Yes -	3 / 2 / 5	-2	\$220 0
Mac West • Houston South	1.19 0	5 +	10.4 0	13 +	415 -	8,100 0	280 -	6 0	280 +	No 0	3 / 5 / 2	+1	\$200 +
Mac West • Big Lake	9.60 +	11 -	11.3 -	35 -	570 -	9,800 -	220 0	7 -	530 -	Yes 0	1 / 2 / 7	-6	\$240 0
Mac East • Willow	1.05 0	7 0	15.0 0	7 +	150 +	8,700 0	90 +	4 +	580 -	Yes -	4 / 4 / 2	+2	\$280 -
Mac East • Houston North	1.62 -	6 0	18.7 0	5 +	145 +	7,900 0	240 0	6 0	225 +	Yes -	3 / 5 / 2	+1	\$220 0
Mac East • Houston South	1.08 0	7 0	20.4 +	5 +	130 +	5,700 0	125 +	5 0	280 +	Yes +	6 / 4 / 0	+6	\$200 +
Mac East • Big Lake	6.56 +	11 -	11.4 0	26 -	129 +	9,700 -	160 +	7 -	510 -	Yes +	4 / 1 / 5	-1	\$220 0

STB NEPA Process



copy

October 29, 2007

A/so to

Patty Sullivan
Port MacKenzie Rail Extension
Public Affairs Director
Matanuska-Susitna Borough
350 E. Dahlia Ave.
Palmer, Alaska 99645

Stephanie Wheeler
Port MacKenzie Rail Extension
Public Involvement Officer
Alaska Railroad Corporation
307 W. Ship Creek Ave.
Anchorage, AK 99501

Dear Patty,

This submission intends to express fervent opposition to one of the proposed alternate railroad corridors to Port MacKenzie. That corridor is known as the Houston/Houston North-South Route. Comments are unscientific but hopefully reflect common sense issues involved.

Our family has owned property on the west side of West Lake (sometimes called Little Horseshoe Lake) for 38 years. Our property lies within approximately 2,500 feet from the proposed Houston corridor that would run just east of Muleshoe Lake and between an adjacent unnamed lake.

The proposed alternative route area involved is bounded on the north by the Parks Highway, on the east by the proposed Big Lake Route and on the west by the proposed Willow Route. It includes the Nancy Lake Recreational Area and the unnamed Big Lake recreational area. Each area is punctuated by numerous lakes and ponds and encompasses a large recreational area that appears to be bisected by the proposed Houston Route. Additionally, much of the area is semi-settled with permanent residences and recreational cabins. The area is depicted by red hash marks on the attached map.

I have snow-machined and hiked the area west from our property many times (summer and winter) to and just beyond the Little Susitna River. The landscape is flat with swamps and numerous stands of black spruce, but contains several snow machine, dog team, skiing and hiking trails. I have also canoed on Muleshoe Lake and the adjacent unnamed lake and did not observe any discernable inlet or outlet streams on either lake, so these bodies of water must originate and be sustained by subsurface sources.

Also, during times of heavy rain, I have observed, on several occasions, heavy surface run-off into our lake (West Lake) from the area directly behind our property. Additionally, our lake feeds Horseshoe Lake. However, I have no idea how or where the distribution of water is determined in the area.

Having briefly described the "route" area, I submit the following points in opposition to the Houston Route:

1. It clearly bisects a large recreational area.
2. It clearly is disruptive to people's residences and recreation properties – i.e. noise, potential derailment, damage to surface water and drainage and unknown amounts of coal dust.
3. It clearly invites dangerous crossing of the rail line by recreational users.
4. It clearly disrupts habitat for muskrat, loon, beaver, and other small animals and birds.

5. It clearly, and most importantly, is a potential divider that alters, restricts or eliminates the free movement of water that sustains the watershed drainage in the eastern area of the route. In essence it could be a dam.

In conclusion, I understand the necessity of providing a rail connection to Port MacKenzie. However, it should be developed with the least disruption of developed property and public use areas. In my opinion, common sense dictates that the Willow Route is the most reasonable route.

