Agency: Commerce, Community and Economic Development

Grants to Municipalities (AS 37.05.315)

Grant Recipient: Matanuska-Susitna Borough

Project Title: **Project Type:** New Construction and Land Acquisition

Matanuska-Susitna Borough - Rail Extension to Port MacKenzie from the Alaska Railroad Main Line

State Funding Requested: $57,000,000 **House District:** Mat-Su Areawide (13-16)
One-Time Need

Brief Project Description:

Rail Extension to Port MacKenzie from the Alaska Railroad Mainline.

Funding Plan:

Total Cost of Project: $275,000,000

	Funding Secured		Other Pending Requests		Anticipated Future Need	
	Amount	*FY*	*Amount*	*FY*	*Amount*	*FY*
Federal Funds			$57,000,000	11		
State Funds	$27,500,000	08, 09			$191,000,000	12, 13
Total	$27,500,000		$57,000,000		$191,000,000	

Explanation of Other Funds:

Funding will be requested from both the state and federal governments in FY12 and FY13

Detailed Project Description and Justification:

The Port MacKenzie Rail extension will bring tremendous economical and employment benefits to Alaska. It will create jobs, lower transport costs and increase economic development. This project will connect the Alaska Railroad Mainline to Port MacKenzie. Because of a shorter distance to tidewater from the Interior, the new stretch of rail will save more than $100 million over existing ports for the State's proposed natural gas pipeline. Less expensive bulk transport costs will also help stimulate the development of natural resources and mines such as the one billion ton limestone deposit near Livengood. The lower costs created by the proposed rail extension coupled with this limestone deposit will create a major new export related manufacturing opportunity for the production of cement. Indeed, with the rail extension, Alaska will be able to produce up to 15% of the nation's annual need for cement. In addition, the shorter mileage to tidewater will reduce the cost of transporting coal by approximately 6 dollars per ton, making coal from Alaska's Interior competitive on the world market. An independent study by the University of Alaska-Fairbanks estimates the revenue to the State from new mines average $300 million per year over the next 100 years. According to a study by the Institute of Social and Economic Research, the Port MacKenzie Rail Extension Project will create up to 3,400 new jobs over a 3 year period in construction, 35 jobs in annual operations and another 640 direct and indirect jobs. This project is shovel ready.

Project Timeline:

Environmental Impact Statement completed in summer of 2010 (funding acquired).
Bi-Modal (Truck/Rail) Loop completed fall-winter of 2010 (funding acquired).
Design and construction of southern segment of project 2010-11 ($57M expended)

Contact Name: Karen Sawyer
Contact Number: 465-5025

For use by Co-chair Staff Only:

$57,000,000 Approved

5:59 PM 5/4/2010

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Alaska Rail Road Corporation

Grant Recipient Contact Information:

Name:	John Duffy
Address:	350 E. Dahlia Ave.
	Palmer, AK 99645
Phone Number:	(907)745-9689
Email:	jduffy@matsugov.us

Has this project been through a public review process at the local level and is it a community priority? [X] Yes [ ] No

For use by Co-chair Staff Only:

5:59 PM 5/4/2010

Contact Name: Karen Sawyer
Contact Number: 465-5025

GREATER FAIRBANKS CHAMBER OF COMMERCE

Interior Alaska – The "Place" To Do Business

Introduced by:	Karl Gohlke, Chair, GFCC Transportation Committee
Date Introduced:	October 26, 2009
Date Passed:	November 9, 2009
Date Transmitted:	November 10, 2009

Resolution 09-1109
A Resolution Supporting the Port MacKenzie Rail Extension

WHEREAS, natural resource development is vital to the economies of the Interior, the Mat-Su Borough, and the State of Alaska; and

WHEREAS, Port MacKenzie, with vast industrial development land (8,940 acres) and deep draft dock, is presently handling and processing bulk resource commodities; and

WHEREAS, Port MacKenzie is strategically located and has the real estate to stage bulk resources for export; and

