



➤ Alaska Railroad Corporation Overview

House Transportation Committee – March 10, 2026

Bill O’Leary, President and CEO
Meghan Clemens, External Affairs Director



Photo courtesy: Dillon Goble

➤ Agenda

- Structure, Mission & Goals
- Safety
- Business Performance
- Capital Investment
- Alaska LNG Project
- Questions

➤ Structure

The Alaska Railroad (ARRC) is an independent corporation owned by State of Alaska

- Purchased from federal government in 1985
- Mandated to operate as self-sustaining entity; excluded from Executive Budget Act
- Responsible for financial and legal obligations
- Managed by seven-member board appointed by Governor
- Legislative approval required for key actions specified in statute
- Does not provide dividend to State; provides safe, reliable rail transportation infrastructure and services at no cost to State budget



Photo courtesy: Frank Keller

ALASKA
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➤ Mission

Through excellent customer service and sound business management practices, provide safe, efficient and economical transportation and real estate services that support and grow economic development opportunities for the State of Alaska.



Photo courtesy: Frank Keller

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Operating Information

Operating Data

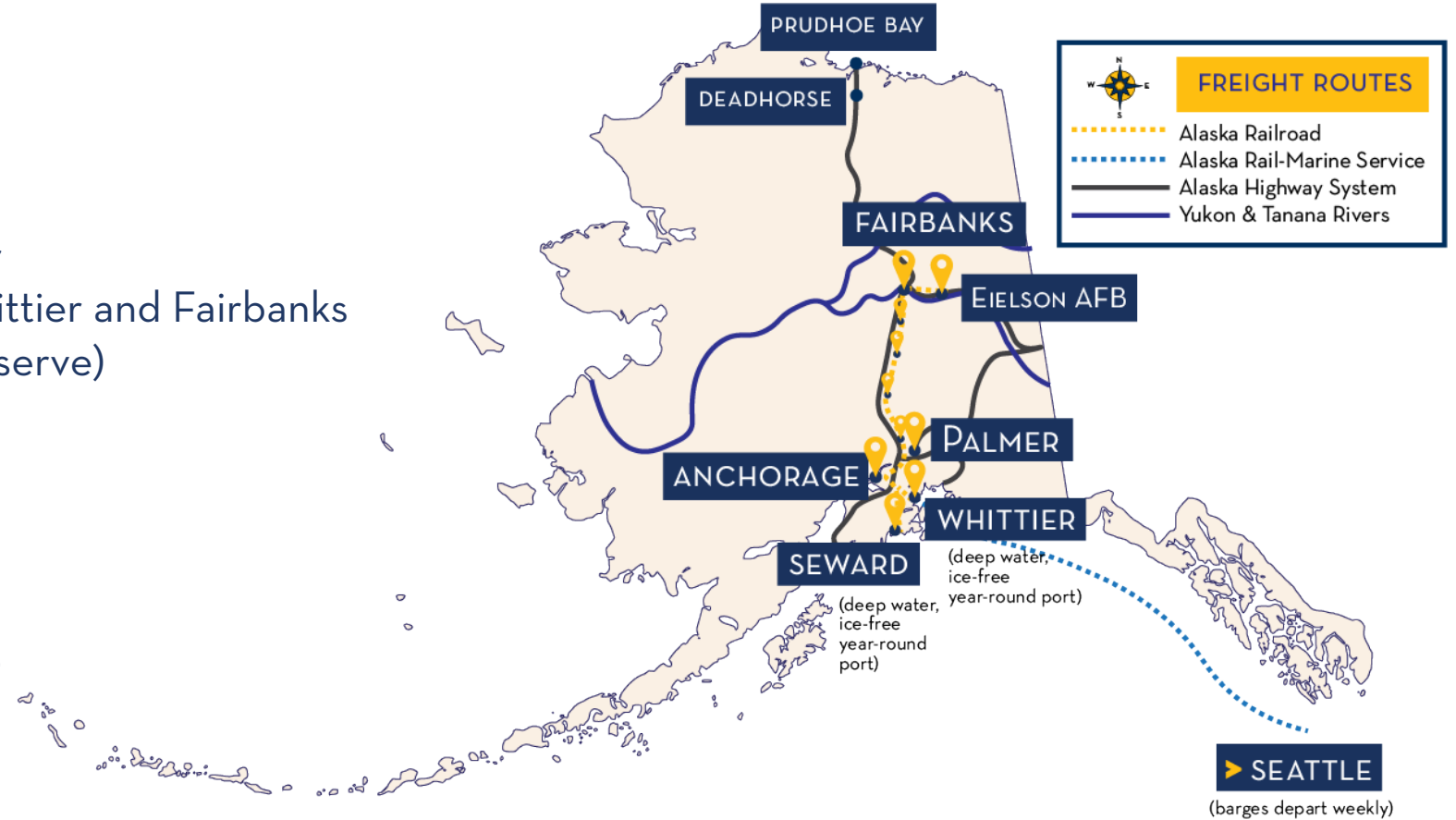
- 683 Total miles of track
- 1030 Freight cars (owned & leased)
- 45 Passenger cars
- 55 Locomotives
- Port facilities in Seward and Whittier
- Terminals in Anchorage, Seward, Whittier and Fairbanks
- 36,000 acres of land (operating & reserve)

