

Agency: Commerce, Community and Economic Development

Grants to Municipalities (AS 37.05.315)

Grant Recipient: Nenana

Federal Tax ID: 92-6001390

Project Title:

Project Type: New Construction and Land Acquisition

Nenana - Totchaket Resource Development Corridor Construction

State Funding Requested: \$3,000,000

House District: 38 / S

Future Funding May Be Requested

Brief Project Description:

This is a Roads to Resources project. This road provides access to approximately 900,000 acres of Interior land with large agriculture potential, timber harvesting and oil and gas developments as well as extension of access to Interior mineral development and potential for continuing the road on to Tanana and Nome.

Funding Plan:

Total Project Cost:	\$17,000,000
Funding Already Secured:	(\$6,500,000)
FY2014 State Funding Request:	(\$3,000,000)
Project Deficit:	\$7,500,000

Funding Details:
 \$6,500,000 was provided for in the FY13 transportation bond package.

Detailed Project Description and Justification:

Construction of this road will provide access to a multitude of resources, primarily agriculture land, access to the Tanana Valley State Forest resources, UAF land, Mental Health Trust land, and the Nenana Basin Gas exploration area. Construction of the Totchaket Road will also provide access to Kantishna mineral deposits south west of Nenana and numerous public and private recreational properties.

The road is designed to be approximately 28 miles in length and is to be placed on an existing 500 foot wide, 29 mile long right of way held by the City of Nenana.

The road will reach approximately one-third of the distance to the Village of Tanana, making the expansion potential for the road to Nome a further reality for the residents of Alaska.

Top-Level Project Funding

Category A - Total Project Cost

The estimated project cost is \$17 million.

Category B - Funding already secured

For use by Co-chair Staff Only

\$3,000,000
Approved

2:01 PM 5/9/2013

The City secured \$6.5 million in the FY13 transportation bond package. Prior to this, the City had expended approximately \$3 million for the existing roads, bridges, design documents and permits. Doyon Regional Corporation had expended an additional \$3.5 million on construction of completed roads and bridges.

Category C - FY 14 State Funding Request

The City of Nenana is requesting \$3 million in the FY 14 Capital Budget.

Category D - Other Funding Requests

The City currently has no other funding requests for this project.

Category E - Additional Funding

Additional future funding will be approximately \$7.5 million.

Additional State Funding Requests

FY 15 - \$3 million

FY 16 - \$3 million

FY 17 - 1.5 million

Detailed Project Description

This project has a long history beginning in the early 1980's as part of the push to establish local Alaska grown agricultural products and industry. Since that time, further resource development potential has been identified including state timber resources, recreational property and the Nenana Basin oil and gas project.

This project has made continuous incremental progress but suffered from lack of funding. Agricultural Lands have been put up for sale in the area. However, there have been no takers since there has been no access to the land.

The City of Nenana has acquired USCOE permits, a documented wetlands survey along the ROW route. Currently the City has the permitting in place as well as design documents for the road. This project is phased primarily due to the length of the road.

This project will provide new public access to a large section of Interior Alaska. In addition to agricultural development, timber resources, land owned by the University and the Mental Health Trust, and a variety of recreational properties, this project can also serve as the beginning of the Road to Nome.

Project Timeline:

2014 - Complete first 11 miles of road from current 16' width to finished width of 24'