WHEREAS, Port MacKenzie can handle Panamax and Cape-size vessels and the Port does not require annual dredging; and

WHEREAS, the distance to tidewater at Port MacKenzie from Interior Alaska offers lower transportation costs and the Port MacKenzie rail extension will stimulate the use and export of coal and other minerals from the Interior; and

WHEREAS, the shipment of coal, limestone, sand and gravel, timber, and metallic minerals on the Port MacKenzie rail extension would generate up to $7.8 million in annual rail revenue and $115.7 million in state corporate income taxes during the first 10 years of operation; and

WHEREAS, the rail extension will eliminate congestion from shipping high-volume export materials on the southern rail end from Wasilla to Anchorage, and will eliminate the need for more costly upgrades to the rail system south of Big Lake; and

WHEREAS, off-loading, staging, and rail transportation of north-bound materials for construction of an Alaskan gas pipeline and other large industrial/energy/military projects from Port MacKenzie would be less costly than rail shipment from Anchorage or Seward or by highway; and

WHEREAS, this economic activity would greatly contribute to the Fairbanks, Denali, and Mat-Sue Boroughs' tax bases and employment; and

INVESTORS

DIAMOND
BP Exploration
ConocoPhillips
ExxonMobil
Fairbanks Daily News-Miner
FMH & Denali Center
Flint Hills Resources Alaska

PLATINUM
Alyeska Pipeline Service Co
Carlson Center
Fred Meyer
GCI
Golden Heart Utilities
Mt. McKinley Bank
Wells Fargo Bank Alaska

GOLD
Alaska USA FCU
Birchwood Homes
Denali State Bank
Design Alaska
Doyon, Limited
First National Bank Alaska
Kinross-Fort Knox Mine
Laborers Union Local 942
MAC Federal Credit Union
The Boeing Co
Usibelli Coal Mine

SILVER
ACS
Alaska Airlines
Alaska Railroad
AT&T
Denali – The Alaska Gas Pipeline
Everts Air Cargo
Fairbanks Natural Gas
Flowline Alaska
Fountainhead Development
GVEA
Hale & Associates, Inc
JL Properties, Inc
Key Bank
K Janitorial Services, LLC
Northrim Bank
Operating Engineers Local 302
Personnel Plus
Pogo Mine
Santina's Flowers & Gifts
Spirit of Alaska FCU
Tanana Valley Clinic
TDL Professional Staffing
TOTE
WAL-MART Stores, Inc

WHEREAS, this economic activity would not only contribute to the Fairbanks, Denali, and Mat-Su Boroughs' tax bases and employment opportunities, it would have state-wide benefits and should therefore not be funded at the expense of any region; and

WHEREAS, the first two phases of rail extension development, the Environmental Impact Statement and the construction of a bi-modal road/rail loop at the port, are due to be completed during the next six to nine months.

NOW THEREFORE BE IT RESOLVED, that the Greater Fairbanks Chamber of Commerce has long supported the Matanuska-Susitna Borough in their efforts to extend the Alaska Railroad to Port MacKenzie due to its short distance to tide water and great potential to spur major development of natural resources in Interior Alaska.

AND BE IT FURTHER RESOLVED, that the Greater Fairbanks Chamber of Commerce requests the Governor and Alaska State Legislature to support all phases of construction and rail extension development by 2013.

