

14. SOCIOECONOMICS

This chapter characterizes the socioeconomic resources in the proposed Port MacKenzie Rail Extension project area that could be affected by proposed rail line construction and operation. The description of socioeconomic baseline conditions and impacts focuses on demographic characteristics, economic activities, and access to housing and public services.

14.1 Regulatory Setting

Council on Environmental Quality regulations for implementing the requirements of the National Environmental Policy Act of 1969 (NEPA) state that *Effects* to be taken into account “includes ecological (such as the effects on natural resources and on the components, structures, and functioning of affected ecosystems), aesthetic, historic, cultural, economic, social, or health, whether direct, indirect, or cumulative” (40 Code of Federal Regulations [C.F.R.] § 1508.8) and that the *Human Environment* of interest to NEPA “shall be interpreted comprehensively to include the natural and physical environment and the relationship of people with that environment” (40 C.F.R. § 1508.14). The same regulations also state that although “economic or social effects are not intended by themselves to require preparation of an environmental impact statement” when “economic or social and natural or physical environmental effects are interrelated, then the environmental impact statement will discuss all of these effects on the human environment.”

14.2 Analysis Methodology

The Surface Transportation Board’s Office of Environmental Analysis (OEA) analyzed potential direct, indirect, temporary (short-term), and permanent (long-term) impacts to socioeconomics from the proposed rail line construction and operation.

Temporary direct impacts from construction are those potentially derived from a temporary increase in the demand for labor and construction materials. If workers were from the project area, the increase in labor demand would contribute to a reduction in unemployment. If workers were brought from other regions, migration to the project area might or might not generate pressure on available housing and public services. Any increase in local expenditures for labor and construction materials would stimulate the local economy.

Permanent direct impacts from rail line construction would be those potentially derived from the loss of economically productive land, any displacement caused by the establishment of a right-of-way (ROW) for the proposed rail line, and any socioeconomic impacts related to the physical barrier imposed by the rail line on the flow of natural and human resources between the east and west sides of the rail line.

Potential direct impacts from rail line operation would depend largely on the extent to which rail access to Port MacKenzie supports increased export and import of bulk material through the port and on the extent to which this increased trade generates demand for labor and resources from neighboring areas. Potential indirect impacts analyzed include induced economic growth.

14.3 Study Area

The study area for socioeconomic is the Matanuska-Susitna Borough (MSB or the Borough). Traditionally the largest agricultural producer in Alaska and a recreation destination for residents of Anchorage and other visitors, the Borough grew in the past as a bedroom community around neighboring Anchorage, to which its economy is strongly linked. Most of the Borough's population lives within a 40- to 50-mile radius of Anchorage, and an estimated 33 percent of the workforce commutes to Anchorage for work (Wells and Hanson, 2006).

With relatively inexpensive housing and available land in recent years, the MSB has been the fastest growing area in the state. The Borough's recent economic growth has been heavily driven by a growing service sector, and the traditional unemployment gap between the Borough and Anchorage has narrowed.

14.4 Affected Environment

The proposed rail line alternatives begin in the Port MacKenzie District (District), an industrial and commercial area comprising 8,940 acres, located at the south end of the project area where there are no residents. The District has electrical and telephone service. A modular home manufacturer is established in the District and a wood chip exporting company that uses Port MacKenzie has made improvements. The Port MacKenzie dock is longer than those of Valdez, Seward, or Whittier. Port MacKenzie has deeper waters and more available storage space than the ports of Valdez, Seward, Whittier, or Anchorage (Northern Economics, 2007a).

The District is linked to the most populous areas of the MSB through 36 miles of gravel and paved roads that cross the community of Knik-Fairview before reaching Wasilla. The 2000 U.S. Census registered a population of 7,049 in Knik-Fairview; 5,469 in Wasilla; and 4,819 in Meadow Lakes, just west of Wasilla. There were 2,593 housing units in Knik-Fairview; 2,119 in Wasilla; and 2,003 in Meadow Lakes. In 2006, 90 percent of the population of the MSB lived between this area and Sutton along the road connecting east through Palmer (Wells and Hanson, 2006). Also, Wasilla is along a commuter bus route to Anchorage, and the MSB is part of the Anchorage Metropolitan Area, as defined by the Office of Management and Budget, with about 33 percent of the employed residents of the Borough commuting to Anchorage (Wells and Hanson, 2006).

As of July 2007, the U.S. Census Bureau estimated the population of Wasilla to be 9,780. The Borough as a whole had an estimated population of 82,668 in 2007, up from 59,322 in the 2000 Census. There were 27,329 housing units in the Borough in 2000. The Department of Labor Bureau of Labor Statistics estimated the 2007 labor force for the Borough to be 39,308, with 7.1 percent (2,805) unemployed. Neighboring Anchorage had an estimated labor force of 152,630 with 5.0 percent (7,621) unemployed (BLS, 2007).

Most homes in populated areas use individual water wells and septic systems; Wasilla operates a piped water and sewer system. A private or Borough-managed service for refuse collection is typically available for transfer to the Borough landfill in Palmer, and the Matanuska Electric Association provides electricity. Homes in Wasilla and Big Lake and many in the Knik-Fairview area have access to piped natural gas for heating (State of Alaska, undated).

