

14. SOCIOECONOMICS

This chapter characterizes the socioeconomic resources in the proposed Port MacKenzie Rail Extension project area that could be affected by rail line construction and operations. 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 [CFR] Part 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 CFR Part 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 Section on Environmental Analysis (SEA) analyzed potential direct and indirect, and temporary (short-term) and permanent (long-term) impacts to socioeconomics from proposed Port MacKenzie Rail Extension construction and operations.

Temporary direct impacts of 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 and 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 the rail line imposed on the flow of natural and human resources between the east and west sides of the rail line.

Potential direct impacts from rail line operations would depend largely on the extent to which rail access to the Port supports increased export and import of bulk material through the Port and on the extent to which this increased trade generated 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 the State of 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 one-third 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 rail line alternatives begin in the Port MacKenzie District, an industrial and commercial area comprising 8,940 acres at the south end of the project area and 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 the Port has made improvements. The Port MacKenzie dock is longer than those of Valdez, Seward, or Whittier. The Port has deeper waters and has more available storage space than the Ports of Valdez, Seward, Whittier, or Anchorage (Northern Economics, 2007a).

The Port Mackenzie 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). Wasilla is also 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 a third of the employed residents of the Borough commuting to Anchorage (Wells and Hanson, 2006).

As of July of 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 areas where population is concentrated are fully plumbed and use individual water wells and septic systems, even in Wasilla, where the city 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% 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 two Census blocks in that area.

14.4.2 Northern Segments

The northern segments of the proposed rail line would also cross areas relatively sparsely populated and contains three 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 Trail and other important local multi-use trails also cross the area.

The three largest communities in the area are Willow, Houston, and Big Lake. Willow is located around 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

Under the proposed action, impacts to the Port MacKenzie District and its commuter area and areas outside the MSB (such as cargo source areas) are expected to be same under all alternatives.

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 three crews working in 8-hour shifts around the clock. Table 14-1 lists the ARRC estimates for employment and equipment use during the

**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 scrapers, 6 articulated trucks, 2 compactors, 2 graders, 1 water truck, 3 bull dozers
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.

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

SEA expects most of the employees needed for rail line construction to be locally available. More than a third 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 in 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. The impact from direct expenditures and employment would be multiplied by follow-up rounds of local expenditures by direct employees and providers of services 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.

Operations Impacts

ARRC anticipates that the proposed rail line would begin to operate in 2012 and would entail two trains traveling daily, one in each direction, and employ four 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 the Port as a general cargo port (HDR Alaska and TNH Hanson, 2008).

The impact of the proposed rail line on the Port MacKenzie District would depend on the extent to which the rail line was used and generated demand for services at the Port, 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 impacts to economic activities derived from the intersection of the proposed rail line with unofficial trails, for which ARRC does not propose to provide grade-separated crossings. Unofficial trails would be blocked, and ARRC's trespassing regulations would prohibit the public from crossing of the ROW 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 would be blocked by the rail line, but could possibly be diverted to nearby officially recognized trails. This could have a potentially adverse effect on economic activities directly or indirectly related to the use of such trails.

Construction Impacts

Southern Segments

The southern rail line segments could require taking some residential properties and displacements would be permanent. 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 agricultural land affected by the Mac West-Connector 2 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 protected with appropriate crossings.

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

Northern Segments

Snowmobile trails present throughout the area and crossed by the rail line would not receive grade separation. 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 Crooked Lake, Iditarod Link, Iron Dog, Historic Iditarod, Lucky Shot, West Gateway, and Mud Lake trails. The Nancy Lake – Susitna Trail that provides access to the Nancy Lake State Recreation Area would not receive grade separation and recreation and tourism currently making use of this trail may be either diverted to nearby official trails or discouraged.

Big Lake Segment

The Big Lake Segment would cross the most populous Census blocks among the northern segments and there would likely be some residential displacements along this segment. Given the small number of residential displacements, no difficulties in identifying and providing comparable nearby housing would be expected.

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 with the rail.

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

Operations Impacts

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

ARRC does not propose to provide crossings for unofficial trails. Trails would be blocked by the rail line and current economic activities exploring such trails may be either diverted to nearby officially recognized trails 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.