AND BE IT FURTHER RESOLVED, that this resolution be distributed to:
Governor Sean Parnell
Randy Ruaro, Deputy Chief of Staff
Joe Balash, Special Assistant
Tom Irwin, Commissioner, Department of Natural Resources
Patrick Galvin, Commissioner, Department of Revenue
Leo Von Scheben, Commissioner, Department of Transportation
Karen Rehfeld, Director, Office of Management & Budget
Talis Colberg, Matanuska-Susitna Borough Mayor
Dave Talerico, Denali Borough Mayor
Sen. Gary Stevens, Senate President
Rep. Mike Chenault, House Speaker
Sen. Lesil McGuire, Senate Resources Co-Chair
Sen. Bill Wielechowski, Senate Resources Co-Chair
Sen. Charlie Huggins, Senate Resources Vice-Chair
Sen. Albert Kookesh, Senate Transportation Chair
Sen. Linda Menard, Senate Transportation Vice-Chair
Rep. Peggy Wilson, House Transportation Chair
Rep. Craig Johnson, House Resources Co-Chair and Transportation Vice-Chair
Sen. Bert Stedman, Senate Finance Co-Chair
Sen. Lyman Hoffman, Senate Finance Co-Chair
Rep. Mike Hawker, House Finance Co-Chair
Rep. Bill Stoltze, House Finance Co-Chair
Rep. Mark Neuman, House Resources Co-Chair
Interior Delegation
Alaska State Chamber

Dan Britton
GFCC Board Chair

Karl Gohlke
GFCC Transportation Committee Chair

Introduced by: City Manager Allen
Date: January 12, 2010
Action: Adopted
Vote: Unanimous

Yes:	No:
Chmielewski	
Erbey	
Vanover	
Best	
Hanson	
Brown	

CITY OF PALMER, ALASKA

RESOLUTION NO. 10-009

A RESOLUTION OF THE CITY OF PALMER COUNCIL SUPPORTING EXTENSION OF THE ALASKA RAILROAD FROM THE RAILROAD MAIN LINE TO PORT MACKENZIE

WHEREAS, bulk natural resource development and export is important to the economy of the Denali Borough, Matanuska-Susitna Borough and its cities, the Fairbanks North Star Borough, and the State of Alaska; and

WHEREAS, the Usibelli Coal Mine is the main developed source of coal in Alaska; and

WHEREAS, Usibelli Coal Mine has offices and employees residing in Palmer; and

WHEREAS, Port MacKenzie with its 8,940 acres of industrial development lands and deep draft dock, is a developing port with potential for bulk natural resource transport; and

WHEREAS, Port MacKenzie is capable of handling panamax and cape size vessels (the largest ships in the world); and

WHEREAS, Port MacKenzie is closer to tide water than the existing ports of Southcentral Alaska; and

WHEREAS, a shorter distance to tide water will make resource development in Interior and Southcentral Alaska more economical, by lowering transport costs; and

WHEREAS, the shorter rail distance to tide water will further stimulate the use and export of coal from the Usibelli mine and other mineral developments in the Denali Borough, Matanuska-Susitna Borough, and Interior Alaska; and

WHEREAS, the rail extension will make development of various natural resources (coal, limestone, sand and gravel, timber and metallic minerals, etc.) located in the rail belt and Interior more feasible; and

WHEREAS, the economic activity will contribute to the Matanuska-Susitna Borough economy, tax base, and employment.

NOW THEREFORE, be it resolved that the City of Palmer strongly supports construction of the Alaska Rail line Extension from the Alaska Railroad mainline to Port MacKenzie.

Passed and approved by the City Council of the City of Palmer, Alaska this twelfth day of January 2010.

Kevin W. Brown II, Mayor Pro-Tempore

Janette M. Bower, MMC, City Clerk

GREATER PALMER CHAMBER OF COMMERCE
RESOLUTION No. 12-1809

A RESOLUTION OF THE GREATER PALMER CHAMBER OF COMMERCE SUPPORTING EXTENSION OF THE ALASKA RAILROAD FROM THE RAILROAD MAIN LINE TO PORT MACKENZIE.