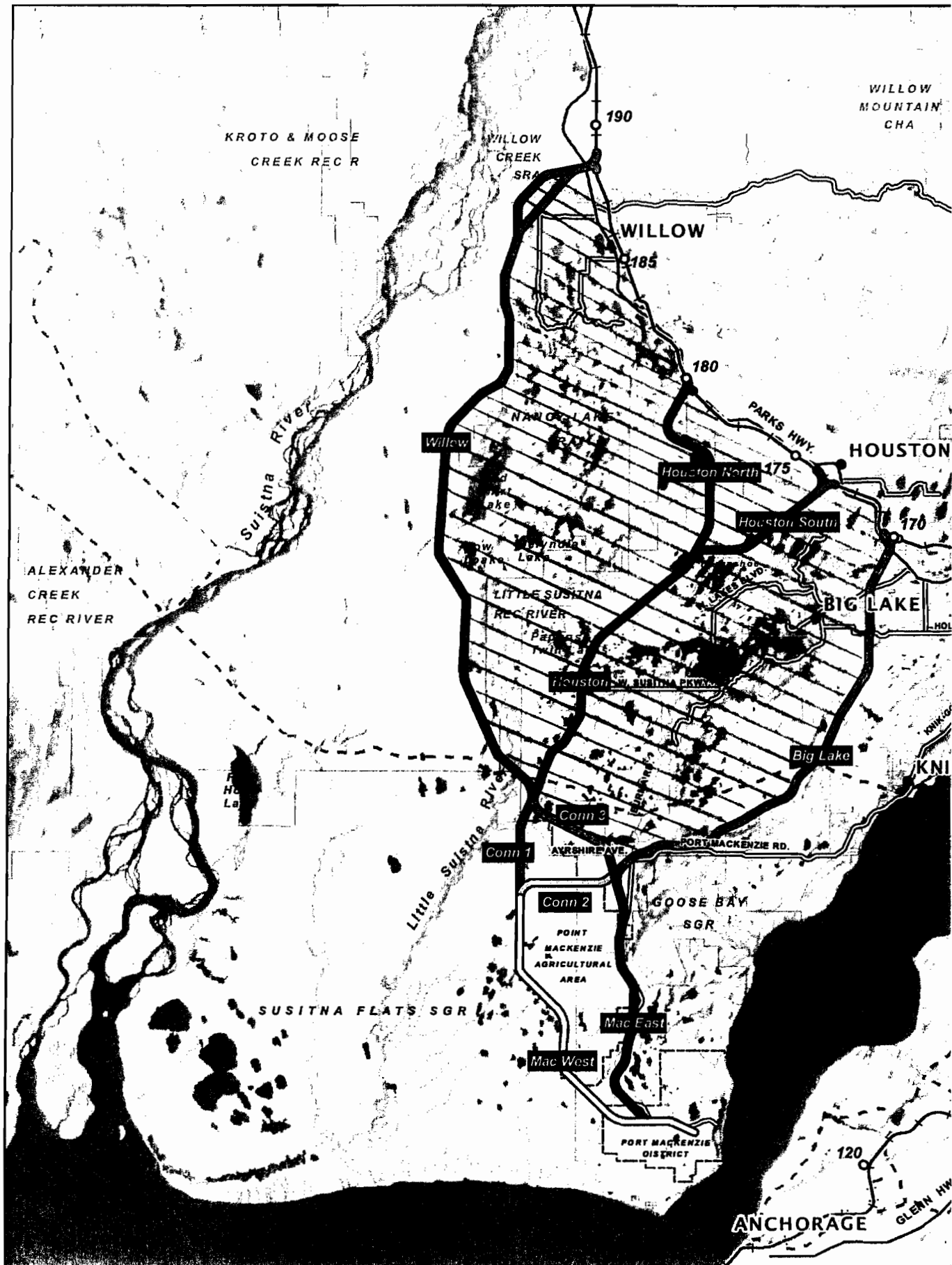
Thank you for your courtesy and consideration.

Respectfully,

Patrick L. Sharrock
8731 Solar Drive
Anchorage, Alaska 99507
(907)345-5353

cc: Cindy L. Bettine
Matanuska-Susitna Borough
PO Box 870008
Wasilla, Alaska 99687

Cathi Kramer
PO Box 521783
Big Lake, Alaska 99652



Testimony of
Patrick L. Sharrock (345-5353)
Matanuska-Susitna Borough Assembly

December 11, 2007 – 3pm
Palmer, Alaska

Good afternoon Madam Chair and assembly members,

My name is Patrick Sharrock. My wife and I have owned recreation property in the rail routes area for almost 38 years. We live in Anchorage.

Thank you for allowing testimony from the public. I also want to publicly thank Patty Sullivan for her very efficient help.

I understand that you will not be determining a route preference recommendation to the Surface Transportation Board.

I am not here to promote one route over another. However, there are clearly only three alternative routes under review, as identified on the map that you viewed at your meeting of November 20. Those routes are Big Lake, Houston, and Willow. In discussions that I have had with people those are the names used. The matrix sheet you reviewed at that meeting shows eight routes. Those routes are determined from what I call four linkage routes – Mac-West, Mac-East, Houston-North and Houston-South. Combined, these linkage routes cover more distance than the Willow route and that distance does not include the more than ten miles for the legs shown on the map as Conn 1, Conn 2 and Conn 3.

If there is an analysis of routes, then the linkage routes, including the Conn routes should be reviewed and evaluated on their own merits and shown separately on the matrix sheet. That would then leave the three primary routes to be evaluated and also shown separately. However, regarding the current matrix sheet, there is no definition for what a "+," "-" or "0" is for each criteria.

I read in a recent document that *"The matrix, as part of a longer project background report, will lay the foundation for the STB's environmental*

document.” If that statement is true, then the matrix should be clear, meaningful and reflect as much detail that can be easily understood.

Madam Chair, I suspect we all agree that a rail extension is a monumental project for Alaska and the valley. It brings a new rail line that can encourage development in the west, promote construction of a Knik Arm bridge and promote development in the valley.