2015 - Complete construction from mile 11- mile 19

2016 - Complete construction on miles 19-26

2017 - Project completion from mile 26 to mile 29

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

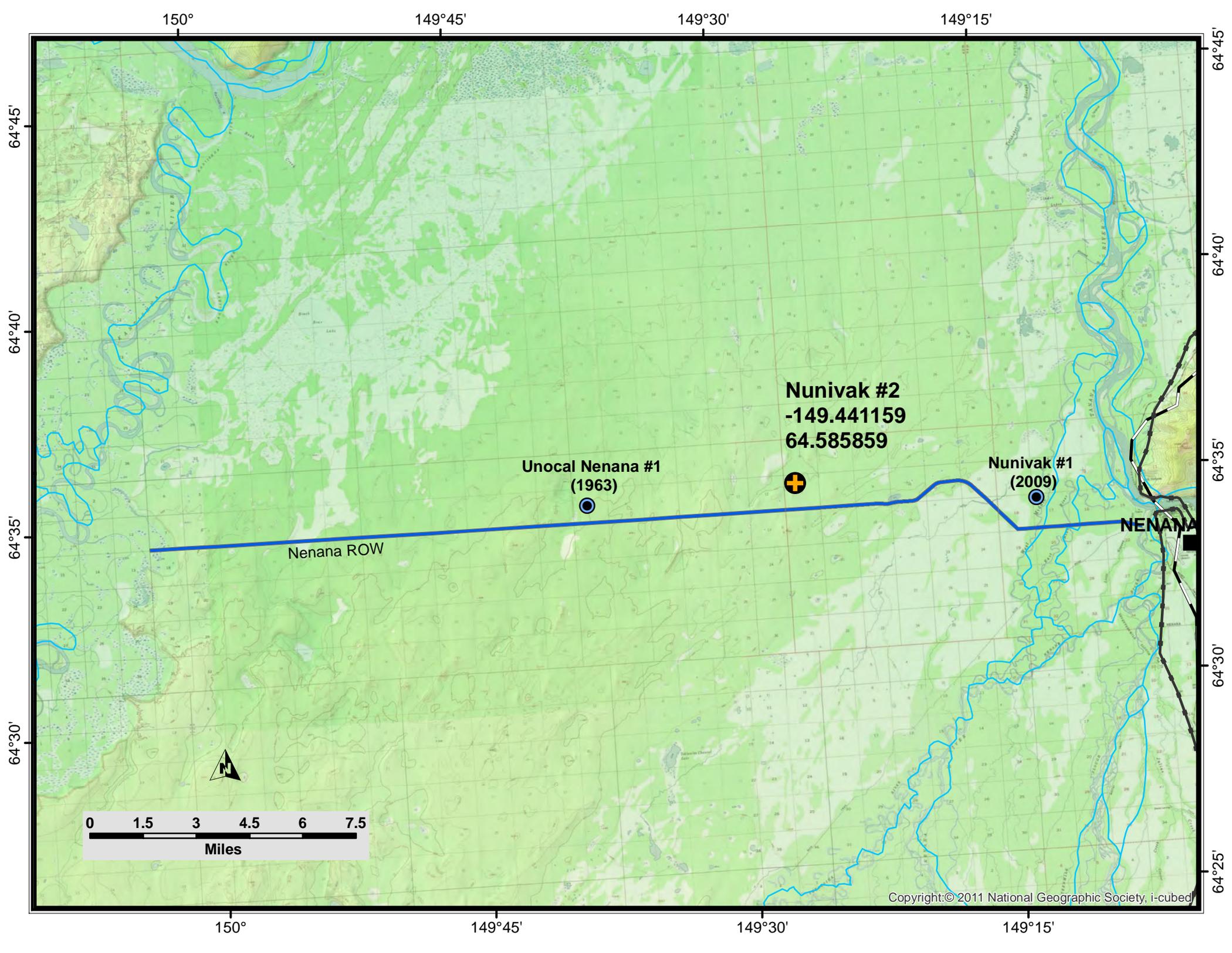
Municipality of Nenana

Grant Recipient Contact Information:

Name:	Jason Mayrand
Title:	Mayor
Address:	Box 10 Nenana, Alaska 99760
Phone Number:	(907)832-5441
Email:	nenana1@nenana.net

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

<i>For use by Co-chair Staff Only:</i>
2:01 PM 5/9/2013



Nunivak #2
-149.441159
64.585859

Unocal Nenana #1
(1963)