WHEREAS, bulk natural resource development and export is important to the economy of the Matanuska-Susitna Borough, the Denali Borough, the Fairbanks North Star Borough, and the State of Alaska;
and

WHEREAS, Port **MacKenzie**. with its 8,940 acres of industrial development land and deep draft dock, is a developing port with capability for bulk natural resource transport; and

WHEREAS, Port MacKenzie is capable of handling panamax and cape-size vessels (the largest ships in the world); and

WHEREAS, Port MacKenzie is closer to tidewater than the existing ports of Southcentral Alaska; and

WHEREAS, a shorter distance to tidewater will make resource development in South Central and Interior Alaska more economical by lowering transportation costs; and

WHEREAS, the shorter rail distance to tidewater will further stimulate the use and export of coal from the Usibelli mine and other mineral developments in the Denali Borough, Matanuska-Susitna Borough and Interior Alaska; and

WHEREAS, the rail extension will make development of natural resources (coal, limestone. sand and gravel, timber and metallic minerals, etc.) located in the rail belt and Interior more economically feasible; and

WHEREAS, the increase in economic activity will significantly contribute to the State's economic well being and increase employment of Alaskans.

NOW THEREFORE, be it resolved that the Greater Palmer Chamber of Commerce strongly supports construction of the Alaska Rail line Extension from the Alaska Railroad mainline to Port MacKenzie.

ADOPTED by the Greater Palmer Chamber of Commerce this 21st day of December,2009.

Sue Welton
President

Jillyan Webb
Executive Director

550 S. Alaska St., Ste 101
Palmer, AK 99645

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Executive Director
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director@palmerchamber.org

Board of Directors
SUE WELTON, President
First National Bank Alaska

JACCIE GAINES, President Elect
Mat-Valley Federal Credit Union

STU GRAHAM, Past President
The Alaska Club

PAM STEPHEN, Secretary
Healing Path Therapeutic Massage

DAVID COMBS, Treasurer
Combs Insurance

CHRIS HUGHES, Director
Corporate Express/Staples

BILL TULL, Director
William Tull & Associates

TOM MYHRE, Director
Edward Jones Investments

DEANA MOORE, Director
Alaska USA

GENE RABUNG, Director
Spenard Builders Supply

RUTH VILLANUEVA, Director
In-Fu-Sions Boutique

GREATER WASILLA CHAMBER OF COMMERCE RESOLUTION No. xx

A RESOLUTION OF THE GREATER WASILLA CHAMBER OF COMMERCE SUPPORTING EXTENSION OF THE ALASKA RAILROAD FROM THE RAILROAD MAIN LINE TO PORT MACKENZIE.

WHEREAS, bulk natural resource development and export is important to the economy of the Matanuska-Susitna Borough, the Denali Borough, the Fairbanks North Star Borough, and the State of Alaska; and

WHEREAS, the ability of the Alaska Railroad to continue to provide economical transportation of bulk commodities is vital to the economic health of Alaska; and

WHEREAS, Port MacKenzie, with its 8,940 acres of industrial development land and deep draft dock, is a developing port with capability for bulk natural resource transport; and

WHEREAS, Port MacKenzie is capable of handling panamax and cape-size vessels (the largest ships in the world); and

WHEREAS, Port MacKenzie is closer to tidewater than the existing ports of Southcentral Alaska; and

WHEREAS, a shorter distance to tidewater will make resource development in South Central and Interior Alaska more economical by lowering transportation costs; and

WHEREAS, the shorter rail distance to tidewater will further stimulate the use and export of coal from the Usibelli mine and other extracted material developments in the Denali Borough, Matanuska-Susitna Borough and Interior Alaska; and

WHEREAS, the rail extension will make development of natural resources (coal, limestone, sand and gravel, timber and metallic minerals, etc.) located in the rail belt and Interior more economically feasible; and

WHEREAS, the rail spur to Port MacKenzie will create more usage of the Alaska Railroad and increase the economic viability of the railroad; and

WHEREAS, the increase in economic activity will significantly contribute to the State's economic well being, increase employment of Alaskans, and contribute to the continued economic stability of one of the fastest growing regions in the nation.

