STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF PROJECT MANAGEMENT AND PERMITTING

March 21, 2008

Surface Transportation Board
Case Control Unit
1925 K Street, NW
Washington, D.C. 20423-0001
Attention: David Navecky
Environmental Filing

Re: STB Finance Docket No. 35095, The Alaska Railroad Corporation – Petition for Exemption to Construct and Operate a Rail Line to Port MacKenzie, Alaska. Notice of Intent to Prepare and Environmental Impact Statement.

The State of Alaska has reviewed the February 12, 2008 Notice of Intent from the U.S. Department of Transportation Surface Transportation Board (STB) to prepare an Environmental Impact Statement (EIS) for the proposed Alaska Railroad Corporation (ARRC) Port MacKenzie Rail Extension. The ARRC seeks authority to construct and operate approximately 30 to 45 miles of new rail connecting the Matanuska-Susitna Borough's Port MacKenzie to a point on the ARRC main line between Wasilla and Willow, Alaska. The following comments represent the consolidated views of the State's resource agencies and supplement the enclosed State of Alaska agency pre-scoping comments previously submitted to ARRC.

The Notice of Intent requests comments on the included Draft Scope of Study for the EIS. In general, the State supports the scope as presented. The project would require authorizations and consultation with State of Alaska agencies, including the Alaska Departments of Natural Resources, Environmental Conservation, Fish and Game, and Transportation & Public Facilities, concerning a wide range issues with regard to fish passage, fragmentation of wildlife habitat, the presence of cultural sites, native allotments, state recreation areas and game refuges, water quality, historic land use patterns, and road/rail crossings. We note that land ownership and the successful acquisition of Rights-of-Way will also significantly affect the final route selection. General comments on the draft scope of study, including route selection and design considerations are provided with the corresponding draft Scope of Study number below:

1. Safety
Please include a discussion of hazardous materials, including petroleum products and spill response.

2, 3, 11, & 12. Land Use, Recreation, Socioeconomics, and Transportation Systems
The EIS should specifically evaluate impacts to regional winter trails from not solely a recreational perspective. It should also include the economics, land use, transportation and lifestyle impacts of all alternative routes on winter trail use. Trails also provide the following:

LIFESTYLE/SOCIOECONOMICS: Trails are used by professional dog mushers and snowmachiners for training and racing. This is highlighted by the fact that Willow has just

become the new permanent Iditarod Trail Race Restart point due to its typically better snow conditions and trail networks that favor large spectator events. The Iditarod Race annually attracts 30,000 to 40,000 spectators who view the race from a regional perspective; many spectators utilize the entire trail network from Big Lake to beyond Willow to engage in this world-famous trail event. The Annual Iron Dog Race begins in Big Lake and also has a very strong economic and social impact to the region.

SOCIOECONOMICS/TOURISM: Trails as a focus for developing a strong winter-based tourism program by having a large inter-connected network of trails that supports overnight lodging, food, equipment rentals, and ancillary marketing. The web-like net of trails currently offer a large menu of north-south and east-west options for tour routes that include groomed and signed trails that cater to both novice and experienced trail users. This includes options of a 1-hour ride to multi-day trips. Once a web is bisected, it is no longer.

TRANSPORTATION: The east-west network is multi-faceted to allow residents, lodge owners and recreationists to traverse freely to the west side of the Susitna River drainage. Since there are no bridges or roads to this area, changing river ice openings, differences in freeze-up and varying snow conditions require that many options exist to allow free passage to this area of the state

2 & 3. Land Use & Recreation

Impacts to public access to public resources, i.e., hunting and fishing opportunities, trails, access to stream easements and other easements and public lands must be addressed during route selection and rail design. Infrastructure development and Right of Way grants have potential to increase or focus use in areas that are currently not heavily used and well as having the potential to block or alter access across current trails. Customary and traditional access to fish and game resources shall be maintained.

4. Biological Resources

Any of the potential routes for this project traverse a large geographic area and have the potential to negatively impact a wide range of sensitive habitat areas. All work associated with this project that could potentially impact anadromous streams (AS 41.14.870) or could potentially block the free passage of fish (AS 41.14.840) requires a Fish Habitat Permit from the OHMP prior to commencement of any construction.

A multitude of streams supporting both anadromous and resident fish species are present in the project area. Fragmentation of aquatic habitat is a concern. Many of the anadromous streams in the area have been documented in the ADF&G/OHMP Anadromous Waters Catalog (AWC). However, this catalog is a work-inprogress.

There is no such catalog for resident fish species. Comprehensive stream sampling to determine/confirm anadromy and the presence or absence of resident fish will be required. Fish usage patterns may have changed since the area was initially surveyed, and many smaller streams have yet to be sampled. All resultant data should be submitted to ADF&G for inclusion in the AWC.

All flowing waters that may be crossed by the rail extension should be sampled for fish presence to determine the impact of the particular route on fish passage. These streams should be identified by a combination of aerial and foot surveys because many minor streams are not mapped and may not be

apparent from the air. Electroshocking in conjunction with foot surveys is the preferred sampling method. All possible fish species would be susceptible to capture and post-spawning salmon carcasses would be apparent.