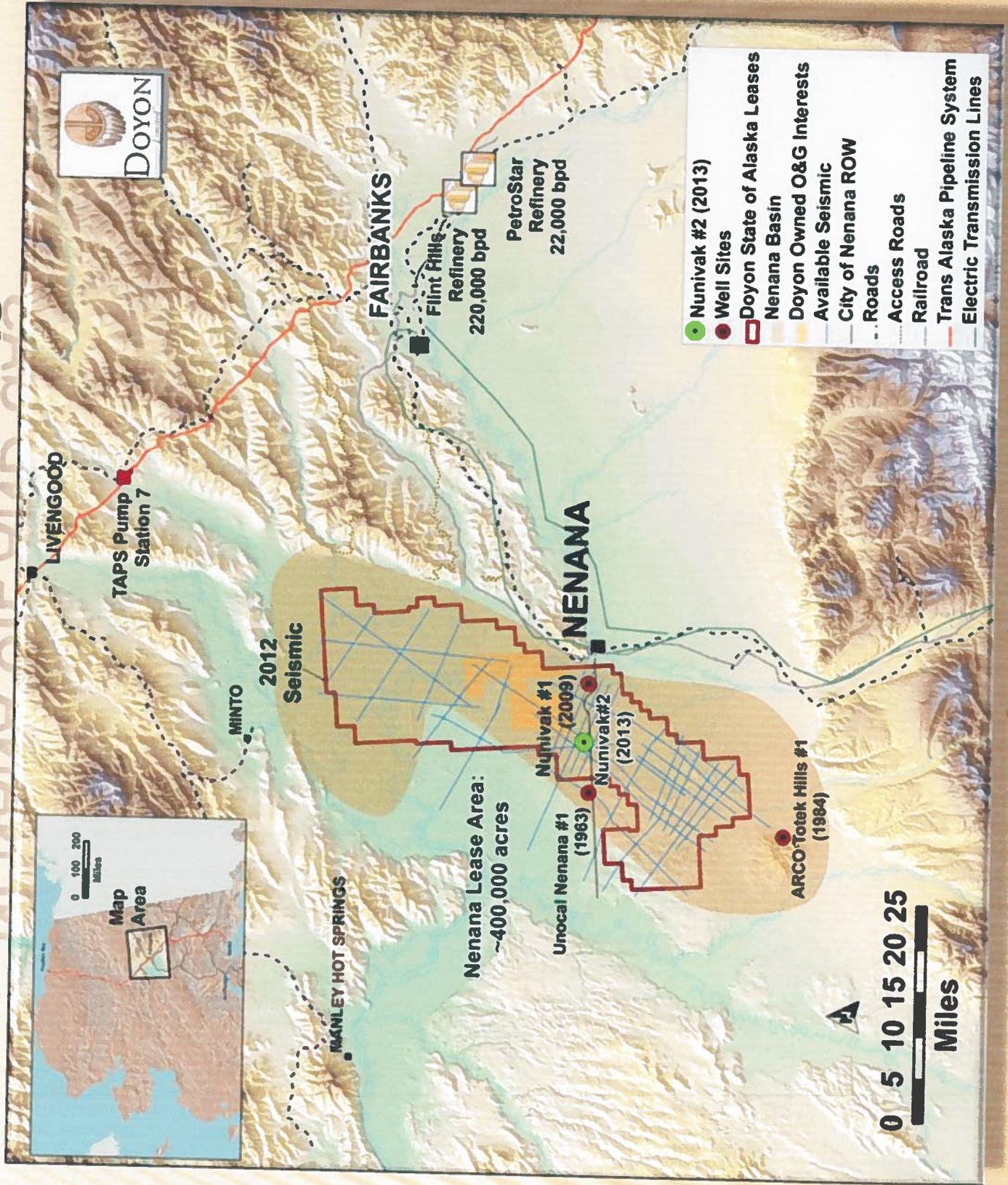
Nunivak #1
(2009)

Nenana ROW

NENANA



NENANA OIL AND GAS





City of Nenana
PO Box 70, Nenana, Alaska 99760
907-832-5501, 907-832-5503-fax
<http://www.nenana.org>



Governor Parnell
PO Box 110001
Juneau, Alaska
99811-0001

12-Feb-13

Re: Economic Development Projects

Dear Governor Palin,

I am writing this letter to request support for funding of the Totchaket Road Project located in Interior Alaska.

As we all are aware, the State of Alaska and its political subdivisions are in need of self-sustainable development projects that will enable us to grow and stabilize economically in the long term.

The City of Nenana has, over the past 20 years, been planning the development of the lands west of this community and has invested substantially in its furtherance.

This project consists of constructing 20 miles of road and will greatly facilitate development of valuable timber resources, production of vast natural gas resources currently under exploration and allow the State to market nearly 200,000 acres of agricultural property.

We request that the project be funded through State funds. By this method the City will be able to expedite the project locally, more quickly and at a lower cost than other traditional methods.

The Totchaket Road Project planning and engineering work is substantially completed and is only awaiting a funding opportunity.

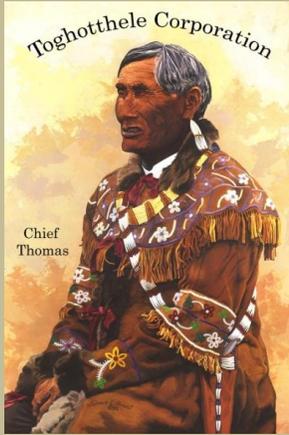
We are requesting support from the State in the amount of \$15 million to enable the City to implement this project for the betterment of the State and the local economy.

