



Fairbanks-North Pole Rail Realignment

JUST THE FACTS

For quite some time, the Alaska Railroad has been aware that much of the information concerning the Fairbanks-North Pole Rail Realignment (F-NPR) project currently being shopped around to local community and political groups via editorials in the newspaper has no basis in supportable fact. As a result of these editorials apparently going unchallenged, misinformation is getting a free ride. The following responses to the most frequent editorialized claims are designed to put the facts back in your hands. Information contained herein is backed by hard data, available to the public through the Alaska Railroad.

True or False: *The Alaska Railroad does not support the Fairbanks-North Pole Rail Realignment project.*

False. The Alaska Railroad supports constructing the F-NPR configured as a three-phased long-term project. Phasing was coordinated with the help and advice of the Fairbanks North Star Borough (FNSB or Borough) Mayor's office and then subsequently agreed to by the FNSB Assembly, followed by the City of North Pole. The City of Fairbanks municipal leadership has not yet aligned itself with the Borough and City of North Pole on project support.

True or False: *\$40 million of Department of Defense (DOD) funds can be redirected to the Fairbanks-North Pole Realignment through a simple change to Congressional earmark language.*

This claim is **false**. First of all, there is no \$40 million. In fact, \$12 million in DOD funds were appropriated and must be spent entirely on Fort Wainwright for specific military purposes only. This has been confirmed and reconfirmed not only by the Alaska Railroad but also by the Borough Mayor in discussions with our congressional staffs. Additional DOD funding has since been requested to continue the Fort Wainwright project.

True or False: *Current engineering estimates suggest that \$92 million would adequately fund a bypass of the Alaska Railroad through the entire Fairbanks-North Pole vicinity.*

We wish this claim were true, but it's not. It is **false**. Let's put this one into perspective. Constructing a basic new rail line in Alaska, without the bells and whistles (like bridges) costs about \$8 million per mile. This project not only includes 20 miles of new rail line but also entails a major bridge over the Chena River. ARRC, in conjunction with local Fairbanks engineering firms, recently completed more in-depth field work and data analysis, resulting in cost estimates totaling somewhere in the neighborhood of \$300 million. The project price tag has grown tremendously since the original concept estimates made in 2001 due in part to inflation, environmental mitigation, and the escalating cost of construction materials. In addition, we now rely on much more comprehensive and accurate engineering calculations.

True or False: *The Railroad's real plan is to avoid consideration of a Fairbanks "Southern Bypass." If the Railroad is allowed to build the Fort Wainwright realignment first, they will disregard the Southern Bypass.*

This claim smacks of the old fashioned conspiracy theory. Of course the claim is **false**. In fact, the Alaska Railroad initiated the original Fairbanks-North Pole realignment in 1999. In cooperation with the FNSB in 2007, a three-phased approach was developed based on sound engineering principles and financial feasibility. This approach was accepted by the Federal Railroad Administration, the Fairbanks North Star Borough and the North Pole City Council. The Railroad is on public record as having committed to building a Southern Bypass around Fairbanks as Phase III of the three-phased overall project. It may be that some people are confused about the three-phase approach. To be clear, North Pole is Phase I, not Fairbanks. Further, the Fairbanks-North Pole Rail Realignment is independent from Fort Wainwright realignment plans. One has no official bearing on the other.

True or False: *The Alaska Railroad has made the excuse that it cannot use its bonding authority to issue revenue bonds for the project.*

This is no excuse, just fact...and it's **true**. Let's be clear...the problem is not the Railroad's ability to issue bonds. With State legislative approval we could certainly do so. The real question lies in how those bonds would be repaid. The sale of Railroad revenue bonds creates a corresponding debt. In order to be financed with bonds, the project must generate a substantial revenue stream to repay the estimated debt service on the financing. Yet, the rail realignment project does NOT increase Railroad revenue. To the contrary, it would be an expense aimed solely to enhance community rail safety and compatibility. Unfortunately, Alaska Railroad earnings, even coupled with federal grant

funding, is not enough to cover the estimated debt payment. Financing for this project will require that we find other sources of funding.

True or False: *The Alaska Railroad is already moving forward on this project, just like it said it would.*

Absolutely true! Public meetings have been held throughout the greater Fairbanks area. We have spoken with all the previous and current mayors about the order of priority in the three-phased approach. On multiple occasions, we have engaged in work sessions and provided briefings before the North Pole City Council, the Fairbanks North Star Borough Assembly, the Fairbanks City Council, local chambers of commerce and other interested organizations. The Alaska Railroad has already spent a half-million dollars of corporation money to move the F-NPR project forward and as a result there are already agreements in place to secure a major and essential piece of the right-of-way. The three-phased project, as outlined in a *Memorandum of Understanding* with the Fairbanks North Star Borough, has been briefed to the interior State Legislative delegation, the Alaska Congressional delegation and the Federal Railroad Administration. The Alaska Railroad, City of North Pole, and Borough are now working aggressively to secure initial dollars to pursue the environmental impact statements (EIS). Bottom-line: The Alaska Alaska Railroad Corporation is working to build trust and confidence with local and statewide governmental bodies in order to insure the project timing and prospects for overall success are well understood.

A handwritten signature in blue ink that reads 'Pat Gamble'.

Pat Gamble, ARRC President & CEO

More information on the F-NPR project can be found at www.AlaskaRailroad.com