NOW THEREFORE, be it resolved that the Greater Wasilla Chamber of Commerce strongly supports construction of the Alaska Rail line Extension from the Alaska Railroad mainline to Port MacKenzie.

ADOPTED by the Greater Wasilla Chamber of Commerce this ___ ___day of December,2009.

David Johnston
President

Lyn Carden
Executive Director

DENALI BOROUGH, ALASKA
RESOLUTION NO. 10-01

A RESOLUTION SUPPORTING THE PORT MACKENZIE RAIL EXTENSION

WHEREAS, natural resource development is vital to the economy of the entire State of Alaska; and

WHEREAS, Port MacKenzie, with a vast amount of industrial development land and a deep draft dock, is capable of processing and handling bulk resource commodities; and

WHEREAS, Port MacKenzie is strategically located and has available land and space to stage bulk resources for export; and

WHEREAS, Port MacKenzie can accommodate Panamax and Cape-size vessels and does not require annual dredging; and

WHEREAS, the distance to tidewater at Port MacKenzie from the Interior Alaska offers lower transportation costs and the Port MacKenzie Rail Extension will stimulate the use and export of coal and other minerals from the Interior; and

WHEREAS, the rail extension will eliminate congestion from shipping high-volume export materials on the southern rail end from Wasilla to Anchorage, and will eliminate the need for more costly upgrades to the rail system south of Big Lake; and

WHEREAS, off-loading, staging, and rail transportation of north bound materials for construction of a gas pipeline and other large projects from Port MacKenzie would be less costly than rail shipment from Anchorage or Seward; and

WHEREAS, the first two phases of rail extension development, the Environmental Impact Statement and the construction of a bi-modal road/rail loop at the port, are due to be completed during the next six to nine months.

NOW THEREFORE BE IT RESOLVED: the Denali Borough Assembly supports the Matanuska-Susitna Borough in their efforts to extend the Alaska Railroad to Port MacKenzie.

BE IT FURTHER RESOLVED: that the Denali Borough Assembly requests the Governor and the Alaska State Legislature support all phases of construction and rail extension development;

BE IT FURTHER RESOLVED: that the Denali Borough Assembly supports state funding of $57 million for phase III of the project so construction can begin on the first 11 miles of rail line, and design and engineering can be completed on the connection route selected by the Environmental Impact Study.

AND BE IT FURTHER RESOLVED, that this resolution be distributed to:

Governor Sean Parnell
Commissioner Annette Kreitzer, Administration
Commissioner Emil Notti, DCCED
Commissioner Larry Hartig, ADEC
Commissioner Denby Lloyd, ADF&G
Commissioner Click Bishop, ADOL
Commissioner Tom Irwin, ADNR
Commissioner Patrick S. Galvin, ADOR
Commissioner Leo Von Scheben, ADOT
Director Karen Rehfeld, OMB
Sen. Gary Stevens, Senate President
Rep. Mike Chenault, House Speaker
Sen. Albert Kookesh, Senate Transportation Chair
Sen. Linda Menard, Senate Transportation Vice-chair
Rep. Peggy Wilson, House Transportation Chair
Rep. Craig Johnson, House Resources Chair and Transportation Vice-chair
Rep. Mark Neuman, House Resources Co-chair
Sen. Lesil McGuire, Senate Resources Co-chair
Sen. Bill Wielechowski, Senate Resources Co-chair
Sen. Bert Stedman, Senate Finance Co-chair
Sen. Lyman Hoffman, Senate Finance Co-chair
Rep. Mike Hawker, House Finance Co-chair
Rep. Bill Stoltze, House Finance Co-chair
Interior Delegation
Talis Colberg, Matanuska-Susitna Borough Mayor
Luke Hopkins, Fairbanks North Star Borough Mayor

PASSED AND APPROVED by the Denali Borough Assembly on this 13TH day of January, 2010.

David M. Talerico, Borough Mayor

ATTEST _____
Gail Pieknik, Borough Clerk

PASSED UNANIMOUSLY