I am greatly interested in meeting with yourself and your staff regarding this development project and can furnish a variety of information and documents that you may be interested in reviewing.

Please contact me at your convenience.

Sincerely,
Jason P. Mayrand

Mayor/ Administrator
City of Nenana



Toghotthele Corporation

Jim Sackett CEO/President
307.8 Parks Highway
PO Box 249
Nenana, AK. 99760
(907)-832-5832 phone
(907)-832-5834 fax
toghotthele@hotmail.com (email)
www.toghotthele.com

2/12/13

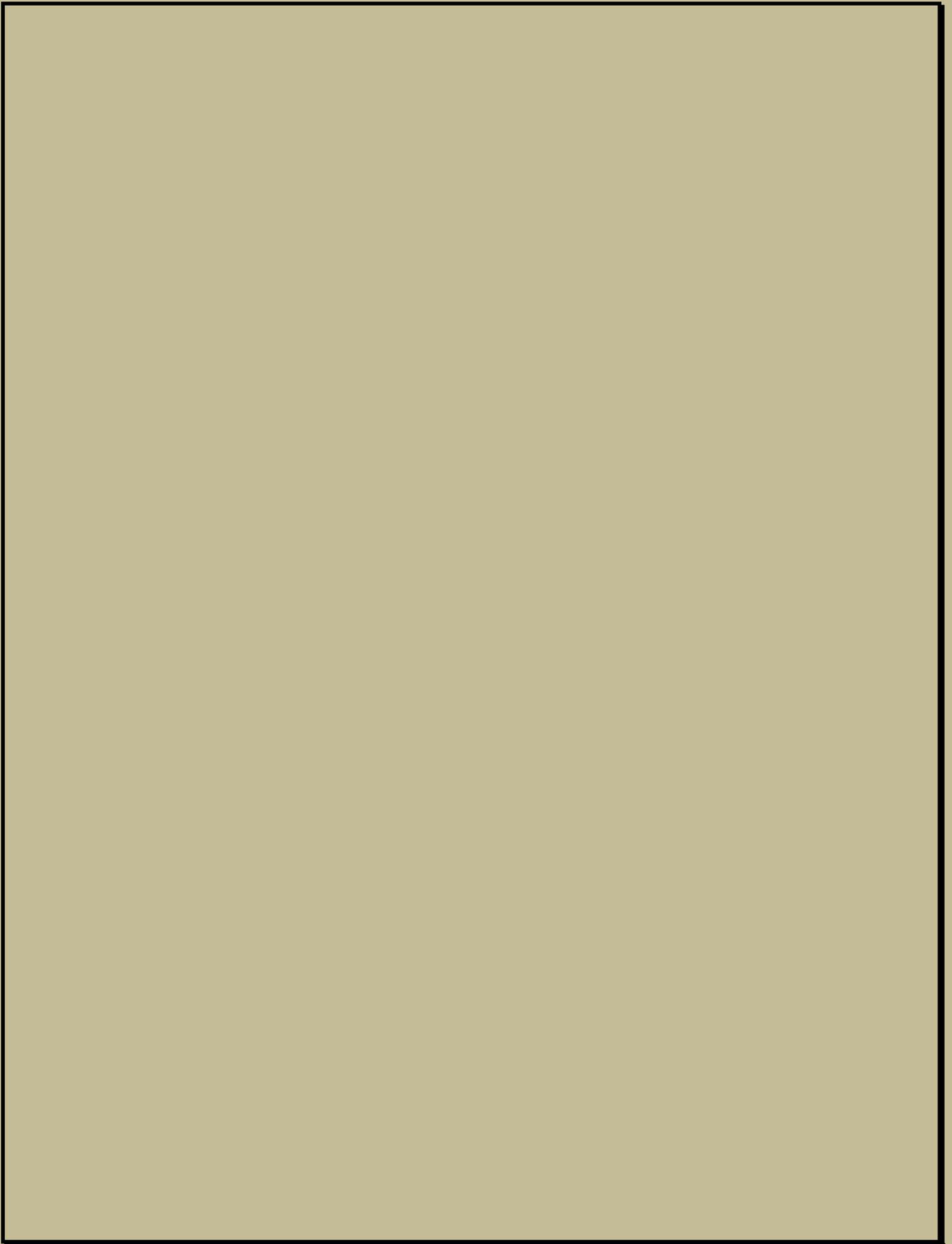
Representative Steve Thompson
State Capital Room 500
Juneau, AK. 99801-1182