Operating Statistics

- Half a million+ passengers
- 3.9 million tons of freight (2025)

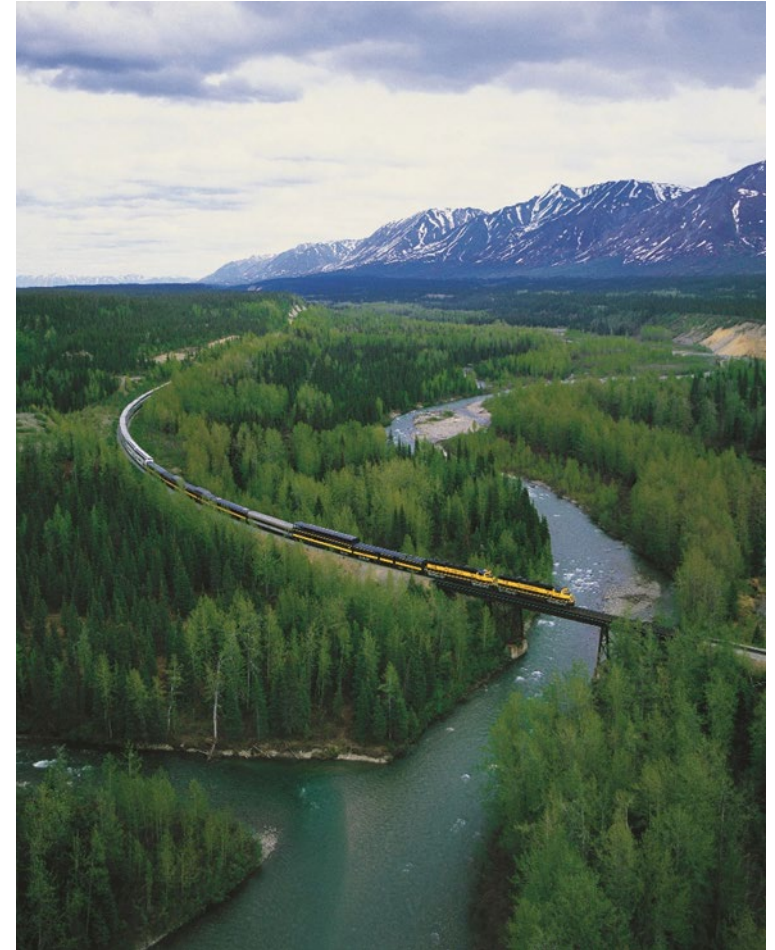
Employees

- 695 Full-time year-round employees
- 109 Seasonal hires
- 2/3 are members of 5 unions



➤ Strategic Goals

1. Build a Proactive Culture of Safety and Excellence
2. Enhance Stewardship and Stakeholder Relations
3. Grow Revenue by Sustaining and Expanding Business Opportunities
4. Improve Profitability through Operational and Administrative Efficiencies
5. Optimize Capital Program Investment and Management
6. Enhance Economic Growth through Rail and Real Estate Development





