



U.S. Department
of Transportation
**Federal Railroad
Administration**

400 Seventh St., S.W.
Washington, D.C. 20590

JAN 24 2007

Ms. Eileen M. Reilly
Vice President – Projects, Engineering,
Technology and Signals
The Alaska Railroad Corporation
P.O. Box 107500
Anchorage, AK 99510-7500

Re: Eielson Realignment

Dear Ms. Reilly:

This letter is in response to the Alaska Railroad Corporation's (ARRC) December 7, 2006 letter requesting approval to separate the Eielson Branch Realignment (EBR) Project into two distinct projects. As background, the EBR Project was to have realigned approximately 19 miles of existing ARRC track between Fairbanks and North Pole, Alaska. Five of those miles from approximately Mile Post (MP) 3 to MP 8 traverse the U.S. Army's Fort Wainwright base. The Federal Railroad Administration (FRA) has analyzed ARRC's request and agrees that the separated projects each have their own independent utility.

Because the FRA is administering the grants that are funding the preliminary engineering and environmental documentation for the EBR Project, FRA has been designated the lead Federal agency for purposes of compliance with the National Environmental Policy Act (NEPA). In August 2005, the Federal Transit Administration (FTA) agreed to be a co-lead agency because FRA believed that FTA may provide additional implementation funding for the project. ARRC, FRA and FTA originally agreed to prepare an Environmental Assessment (EA) of the entire project.¹ During preparation of the EA, however, it became apparent that a more comprehensive environmental study would be required for portions of the realignment outside of Fort Wainwright.

ARRC is now proposing to separate the EBR Project into two distinct projects. One would entail realigning the five miles of track that traverses Ft. Wainwright. ARRC is calling that project the "Fort Wainwright Realignment Project."² As funding for the Fort Wainwright

¹ FTA's participation as a co-lead agency was based on the possibility of future funding for the portion of the project that will now be part of the Fairbanks Area Realignment. Because the future of that project has become more uncertain and because funding for the Fort Wainwright project is in place and being administered by FRA, FRA does not believe it is necessary for FTA to continue to be a co-lead agency. FTA concurs with FRA's decision. Thus, going forward, FRA will be the sole lead agency for the realignment projects.

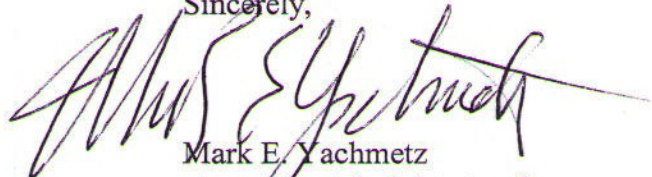
² The Department of Defense (DOD) is funding a separate project to construct a loading facility in the Fort. That project includes yard tracks that would connect to the realigned ARRC track, regardless of which alternative is selected. DOD is preparing the NEPA documentation for that project.

Realignment Project is already in place, FRA understands that work on that project could begin very soon. The other project would include the remaining portions of the EBR project (Fairbanks depot to Ft. Wainwright and from Ft. Wainwright to North Pole, Alaska), and it would be expanded to study additional alternatives through or around Fairbanks. ARRC is calling that project the "Fairbanks Area Rail Realignment Project."

FRA has analyzed ARRC's request and agrees that the Fort Wainwright Realignment Project and the Fairbanks Area Realignment Project each have their own independent utility. On the Fort, the realignment would reduce the number of high volume at-grade crossings; move the track away from base infrastructure, including the air field; and allow for better overall rail and base operations. These benefits will be immediately effective and would not depend upon or preclude any future alternative selected for the Fairbanks Area Rail Alignment Project. Moreover, any realignment work completed within Fort Wainwright would not force the future selection of any alternative for the Fairbanks Area Rail Realignment Project. Thus, FRA approves ARRC's request to separate the EBR Project into these two distinct projects.

If you have further questions or comments, please do not hesitate to contact Mr. John Winkle, of my staff, at (202) 493-6067 or by email at john.winkle@dot.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Yachmetz", written in a cursive style.

Mark E. Yachmetz
Associate Administrator for
Railroad Development

cc: Daniel Drais, FTA
Linda Gehrke, FTA