Steve,

Toghotthele Corporation would greatly appreciate it if you could procure funding for the Totchaket Highway during this legislative session. The economic impact from the portion that Doyon is constructing has been significant on our community. The construction of the remainder of the road will be even more significant. Many local businesses are booming and over 20 locals are working on the project with great paying jobs. The funding for construction of this highway is critical as the bridge portion was funded in the bond package this past November. Now we must secure funding (\$3 million this year) to begin building the highway west of Nenana. The Totchaket will access new timber areas in the Tanana Valley State Forest, new agricultural parcels that DNR is set to release in 2015, new oil and gas fields in the Nenana Gas basin, and new hunting/fishing areas for the people of Alaska. It truly is a "Roads to Resources".

Thank you for your assistance in this matter,

Jim Sackett, CEO/President
Toghotthele Corporation



Gentlemen: I am an independent logger working out of Nenana, Alaska and use the "Totchaket Highway" on an almost daily basis. I have logged this area for many years and have had to build Ice bridges and do any road work that was necessary to get to my timber sales across the Nenana River. I would surely like to see this road completed and with a proper bridge installed across the river at Nenana. This road would open up all sorts of new projects for many people. An all season road would also insure many new homes in the area and thus help the community of Nenana, Ak. Thank you Gentlemen for your consideration in regards to the Totchaket Highway completion. Signed: Millard A Fudge

CEO Big Stix Logging

Box 263

Alaska 99760

HAVE A NICE DAY FROM MEL & MATTY'S TIMBERLINE ADVENTURES!



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

DIVISION OF AGRICULTURE
Northern Region Office

1648 S. Cushman St. #201
Fairbanks, Alaska 99701-6206
Main: 907.328.1950
Fax: 907.328.1951

February 6, 2013

To Whom It May Concern,

The Nenana-Totchaket Agriculture Project is a 130,000 acre tract of state agricultural land west of the City of Nenana. This land has been designated for agriculture use since the early 1980's but development had not occurred primarily due the lack of access. There is a 29 mile Right-of-Way running east-to-west from the west bank of the Nenana River to nearly the Kantishna River that bisects the agriculture project. To reach the agriculture project requires crossing the Nenana River and three smaller streams as well as a fen area. Several years ago bridges were put across these smaller streams and a road constructed along the first six miles of Right-of-Way in support of exploration drilling taking place in the area. This year more drilling activity has resulted in the development of the ROW into the actual agriculture project it self. The Division of Agriculture is very supportive of any effort to further develop this road as it will lead to quicker development of the agriculture project, which is a goal not only for this division but many Alaskans as well. The development of the project will also help the state meets its goals of economic diversity, food security, and transferring state land into private ownership. It will be much harder to offer this land for sale without developed access along the ROW. Now that the bridges and crossings have been developed without state funds to the project it would be a very good investment for the state to provide funding for the development of the remaining portion of the ROW. It would provide a many-fold return on investment in terms of allowing the state to put agriculture land in the hands of people willing to produce food not only for their own use but for sale to their neighbors. The size of this project would allow for the development of a large scale, diverse, farming operations as well. The development of this project could help reduce Alaska's dependence of foodstuffs being brought in from Outside and increase our food security.

The Division of Agriculture feels that developing the ROW through the Nenana-Totchaket project could lead to more state land being sold quicker and increase the funds generated through land sales because of increased appraised values. A developed ROW would provide us with greater flexibility in designing the project as well.

Sincerely,

A handwritten signature in cursive script that reads "Daniel Proulx".

Daniel Proulx
Natural Resource Specialist
Division of Agriculture/ Northern Region Office



THE STATE
of ALASKA
GOVERNOR SEAN PARNELL

Department of Natural Resources

DIVISION OF FORESTRY
Northern Regional Office

3700 Airport Way
Fairbanks, Alaska 99709-4699
Main: 907.451.2660

February 8, 2013

Mr. Jim Sackett
PO Box 249
Nenana, AK 99760

Dear Jim:

Attached is a description of the use of the Totchaket Highway by the Division of Forestry to access commercial timber sales in Unit 2 of the Tanana Valley State Forest. In the attachment Fairbanks Area Forester KT Pyne and Fairbanks Resource Forester Brian Young provide a brief description of the history and background of the use, along with past, present, and proposed future access needs by the Division of Forestry for proposed commercial timber sales and personal use firewood availability within Unit 2 of the Tanana Valley State Forest and other state lands in the general area. There is a substantial acreage of timber lands within 10 miles of the Totchaket Highway. Additionally, there are additional benefits gained through access to the Tanana Valley State Forest with completion of this project including increased access for wildland fire management operations.