Build a proactive culture of safety at the Railroad:

- Continued implementation of Incident Free Culture program to build employee best practices
- Public safety awareness campaigns
- Participation in emergency response training exercises with local agencies

➤ 2025: Highlighted Safety Training Exercises



Special Operations Forces Arctic Medic 2025

- Unique training exercise designed to evaluate how injured casualties could be moved via a hospital train
- Alaska Army National Guard aviators landed a HH-60M Black Hawk helicopter on the platform of an Alaska Railroad rail car
- Crew also lowered a flight paramedic onto the train to hoist and medically evacuate a patient

Whittier Tunnel Joint Emergency Preparedness Exercise

- Hands-on experience for both railroaders and emergency responders in managing a major incident involving the tunnel
- Allowed responders to test communication systems and tunnel safe houses under realistic conditions and better understand the challenges of responding to a mass-casualty incident involving a train.

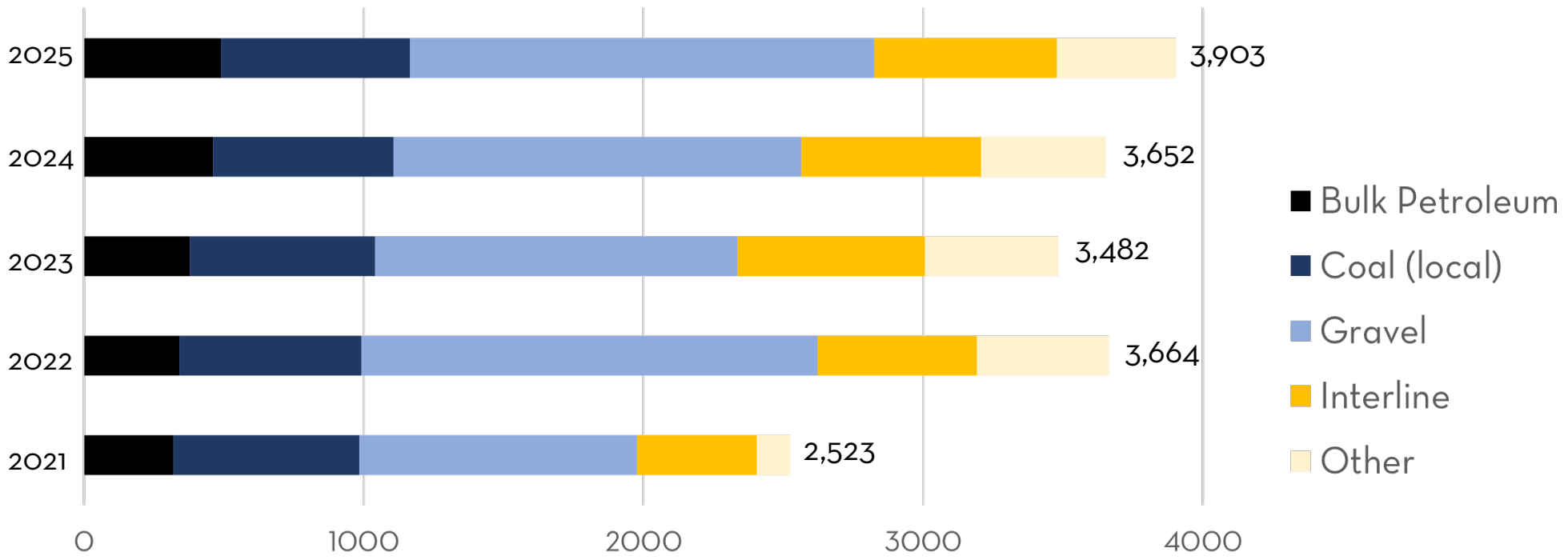
Freight Services

- Largest business line for Alaska Railroad
- Provides Alaska businesses most cost-efficient and environmentally sustainable way to move heavy freight and bulk commodities
- ARRC operates freight docks in Seward and Whittier, and works closely with Port of Alaska to haul goods to Interior
- Weekly interline rail-barge service between Seattle and Whittier provides seamless connection with Lower 48 rail network
- Supports North Slope development, Alaska's energy sector, military bases, Port of Alaska, ADOT&PF, construction industry
- Partnerships with trucking industry relieve trucks on highways and spare drivers for other routes



