



ALASKA MINERS ASSOCIATION, INC.

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March 27, 2009

Honorable Bill Stoltze
Honorable Mike Hawker
House Finance Committee
Capitol Building
Juneau, AK 99801

RE: House Bill 127, Alaska Railroad Subject to Executive Budget Act

Dear Representatives Stoltz and Hawker,

We are writing in opposition to House Bill 127 which would place the Alaska Railroad under the Executive Budget Act.

We are concerned that placing the railroad under the Executive Budget Act (EBA) would adversely affect the operation of the railroad. The railroad needs the flexibility to respond to changes and business opportunities as they arise and it would lose that flexibility if it was under the EBA.

The Alaska Railroad has functioned very effectively for many years. It has made a profit during all but four of the past 24 years. At the same time the railroad has spent more than \$500 million to replace subgrade, upgrade the trackage, remove bottlenecks, straighten segments, etc. Much more work is needed for the railroad to be up to modern standards that will accommodate 110 car unit trains (110 tons each car) operating on a 24 hour basis. It will take many more years of focused and consistent effort to accomplish this objective. The railroad needs the flexibility to manage its business in a way that will bring this about.

There is also a concern that if the railroad was subject to the EBA, the details of operating the railroad would be driven by changes of Administration and of the Legislature, rather than being allowed to focus on a long term business model. The existing business model has worked well and we urge that it be allowed to continue in that way.

Sincerely,

Steven C. Borell, P.E.
Executive Director