If you have further questions or needs concerning the Division of Forestry's planned activities in this area, please contact Fairbanks Area Forester Kathryn "KT" Pyne and Mark Eliot, Northern Regional Forester. Good luck with your efforts to secure funding for this well-intentioned development project.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Eliot".

Mark Eliot
Northern Regional Forester
Alaska Division of Forestry

Enclosure

Cc:

John "Chris" Maisch, Director and State Forester, Alaska Division of Forestry
Ed Fogels, Deputy Commissioner, Alaska Department of Natural Resources
Esther Tempel, Legislative Liaison, Alaska Department of Natural Resources
Jim Eleazer, Forest Resources Program Manager, Alaska Division of Forestry
Kathryn "KT" Pyne, Fairbanks Area Forester, Alaska Division of Forestry

Totchaket Highway –Nenana River Crossing and Access to Tanana Valley State Forest/ Forest Classified Lands

During the summer months, Subregion 3 Kantishna (Tanana Basin Plan 1991) is only accessible by riverboats, barges and airplanes. While during the winter months, a myriad of trail systems connect villages, towns, and cabins with one another. The Roads to Resources Program lists the Totchaket Highway originating from Nenana as a potential year round access route to Subregion 3. The construction of this road will provide access to a multitude of resources including: agricultural, timber, natural gas and mineral. This route will provide year round access to State, Private, University, and Native lands. .

Historically in this area an ice crossing of the Nenana River at the 10th street crossing has been constructed each year. This ice crossing has been used by the residents of the region and various other user groups to access the Commissioner's Line and the Nenana Totchaket Highway as well as a multitude of other trails within the region. These trails act as a link between remote communities and the road system. The Nenana -Totchaket project has a long history (Nenana –Totchaket Management Plan 1982). In the 1980's there was a push to establish Alaskan grown agricultural products and industry. Year round access was one of the main reasons that the 1980's project did not move forward. Lack of road access to this subregion makes agricultural development unlikely in the near future (Tanana Basin Plan)

- During the period of export logging in the mid 1980's there were active loggers and sawmill operators in Nenana. As part of the demand for export and saw logs, the Division of Forestry proposed a number of timber sales along the Tanana River and on the west bank of Nenana River. These sales are of high value white spruce. In order to access any of these sales the purchaser had to cross at least one river via an ice bridge and construct miles of winter road. Northland Wood Products (Tanana River West #1 NC 747 F (225.5 acres)). This sale was located along the Tanana River.
 - Northland was required to construct winter access road and ice bridges. Both the primary and alternative access route crossed Minto Flats Game Refuge and Toghoththele Corporation Land. An alternative route was mentioned in the file if the purchaser was unable to obtain the necessary permissions. This route added miles and expense to the transportation. The route crossed the Nenana River on the Commission Line and turned north on the North Commission line to the Minto Game Refuge boundary. The route then followed a section line boundary east for 5 miles. The route then turned north for 5 mile to reach the state forest. With light snow years, thin ice crossing, winter access roads and river crossing may not be feasible. In the case of Northland there was a note in the file that due to the conditions, logging activity would be cut short. The winter logging season is not a sure thing due to extreme cold weather delays, short day lengths, Chinook winds leading to warming events and snow and ice melt, and early spring break up are just a few of the issues that need to be accounted for.

- In 1993 the Division of Forestry proposed a sale in the Kantishna block (Kantishna West Birch #1 NC 797 F). This sale would require the construction of 60 miles of winter spur road. The purchaser would construct a spur road at the end of the Commissioners line winter road and to the sale. Ice bridges were required to cross the Nenana River and Kantishna River.
- Currently, Mel Fudge is logging in the region (NC 1109 Nenana Spruce (70 acres)). In order for the purchaser to access this timber sale, they are required to obtain a permit to cross Mental Health lands. There is a yearly filing fee of \$250.

Forestry has several over the counter timber sales located on the west side of the Nenana River. The sales are located near the vicinity of the Northland Wood Products previous sale. However, with no year round access, these sales have not sold. Tanana River West #5 is one of those sales. It is 251 acres of Spruce saw logs. The estimate price for the sale is \$149,662.26. There is a \$14,000 performance bond and \$3150 project bond. The contract requires the purchaser to open up 13 miles of existing winter road and construct 6.4 miles of new winter road, two ice bridges to cross the Tanana River and Little Goldstream Creek. Again this is the preferred alternative route. There has been interest by sawmill operators, loggers and biomass harvesters. However, when the interested party reviews the requirements and the access issues, these sale and others have not sold.