Freight Volumes 2021-2025

Rail Freight by Category
(in thousands of tons)



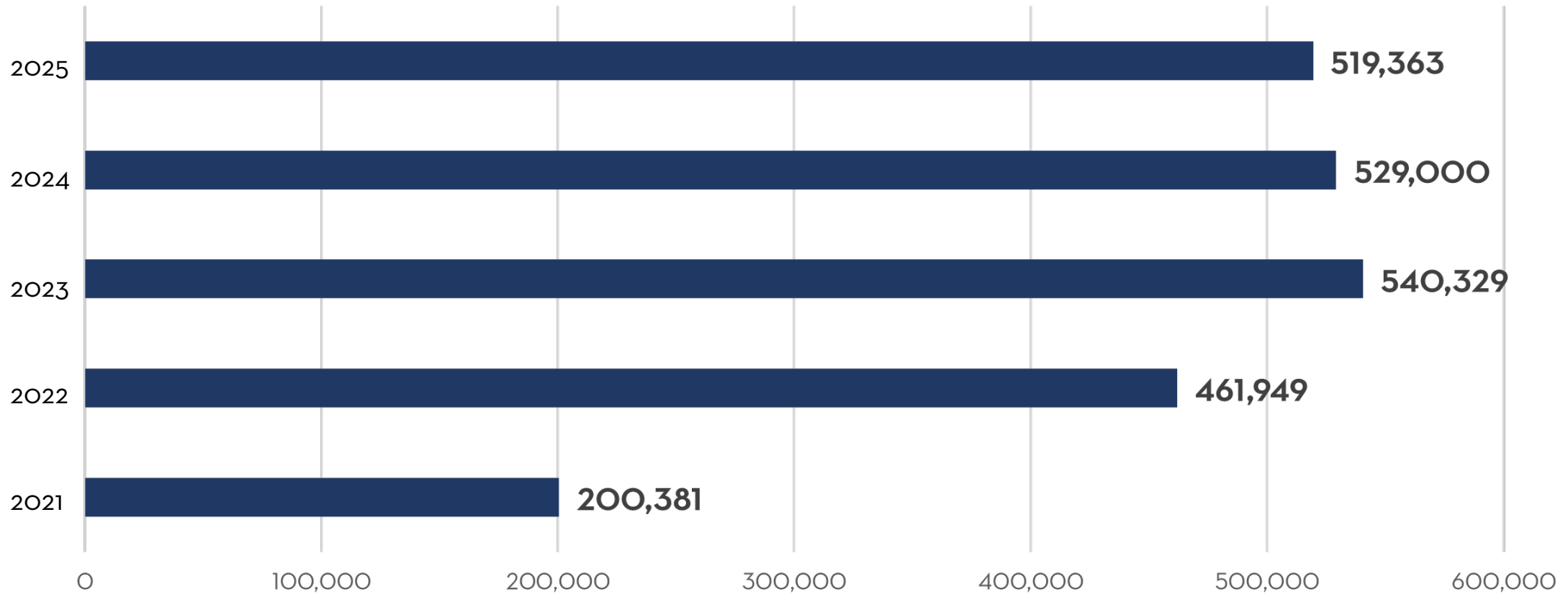
➤ Passenger Services



- ARRC operates year-round, regularly scheduled passenger rail service
- Partners with tour operators, local hotels and excursion vendors to bring passengers to Railbelt communities and provide access to public lands
- Acts as ambassador for Alaska through passenger sales, marketing and media outreach
- Connects thousands of visitors between Anchorage Airport Depot and cruise ports
- Operates the nation's last Flagstop train as vital service to Alaskans living off-grid
- Keeps an estimated 8,000 buses off Alaskan highways each summer

