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Subject Port Mac Extension, STB Finance Docket 35095

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May 10, 2010
David Navecky
STB Finance Docket No. 35095
Surface Transportation Board
395 E Street, SW
Washington, DC 20423
REFERENCE: Rail Extension

Dear Sir:

In the summary section you say that FRA may give grant(s) to build the railroad extension. Isn't there an OMB regulation that you may not give government funds through grants appropriations or assistance to any applicant that is harming or may cause harm to another federally funded project?

No federal dollars may be spent on Port MacKenzie or the Railroad extension to support the Port until they have been cleared of being a contributing factors to the damages to the Knik Arms shoal and the main factor in the Port MacKenzie Shoal that are causing navigational difficulties at the Port of Anchorage which is a Federally Funded project and one of only 17 strategic military defense ports. In addition the Port of Anchorage is in the process of an expansion at a cost of \$527 million which is 52% Federally Funded.

By supporting this railroad extension, you will be contributing to the physical and economic damage to a federally funded project. As you are aware, the Alaska Railroad is exempt from the NEPA process of 4(f). Therefore once Federal dollars are removed, all 4(f) should be removed from the equation.

If you want to help the Alaskan Economy, this is not the way. The main reason our commodities are so expensive is because the ship go back empty. We are paying for a round trip for all ships but only getting service for one way. If you have one port for imports and another for exports, you will continue to have high cost as you are not addressing the main cause of higher prices. To help the economy we need one port to do both imports and exports. The Port of Anchorage has the ability to do both imports and exports for the next 20 years. Before that Port will be outgrown, we should have the Knik Bridge and hopefully a rail extension as part of the project. Port MacKenzie is a costly boondoggle that never had a

chance to succeed.

Everything in the need and purpose statement, furnished by the applicant, is inaccurate. 1) After 9 years the port has no new identified customers. If these customers existed, why have they have not contacted the Port of Anchorage. The Alaska Railroad will negotiate good rates to volume customers and have stated that unless there is substantially more business than they can currently identify, it will cost less to go to Anchorage than Port MacKenzie. 2) Knik Arm Shoal is the primary depth-limiting hazard to navigation in this area, not the depth at the port. 3) the port claims to be year round but according to a lawsuit filed by NPI, a partner in the Port development, the port design is not safe in winter. 3) port claims to be dredge free, however the Knik Arm Crossing study shows a high rate of sedimentation at the deep water port area. 4) Port of Anchorage does have the capacity to handle dry bulk commodities, and currently has a double rail line.

Cost Benefit Assessment (CBA), Even if the Cook Inlet navigation channel could handle the size ships necessary for heavy mineral transport, such as coal and limestone, all economic forecast are inaccurate. They are based on a dollar amount per ton mile as thought tariffs were figured on ton mile. Alaska Railroad under regulations of the Surface Transportation Board charges tariffs based on actual operating and maintenance costs for each section of the line. An example is that coal from the Healy mines listed tariff cost is 12.616 cents a ton/mile to Fairbanks but cost 10.47 cents a ton/mile to Seward. There is no way that any projections can be based on 6 cents a ton/mile as reflected in the CBA (Cost Benefits Analysis). No consideration was given to the fact that the 35 to 43 miles, based on which route is chosen from the existing rail line to Port MacKenzie, is a dead end.

When we asked the Alaska Railroad how much it would cost to go to Port MacKenzie, we was told that they had done the study but the actual cost of operations and maintenance is proprietary and they could not tell us, however, he did say that it will cost more to go to Port MacKenzie than it would to go to Anchorage and in some cases more than going to Seward. The information on costs was given to the Borough.

Economic Analysis of Federal Regulations Under EO 12866, January 11, 1996 states: "Analysis of the risks, benefits, and costs associated with regulation **must be guided by the principles of full disclosure and transparency**... and ... Special challenges arise in evaluating the results of an EA that relies strongly upon proprietary data or analyses whose disclosure is limited by confidentiality agreements. In some cases, such data and analysis may be the best, or even the only, means to address an important aspect of a proposed regulation. Nevertheless, given the difficulties that this confidentiality presents to OMB review and meaningful public participation in the rulemaking, **agencies should exercise great care in relying strongly upon proprietary material in developing an EA**. When such material is used, it is essential that agencies provide as much information as possible concerning the underlying scientific, technological, behavioral, and valuation assumptions and conclusions. This can be accomplished, for example, by providing information about the values of key input parameters used in a modeling analysis or the implied behavioral response rates derived from sensitivity analysis." This was not the way they handled the EA therefore **making this EA invalid and it should not be used**.

Based on this information you should issue a finding for the NO BUILD OPTION.

If you do not make this finding, then I have to encourage you to look at all facts. You will note that the only logical option is the Willow route. When taken as a system from the interior of Alaska, it is shorter, has the lowest possible train energy, the best safety factor, the best soil (all glacial moraine), and the least disruption of lifestyles of the residents of the valley.

The EIS does not adequately address the human element on the various routes. Very little has been done on the impact to people and their property values. Less than 2% of Alaska is owned by private individuals. Why has private ownership been given so little priority and the parks which cover the vast majority of land been given so much priority?

Alaska's Department of Natural Resources is mandated to work with transportation department when it is in the best economic interest of the State. The precedent has been set many times for property exchange or lot line readjustments. The DNR's findings indicate a strong influence from the Borough management who are trying to rush the rail extension through at the lowest possible price with little or no regards for Alaska's economic future. An example of this is the fact that it has recently come to light that the Mac East and the Mac West routes are not the best route. The agricultural land has a railroad easement that was set up in 1941. This route has not been studied due to the Boroughs rush to push the cheapest route through and poor to no planning for Alaska's economic future.

In Chapter 9 "Noise Element" You treat the noise as though the trains will be moving during the day. Alaska Railroad moves passenger trains during the day and freight trains at night. The rail extension is specified as a high speed freight line. You need to redo the noise and vibration study to reflect the impact of the high speed 100 ton ore car moving over the rails during the night. It is my understanding that the impact is 10 times greater at night.

In summary, the railroad extension was an effort to save Agrium and was put together in haste. Agrium did not work out, but the Borough did not go back and do the required and necessary planning but has continued on with the project that is not in the best interest of anyone but the Borough. It is not in the best interest of the Borough resident, the State of Alaska's economy or the Alaska Railroad who will not benefit from the excessive train energy costs, the safety factors that are almost double the better route and the cost of operations and maintenance. Alaska will still have to put in a transportation and utilities corridor, probably along the Willow route which will mean paying for right of ways twice. All in all this is bad politics. Please make your findings in favor of the Alaskan people. Make a "NO BUILDING" recommendation.

Sincerely yours,

Mike Whedbee