Tourism and recreation are important economic sectors in the Borough and trails are often the main access available to recreational cabins and facilities (HDR Alaska and TNH-Hanson, 2008). In 2007, the accommodation and food services industry and the arts, entertainment, and recreation industry generated an estimated 3,344 jobs, just over 10 percent of the total employment in the Borough and about 6.3 percent of private non-farm earnings (BEA, 2007).

14.4.1 Southern Segments

The southern segments of the proposed rail line would cross a relatively sparsely populated area next to and within the Point MacKenzie Agricultural Project, which is the largest contiguous agricultural area in Alaska and is mostly used for dairy farming. The area immediately above the Agricultural Project has the most residents in the vicinity of the southern segments. According to the 2000 Census, there were 202 people living in 2 Census blocks in that area.

14.4.2 Northern Segments

The northern segments of the proposed rail line also would cross relatively sparsely populated areas and contains 3 important state recreation areas. The Willow Creek State Recreation Area is farthest to the north and receives 40,000 visits each year for fishing, camping, floating, boating, wildlife viewing, and hunting (HDR Alaska and TNH-Hanson, 2008). The Little Susitna State Recreation River receives between 2,000 and 3,000 float trips each year, in addition to fishing, camping, wildlife viewing, and hunting. The Nancy Lake State Recreation Area is used for a variety of activities year round, including canoeing, fishing, hiking, camping, skiing, snowmachining, and dog sledding.

The Iditarod National Historic Trail and other important local multi-use trails also cross the area.

The 3 largest communities in the area are Willow, Houston, and Big Lake. Willow is located around the Alaska Railroad Corporation (ARRC) main line. The community of Willow had a population of 1,658 in the 2000 Census, and 60 percent of local homes are vacant or for seasonal use (State of Alaska, undated). Houston had a population of 1,202 and Big Lake a population of 2,635.

14.5 Environmental Consequences

14.5.1 Proposed Action

14.5.1.1 Common Impacts

Construction Impacts

ARRC estimates it would employ 66 to 100 workers in the various phases of the 2-year construction period and expects to utilize up to 3 crews working in 8-hour shifts around the clock. Table 14-1 lists ARRC estimates for employment and equipment use during the construction period. Construction workers would likely be employed by existing grading and rail construction firms, several of which have offices in the area (HDR Alaska and TNH Hanson,

**Table 14-1
Estimated Port MacKenzie Rail Extension Construction
Work Force and Equipment Needs^a**

Construction Activity	Crews	Crew Size	Equipment Needed, per Crew
Clearing and grubbing	3	6	1 loader/excavator, 2 articulated trucks, 2 bull dozers
Grading/embankment construction	3	22	6 scrappers, 6 articulated trucks, 2 compactors, 2 graders, 1 water truck, 3 bulldozers
Infrastructure	3	25	4 backhoes, 2 cranes, 2 forklifts, 4 concrete trucks
Track	1	25	2 excavators, 1 speed swing, 2 production tampers, 2 ballast regulators, 1 rail heater, 1 anchor applicator, 2 ballast trains
Site cleanup	4	4	1 pick-up truck, 1 high-rail truck

^a Source: HDR Alaska and TNH-Hanson, 2008.

2008). The positive impact to employment would be temporary because it would be limited to the construction period.

OEA expects most of the employees needed for rail line construction to be locally available. More than 33 percent of the MSB’s personal income comes from outside the Borough, mostly from commuters working in Anchorage, but also from long-distance commuters, including construction workers working around the state (Wells and Hanson, 2006). To the extent that workers prefer shorter commutes, recruiting is expected to be largely local. The local availability of workers for rail line construction suggests there should be no impacts to housing and public services.

ARRC provided rough cost estimates that suggest construction expenditures, including materials, labor, and overhead costs, would be on the magnitude of \$200 million to \$280 million. A 2007 study conducted for the MSB suggests that 70 percent of these expenditures would be within the state (Northern Economics, 2007b).

Proposed rail line construction would result in an indirect temporary stimulus to the Borough’s economy and labor market. Follow-up rounds of local expenditures by direct employees and providers of services would multiply the impact from direct expenditures and employment during the construction period. A 2007 study (Northern Economics, 2007b) suggests that the indirect impact would be the generation of a number of jobs at least equal to the direct employment generated during the construction period.

Operation Impacts

ARRC anticipates that the proposed rail line would begin to operate in 2012 and would entail 2 trains traveling daily, one in each direction, and employ 4 permanent employees. The proposed rail line is expected to provide Port MacKenzie with a transportation alternative to the existing truck access to the port for exporting and importing bulk material – mineral and other natural resources such as coal, gravel, and wood chips – and to support the use of Port MacKenzie as a general cargo port (HDR Alaska and TNH Hanson, 2008).

The impact of the proposed rail line on the District would depend on the extent to which the rail line was used and generated demand for services at Port MacKenzie, whether for outbound or

inbound cargo. Additionally, access to resources, such as coal, could attract new industries or a thermal power plant to the District, although there are no definitive plans for such facilities.