Future Use: There is a large section of the Tanana Valley State Forest within the Unit 2 Kantishna. Unit 2 Lower Tanana fronts on about 60 miles of the lower Tanana River and about 40 miles of the lower Kantishna River. In the TVSF plan (p 84) most of the land within Unit 2 will be managed for commercial timber production while protecting recreation and habitat values near the Tanana and Kantishna Rivers. The current proposed road would end in close vicinity to this section of Forest. There is approximately 12,946 acres of timber lands within 10 miles of the Totchaket Highway.

SPECIES	SIZE CLASS	TOTAL ACRES
Aspen	Pole	1168.66
Balsam Poplar	Pole	424.37
	Sawtimber	7.66
Birch	Pole	4307.83
Birch-Aspen	Pole	1091.57
Black Spruce-White Spruce	Pole	254.99
White Spruce	Pole	1485.00
	Sawtimber	1896.50
White Spruce-Aspen	Pole	78.86
White Spruce-Balsam Poplar	Pole	433.61
	Sawtimber	7.17
White Spruce-Birch	Pole	715.83
	Sawtimber	82.17
White Spruce-Birch-Aspen	Pole	651.26
White Spruce-Black Spruce-Birch-Aspen	Pole	341.30
Grand Total		12946.77

Toghotthele Corporation Stewardship Plan lists 17,392 acres of conveyed lands within the Totchaket area. The following charts were copied from the 1999 Forest Stewardship Plan for Toghotthele Corporation prepared by Tanana Chiefs Conference, Inc. Forestry Program.

Land Cover Category	Nenana Ridge	Parks Highway	Pogie Island	Totchaket	Soldier Slough	Wood River	Total Tract
Forest							
Timberland							
Infeasible acreage			21	160		417	599
Sustained yield	11,788	2,235	1,671	2,289	8,763	4,296	31,043
Timberland acreage	11,788	2,235	1,692	2,449	8,763	4,714	31,641
Woodland							
Infeasible acreage	7,122	84	370	13,231	601	39,614	61,022
Woodland acreage	7,122	84	370	13,231	601	39,614	61,022
Forest acreage	18,910	2,319	2,062	15,680	9,365	44,328	92,664
Non-forest							
Barren acreage		29	5				34
Cultural acreage	134	63					197
River acreage		107	138	87	2,711	474	3,517
Shrubland acreage		154	631	584	1,575	7,707	10,650
Water acreage	17	4	121	68	195	46	450
Wetland acreage		187	1,805	972	4,570	14,133	21,666
Non-forest acreage	151	544	2,700	1,712	9,050	22,359	36,516
Total	19,061	2,863	4,762	17,392	18,415	66,687	129,179

Table 5. Land classification by acreage of vegetation categories by tract subunit.

Subunit	White spruce		Black spruce		Birch		Aspen		Balsam poplar		Total	
	MBF	CCF	MBF	CCF	MBF	CCF	MBF	CCF	MBF	CCF	MBF	CCF
Nenana Ridge	28,162	80,407	0	203	11,937	42,913	2,437	12,170	0	233	42,536	135,926
Parks Highway	3,950	13,337	0	0	1,480	10,690	383	3,070	0	0	5,812	27,097
Pogie Island	2,816	8,169	0	0	269	1,225	115	417	5	18	3,205	9,829
Soldier Slough	31,583	89,346	0	0	1,980	9,353	1,504	5,219	749	2,695	35,817	106,613
Totchaket	4,312	14,671	0	0	1,333	9,513	616	3,453	0	0	6,261	27,637
Wood River	9,703	47,858	0	0	1,350	9,628	933	4,179	30	109	12,016	61,774
Total	80,526	253,788	0	203	18,349	83,321	5,987	28,507	785	3,055	105,647	368,875

Table 7. Total gross sustained yield timber volumes by tract subunit and species.

however, is dependent on the intensity of management activities (thinning treatments) performed on these stands. Therefore, allowable annual cut levels are not static and may be looked at within 10 year intervals and then adjusted.