The presence of many of the potential fish species (e.g. Pacific salmon) is seasonal in nature. Sampling should be conducted between early-August and mid-September to ensure all possible species are present in the stream at some stage of their life history. Sampling in even years is preferable due to the even-year dominance of pink salmon in this region. Hydrological studies will be required to map wetland areas associated with fish bearing drainage systems. This project has the potential to isolate the free flow of water through these wetland areas, thus impacting fishbearing waters. Wetland continuity should be maintained.

Routing and Design Considerations

The use of bridges to span floodplain areas is the preferred method of providing for the long-term free passage of fish on anadromous systems. Bridge abutments should be located outside the floodplain and above the ordinary high water mark (OHW) to minimize potential impacts to riparian vegetation and streambank integrity.

Culverts should be designed using stream simulation methodology. The culvert design width at the OHW mark should be greater than or equal to 125-percent of the width of the stream at the OHW stage. The culvert grade should approximate the surrounding slope of the stream channel (± 1%). Culverts should be buried to approximately 40-percent of their diameter with substrate material that will remain dynamically stable at all expected flood discharge rates. Other design criteria will apply as well.

It shall be the responsibility of the ARRC to ensure the free passage of fish throughout the lifetime of each stream crossing. Beavers are common along the various alternative routes. Culvert designs should account for long-term maintenance for fish passage and be of sufficient size (diameter) to discourage blockages associated with beaver dam construction.

Route Preferences

The State prefers a route that would minimize potential impacts to wetland areas associated with fish bearing waterways, minimizes the total number of actual stream crossings and avoids crossings of important salmon producing systems such as the Little Susitna River, Willow Creek, and streams in the Nancy Lake and Big Lake watersheds whenever possible. Of the provided routes, these criteria appear to be met best with the following route:
1. Houston South
2. Houston
3. Connector 3
4. Mac East

This conclusion is based on initial examination of existing data and aerial imagery and should be viewed as preliminary. Based on this initial analysis of existing materials, the Willow route would result in more fragmentation of fish and wildlife habitat, particularly in undeveloped areas, than the other alternatives. Crossings over Willow Creek and the Little Susitna River would be necessary.

Because of the extended length of this route, the potential impacts to wetland areas associated with these drainages could be significant.

Wildlife

All of the proposed routes will cross areas frequently used by moose, potentially reducing travel between habitat patches, and increasing moose-railcar collisions. A baseline field study should be conducted to identify important seasonal moose concentration areas, movement corridors and habitat resources. ADF&G, Wildlife Conservation Division, generally does not permit private entities to capture and handle large mammal species. In response to increasing conflicts between development and moose in the Matanuska Susitna region, the area management biologist has previously proposed a study to GPS collar and track moose in the area to identify migration corridors, migration timing and habitat use. This information, in addition to the study results provided by the Northern Rail extension moose mitigation study, will be important considerations in planning and mitigating to rail extension and operation impacts to moose populations in the area.

Route selection, effective wildlife crossings, and conventional road crossings should be optimized to reduce habitat fragmentation and to reduce wildlife-railcar collisions. Wildlife overpasses, elevated sections of track, and extended lengths of bridges across rivers should all be considered where appropriate.

5. Water Resources

The EIS should include discussion on maintenance of surface water connectivity in streams and wetlands areas, including a description and estimate of the impact of the railroad embankment bisecting wetlands on local water movement to creeks.

Please include the following as a mitigation measure to avoid or minimize potential Project impacts to water quality: “In addition to developing an NPDES Construction General Permit Storm Water Pollution Plan for the Project, DEC adds the requirement that construction contractor and sub-contractor staff shall receive at least 16 hours of erosion and sediment control training.”

Of primary concern is the filling and fragmenting of "high value" wetlands in the lowlands wetland complex ecosystem throughout the project area. The ARRC will need to demonstrate how it will maintain the high degree of water quality in these wetlands, rivers and creeks during construction and maintenance of the proposed rail line.

The EIS should also include discussion of the potential impact of various alternatives on water quality within state parks or wildlife refuges. Specifically, reflecting the requirements of 18 AAC 70.015(a)(3) that states, “if a high quality water constitutes an outstanding national resource, such as a water of a national or state park or wildlife refuge or a water of exceptional recreational or ecological significance, the quality of that water must be maintained and protected;”

Finally, the EIS should include discussion of gravel sources needed for the construction of the railroad embankment and the potential impacts on the water environment resulting from new gravel sites.

Thank you for the opportunity to comment on the draft Scope of Study for this project. We look forward to working with the STB as it develops the EIS for this project and are available to discuss and clarify the state's scoping and pre-scoping comments.

Sincerely,
/s/
Don Perrin
Project Management and Permit Coordinator

Enclosure: Pre-Scoping State agency comments to the ARRC

Cc: Wayne Biessel, ADNR/DP&OR
Mike Bethe, ADNR/OHMP
Ken Bouwens, ADNR/OHMP
Nina Brudie, ANDR/DCOM
Stefanie Ludwig, ADNR/OHA
Sam Means, ADNR/MLW
Clark Cox, ADNR/MLW
Tammy Massie, ADF&G/SF
Tony Kavalok, ADF&G/WC
William Ashton, ADEC
Jennifer Witt, ADOT&PF
Brian Lindamood, ARRC