14.5.1.2 Impacts by Segment

Impacts that would differ by segment include displacement of residences and potential impacts to economic activities that could result from the intersection of the proposed rail line with trails for which ARRC does not propose to provide grade-separated crossings. Those trails would be blocked, and ARRC's trespassing regulations would prohibit the public from crossing the ROW at these trail locations without first obtaining approval from ARRC.

Crossings of officially recognized trails would be grade-separated or relocated to minimize any disruptions in trail use. Recreation and tourism activities that use unofficial trails could be blocked by the rail line, but could possibly be diverted to the officially recognized trails that would be retained. This could have a potentially adverse effect on economic activities, either directly or indirectly, related to the current use of blocked trails that are not officially recognized.

Construction Impacts

Southern Segments

The proposed southern rail line segments could require taking some residential properties and displacements would be permanent. Two structures would be taken in the Connector 3 Segment ROW; 1 structure would be taken in the Mac East Variant Segment ROW. Given the small number of residential displacements, no difficulties in identifying and providing comparable nearby housing would be expected.

The southern rail line segments would cross some agricultural parcels, with the most land in agricultural use and under agricultural covenant affected by the Mac East Variant-Connector 3 Variant Segment Combination. Some farmland production would likely be lost.

The Mac West-Connector 1 Segment Combination borders the Susitna Flats Game Refuge, one of the most popular recreational hunting and fishing areas in the state (HDR Alaska and TNH-Hanson, 2008). Access to this recreation area through the Figure 8 Lake Loop Trail, Pipeline Trail, and Flathorn Lake Trail would be provided for with grade-separated crossings.

See Chapter 13 for estimates of impacts to general land use and property along each rail line segment.

Northern Segments

ARRC does not propose grade-separated crossings for snowmobile trails present throughout the area. Recreation activities currently making use of such crossings could either be diverted to other areas or discouraged.

Willow Segment

The Willow Segment would divide the Little Susitna State Recreation River and the Willow Creek State Recreation Area and would border the Nancy Lake State Recreation Area. Official trails providing access to these areas would receive appropriate crossings, including the Crooked Lake Trail, the Iditarod Link Trail, the Iron Dog Trail, the Iditarod National Historic Trail, the Lucky Shot Trail, the West Gateway Trail, the Nancy Lake – Susitna Trail, and the Mud Lake Trail.

Big Lake Segment

The Big Lake Segment would cross the most populous Census blocks among the northern segments and would likely result in some residential displacements along the rail line. Ten structures, 5 residences, and 1 business would be taken within the Big Lake Segment ROW. Given the small number of residential displacements, no difficulties in identifying and providing comparable nearby housing would be expected. Official trails in this area would receive grade-separated crossings, including the Knik Connector Trail, the 16 Mile Trail, the Iditarod National Historic Trail, the Aurora Dog Musers Club Trail, and the Herning Trail.

Houston Segment

The Houston Segment would cross the following officially recognized trails: the Crooked Lake Trail, the Iditarod National Historic Trail, the Flat Lake Connector Trail, Big Lake Trail #5, and Big Lake Trail # 14. These official trails would receive grade-separated crossings.

Houston North Segment

The Houston North Segment would divide the Little Susitna State Recreation River. The Houston Lake Loop Trail providing access to this area would receive a grade-separated crossing.

Houston South Segment

The Houston South Segment would cross the Little Susitna State Recreation River adjacent to the existing ARRC main line ROW. The Houston Lake Loop Trail providing access to this area would receive a grade-separated crossing. This segment would also cross Big Lake Trail # 1 and Big Lake Trail #2. These official trails would receive grade-separated crossings.

See Chapter 13 for estimates of impacts to general land use and property for each alternative segment.

Operation Impacts

Residential displacements generated for construction of the rail line would be permanent.

ARRC does not propose to provide crossings for all unofficial trails. The rail line would block some trails and current economic activities exploring such trails may be either diverted to nearby trails with crossings or discouraged.

14.5.2 No-Action Alternative

Under the No-Action Alternative, ARRC would not construct and operate the proposed Port MacKenzie Rail Extension, and there would be no changes to existing socioeconomic conditions from the project. Freight traffic through Port MacKenzie could be limited by the absence of a convenient and proximate transportation alternative to trucks.

14.5 Unavoidable Environmental Consequences of the Proposed Action

OEA is not recommending mitigation measures for potential impacts to socioeconomics, because OEA concluded that such impacts from construction and operation of the proposed rail line would be minor. As described above in Section 14.5.1, potential unavoidable impacts from rail line construction and operation include the benefits that would arise from an increase in employment during the construction period along with the adverse affects of a potential change in economic activities directly or indirectly related to the areas where use of surrounding trails would be reduced or eliminated. In the area of the Big Lake Segment, the proposed rail line would require taking 5 residences, 10 structures, and 1 business. Two structures in the Connector 3 Segment ROW would be taken, and 1 structure in the Mac East Variant Segment ROW would be taken. Given the small number of residential displacements, no difficulty in identifying and providing comparable nearby housing would be expected.