Tract Subunit	White Spruce AAC 9" DBH – 6" Top MBF	White Spruce AAC 5" DBH – 4" Top CCF	Hardwood AAC 5" DBH – 4" Top CCF
Nenana Ridge	270	730	995
Soldier Slough	304	896	455
Pogie Island	26	83	41
Totchaket	34	101	428
Parks Highway	12	32	216
Wood River	114	646	438
GRAND TOTAL	760	2,488	2,573

Table 15. Gross volume allowable annual cut by tract subunit.

The proposed road offers multiple opportunities.

- Fuelwood/ Biomass: Due to high heating fuel costs, Interior Alaska residents are burning more wood to heat their homes. The price for a cord of dry wood is at an all time high. There are ads on Craigslist listing a cord of wood for \$300 per cord. The City of Nenana has submitted an application for a biomass feasibility study. The study would look at the possibility of converting their school heating system from fuel oil to biomass. Tok and Delta schools have both benefited from cost savings by converting to biomass. Part of the feasibility is to look at sustainable wood supply. In addition biomass manufacturing companies i.e. Superior Pellets and others have approached Forestry asking about harvestable biomass wood supplies. Residents living south of Nenana i.e. Healy currently doesn't have easy access to state forest firewood. The closest firewood permit area is Nenana Ridge Road. This transportation corridor would greatly assist Forestry in marketing useable wood for the local communities and economy.
 - Salvage wood from road construction: as part of the stipulations for crossing State land, Forestry through DMLW has required that the contractors salvage wood greater than 6 inches in diameter. The stipulations recommend that the contractor pile the wood for easy access by the public. During the TVSF Citizen Advisory Committee meeting (Jan. 31, 2013), the local residents are appreciative of this wood.
- Wood from Agricultural Projects:
 - Under the current Tanana Basin Plan it lists the area Nenana Totchaket Agriculture (3R1) containing 1470,000 acres. As part of the process of updating the Tanana Basin Plan, Division of Forestry has been coordinating with the Division of Agricultural to ensure that the timber removed off the agricultural parcels is salvageable. In the past

agricultural contracts did not allow purchases to sell the timber. Much of this timber was windrowed and then burned.

- Mental Health also owns lands within this area. Forestry assisted Mental Health with their forest inventory.

- Establish year round main transportation corridor to access resources
 - The road is located south of the Minto Flats State Game Refuge. In order to limit hunting pressures, Department of Fish and Game has been hesitant on establishing year round access through the refuge. This road would allow access to the Kantishna Unit Tanana Valley State Forest without crossing the refuge.



February 20, 2013

Dear Alaska Legislators,

This letter is a statement of support for the Totchaket Road Project, a project to complete 29 miles of road construction near the City of Nenana. Doyon, Limited is the state chartered Alaska Native Claims Settlement Act Regional Native Corporation for Interior Alaska. Doyon has over 18,500 shareholders, with many living within the region, with a diverse assortment of businesses generating over \$336 million in revenues in FY2012.

As we have undertaken steps to implement SB 23 in the Nenana/Minto Basin, we have heard the community speak out in support of the Totchaket Road Project. As you know, SB 23 passed during the 2012 legislative session, supported the exploration for oil and gas resources in Alaska's underexplored "Middle Earth" basins. This year, Doyon's highest priority is our exploration drilling project in the area.

The request for \$10.5 million dollars distributed over four years would lead to the completion of the Tochaket Road Project, including road construction over 29 miles of the existing, permitted right of way. Noteworthy is the fact that our drilling efforts in the area have already resulted in the "pioneering" of over 10 miles of road in the Tochaket Road Project alignment. This road would also provide access to many other State resources, including agriculture lands and forestry resources. The road, a statewide asset and benefit to the local community, would also provide endless recreation opportunities and access to the Kantishna River country.

Thank you for the work you do in the interest of Alaskans, and please contact our office at (907) 459-2000 with any questions regarding our support of this request.

Sincerely,

Aaron M. Schutt
President and CEO
Doyon, Limited



Nenana Native Village

PO Box 369
Nenana, AK 99760

907-832-5461
FAX: 907-832-1077

Nenana native Village
PO Box 369
Nenana, AK 99760
February 20, 2013

Legislators of Alaska
Juneau, Alaska

Dear Alaska State Legislators:

Nenana Native Council is in total support of the expand the Totchaket Highway, this a great opportunity for the community of Nenana and surrounding areas to have a better access for gathering firewood, and hunting, trapping and aquaculture use. It has been a top subject for years. The Nenana Tribal Council voted by unanimous decision to support this project. If you have any further question please contact at the above number.

Sincerely,

1st Chief Nenana
Donald Charlie

SEP. PRES.