In the short view I hope that you promote a development that does not discourage current public expansion but in the long view recognizes future westerly movement across the Susitna River. Project review should clearly keep in mind what will occur during the next two or three decades.

I will begin with five issues that I believe you should include in your resolution. I urge you to resolve that:

1. Any rail line shall have the least impact on resident and recreational users of the area and not deter development in the area.
2. A rail line shall not degrade or stifle natural surface or subsurface distribution of water that sustains lakes, ponds, streams and wildlife breeding habitat.
3. Public safety be a primary measure showing the concern that recreational users are not confronted with or invited to dangerous illegal crossing of tracks.
4. The STB consider the issues raised in the June 2003 Matanuska-Susitna Borough Rail Corridor Study.
5. The STB maintain its own website for the project to assure accuracy, completeness and timeliness of information and notices contained therein and to also assure that there is not an appearance of conflicts of interest.

This has been a very frustrating process for me during the last 60 days.

So Madam Chair, I want to clarify my reasons for including the last item regarding the STB maintaining its own website.

1. I attended two open houses, the Planning Commission meeting on November 5 and your assembly meeting on November 20.
2. Poster boards at the open houses showed that the Planning Commission would hold a "public hearing." Additionally, I recall hearing at one open house that the Planning Commission would make a recommendation of a rail route to the assembly.
3. The Planning Commission meeting was a "work session" only and no public comment was allowed. I asked the Committee Chairwoman about both items and she told me that that information was a mistake.
4. The next morning I called Patty Sullivan about the problem. She seemed stunned and embarrassed and apologized for the error. I believe it was the next day when I checked the MacRail website that I saw a revision to the poster and a footnote apology.
5. I received handouts at the Planning Commission and assembly meetings.
6. On October 29, I wrote a letter to Patty Sullivan and Stephanie Wheeler. The letter was my input concerning the alternative rail routes. I know my letter was timely filed because I received a very nice reply from Patty Sullivan dated November 2. On a page from the MacRail website that I printed on November 26 (MacRail Home Page) , a notice in a box at the bottom of the page reads *"Comments received through November 2, 2007, were considered in alignments and preparing the project application to the Surface Transportation Board. Comments received after this deadline will be forwarded to the STB."*
7. As of today the website shows the handout distributed at the assembly meeting, held on November 20, but not the handout distributed at the Planning Commission meeting, held on November 5. So I compared the pages in each handout. One page struck my attention. The page in the Planning Commission handout is titled "Public Comment Statistics (As of Oct. 16, 2008)." The page in the assembly handout is titled "Results of Public Involvement Activities, Public Comment Statistics (As of November 2, 2007)." The information on each page is identical. I refer to two rows in the "Written Comments" column. Those rows are "Mailed Comments" and "Letters." Because of my letter mentioned above (dated Oct. 29), I

wondered why the numbers had not changed, and I am surprised that there were no additional mailed comments, letters or electronic comments during the time period that these two sheets were updated, Oct. 16th to Nov. 2nd (or are these sheets incorrect?).

8. On or about December 3, I noticed on the website that the "Evaluation Matrix" sheet that was in the handout at the November 20 assembly meeting was "revised." A separate posting of the Matrix sheet also showed that it was revised. There is no mention of what the revisions were. On close inspection of the sheet I obtained at the assembly meeting I see that there is a minus and a zero added in the "Mapped anadromous fish streams" column. ✕
9. On December 3, I printed a page from the MacRail website that shows a box in the upper right corner that contains a notice that reads "*Matanuska-Susitna Borough Assembly, Special Work Session on the Port MacKenzie Rail Extension Project, 3 pm, Tuesday, Dec. 11, Assembly Chambers.*" Judging from my experience with the Planning Commission "work session", I would assume that public participation is not invited at this meeting. However, the assembly agenda that I printed on December 5 from the Borough website shows that this meeting is a "special session" and "audience participation" is allowed.
10. On December 7, I noticed a new posting to the MacRail website "Project Library" link. Under the heading "Newsletter" there is a five page document titled "December 2007 Port MacKenzie Rail Extension Project." I printed the newsletter. It not only contains a completely modified matrix sheet titled "Port MacKenzie Rail Extension Criteria Matrix" with a new footnote added along with another new sheet titled "Proposed Routes Strengths and Weaknesses." Now I'm really getting confused. The modified matrix sheet was posted as a separate item in the library on December 8.
11. I have not received any emails or mailed notices from the MacRail Team, since the open houses. I ask, during the last 60 days how is the public supposed to have been able to stay informed if information continually changes and is inaccurate and incomplete?

In my opinion, anyone raising a family, not retired or reporting on this particular issue would have a terrible time keeping informed of this, seemingly, fast-track process.

In closing, I would like to incorporate by reference ^{and} ~~or~~ have submitted for the record the "Matanuska-Susitna Borough Rail Corridor Study" dated June 2003 to assure that the issues contained therein are included in the application to the Surface Transportation Board.

I would be happy to answer any questions.