

**MEMORANDUM OF UNDERSTANDING #1  
FAIRBANKS NORTH STAR BOROUGH  
ALASKA RAILROAD CORPORATION**

**25 June 2007**

**THE PURPOSE OF THIS MOU**

Alaska Railroad Corporation (ARRC) and Fairbanks North Star Borough (FNSB) desire to optimize the alignment of the Alaska Railroad within the Fairbanks-North Pole area to improve safety, customer response, and minimize transportation conflicts within the adjacent communities. ARRC and FNSB agree to commence defining a new rail corridor from the west side of Fairbanks near Sheep Creek to the east side of North Pole near Moose Creek. This effort is hereby named the Fairbanks – North Pole Rail Realignment (F-NPR). Additionally, ARRC and FNSB will pursue a study to determine possible passenger transit services for the communities along the route.

**OVERVIEW**

Several major engineering studies have thoroughly investigated alternatives for rail realignment through the Fairbanks-North Pole area. One such segment, commonly known as the Ft. Wainwright Bypass, has been approved to provide Independent Utility and is proceeding with Department of Defense funding. It should be considered an interim route around Ft. Wainwright until such time as the F-NPR is completed.

The overall size and cost of the F-NPR is considerable and will almost certainly require that engineering, funding and construction be accomplished in phases, although these phases would be worked as simultaneously as possible. In recognition of the need for project clarity and considering that “phases” were used in previous studies over years past, a re-naming of proposed F-NPR segments is in order. The Richardson Highway Mile Post 9-North Pole project is clearly the least complex from both a financial and engineering point of view, and shall be called **Phase 1**. The safety benefits resulting from the Richardson Highway Mile Post 9 to North Pole phase are very substantial. Public transit is a distinct possibility for Phase 1. The NEPA process for Phase 1 can be accomplished expediently by relying on the engineering effort and environmental studies conducted to date. Securing independent utility in order to set the scope of study for NEPA looks to be a possible strategy for proceeding with Phase 1 and if determined to be viable will be supported by the FNSB.

ARRC will continue the alternative analysis engineering study for the area from Richardson Highway Mile Post 3 to Richardson Highway Mile Post 9 (**Phase 2**) and for the remaining realignment segment west of Phase 2 past the Chena River (**Phase 3**). Phase 1 should be first priority among the three phases.

**Phase 1 Considerations**

The existing Tanana River Levee provides a feasible realignment corridor for the railroad that the partners believe would improve safety, minimize traffic conflicts and optimize freight/transit through the area. The Tanana River Levee was constructed by the US Army Corps of Engineers (COE) and is now the responsibility of the FNSB. As part of Phase 1 the FNSB and the ARRC will develop a no-fee “exclusive use easement” right of way and work cooperatively with permitting authorities to ensure use of the area on or near the levee as a rail corridor through a right-of-way agreement. Maintaining

the structural integrity of the rail/levee combination is essential, is in the vital interest of all parties, and must not be compromised. The addition of a railroad on or near the levee could also be used to improve the structural integrity of the levee. As the railroad is realigned to the levee, with the approval of the COE where necessary, the ARRC could assume the FNSB's responsibility for maintenance of the levee in accordance with the COE agreements.

Once the railroad and engineering design for the levee commences, the ARRC and FNSB will seek public input and identify opportunities to enhance recreational trails. The FNSB has a designated recreational trail in the levee area that is largely undeveloped and its upgrade could be an integral part of the project. ARRC would provide access to the river-side of the levee where appropriate. ARRC and FNSB will cooperate to mitigate personal and vehicle access issues arising from the new railroad location. Access is expected to be approved for certain designated locations and will generally coincide with section lines and/or major roadway alignments. FNSB will support ARRC efforts to obtain required Federal approvals, such as "4(f)", which addresses impacts to recreational trails.

Any railroad right-of-way to be completely vacated by F-NPR will trigger statutory evaluation for possible reversion, beginning with North Pole in Phase 1.

### **Phase 2 and Phase 3 Considerations**

As the ARRC progresses on the design and construction of Phase 1, efforts will turn to the west. The FNSB and the ARRC will aggressively pursue funding for planning and design of Phases 2 and 3 of the F-NPR.

This MOU demonstrates that the long term goal of both parties is to move rail traffic out of the core of the community and relocate it south of town. The parties acknowledge that while a "no build" option will be considered under every phase, one purpose of this MOU is to articulate the parties' agreement that routes south of Fairbanks are preferred solutions over increasing speeds or elevating rail traffic through the Trainor Gate –New Steese – Old Steese areas of town.

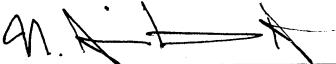
As each phase of railroad relocation develops, the ARRC and the FNSB can draw up further MOU's or right of way agreements as necessary to lock-in specific details for the subsequent project phases.

For the  
ALASKA RAILROAD CORPORATION

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Patrick K Gamble  
President & Chief Executive Officer

For the  
FAIRBANKS NORTH STAR BOROUGH



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Jim Whitaker  
Mayor