➤ Passenger Ridership 2021-2025

Annual Passenger Ridership

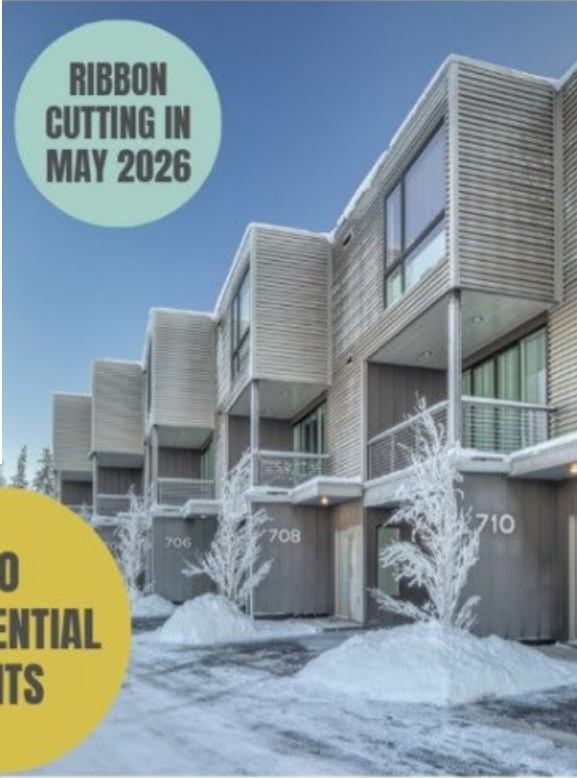


➤ Real Estate

- ARRC manages 36,000 acres of property, roughly half of which is available for lease at fair market value
- Smallest but most stable of ARRC's business lines; key asset in enabling ARRC to meet maintenance obligations

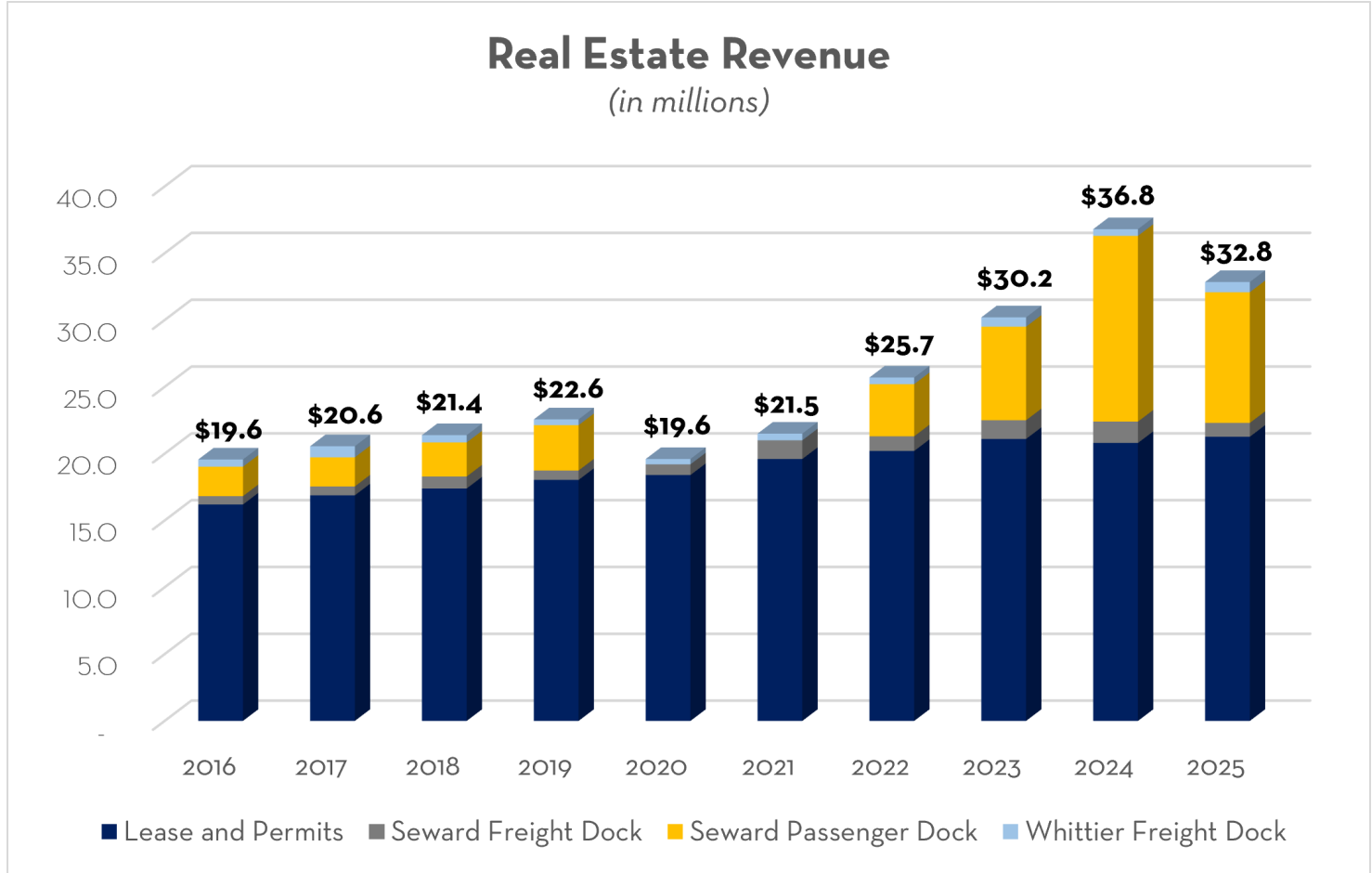
Recent Real Estate updates:

- Ongoing Ship Creek development: Depot Drive enhancements, Downtown Edge condos, 49th State Brewing, Downtown Trail Connection
- Terminal enhancements: undergrounding utilities in Seward reserve, land purchase to expand Fairbanks Terminal
- 8 Star Alaska Corridor Permit
- Whittier Land Transfer: HB 216 and SB 191

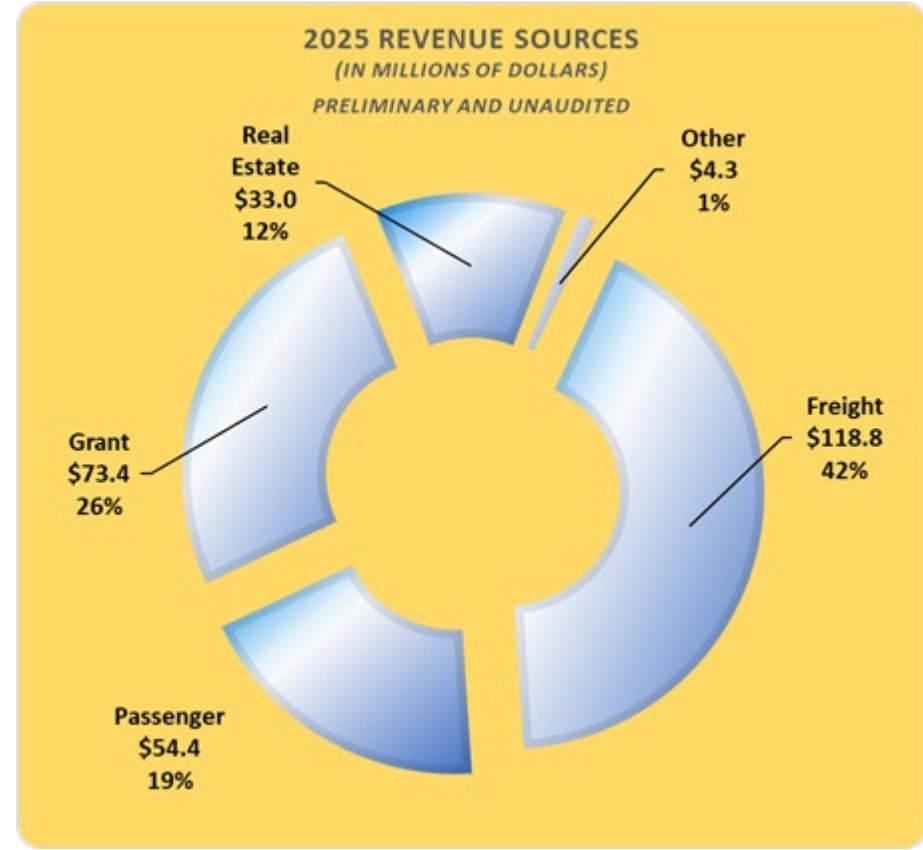
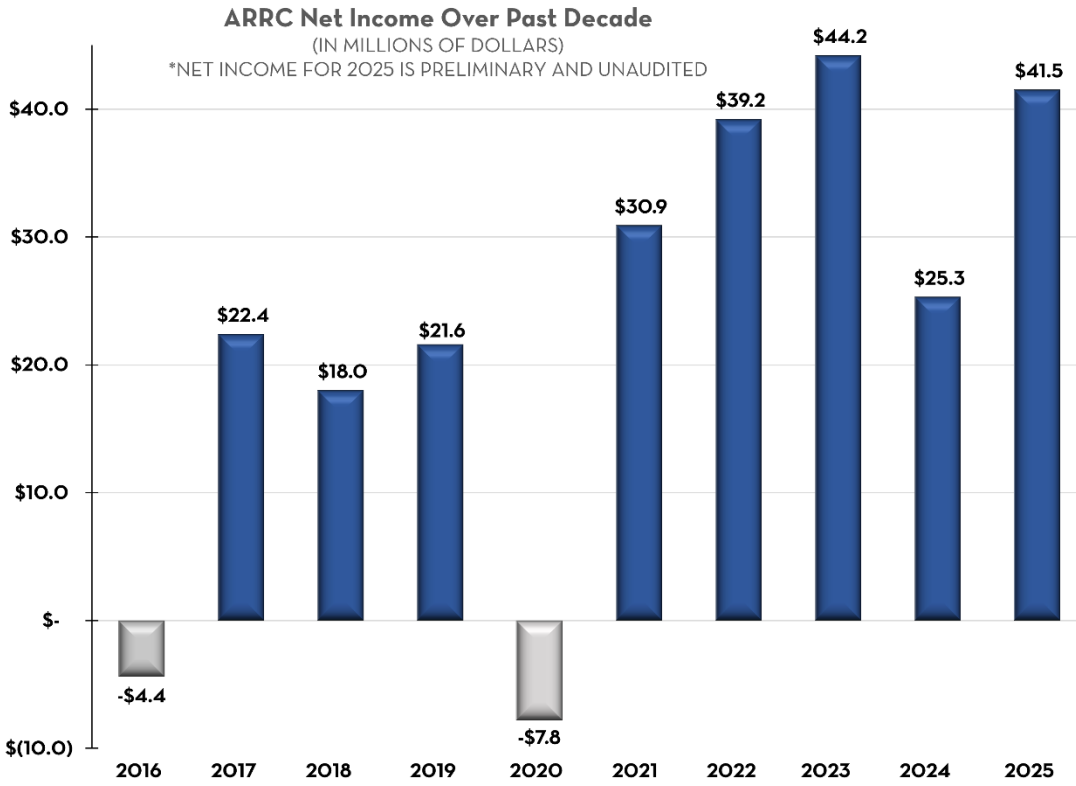


DOWNTOWN EDGE

➤ Real Estate Revenue 2016-2025



Net Income and Revenue Sources



All ARRC income is invested in capital program to maintain and improve infrastructure and operations



5-Year Capital Plan

- Supported by ARRC internal funds generated by business activities, federal formula funds and federal competitive grants
- Supports railroad facilities, infrastructure and equipment
- Will use internal forces, along with contractors and suppliers
- Over \$395.9M budgeted in 2026; includes planned competitive grants pending award
- Over \$2B capital investment projected over 5 years:
 - May add funding sources as competitive federal grants, partnerships, and other financial opportunities become available for large projects

Fund Source	2026	2027	2028	2029	2030	5Y Total
Federal Transit Administration Funds (net of preventative maintenance)	\$ 48.2	\$ 48.9	\$ 49.7	\$ 50.4	\$ 51.2	\$ 248.3
Prior Year FTA funds allocated to projects	6.0	0.6	-	-	-	6.6
CRISI STC	9.4	9.4	-	-	-	18.8
Capital Cash Available for Internal Projects and Rail Expansion Reserve	23.1	20.1	22.5	23.1	24.4	113.1
Competitive Grants & Debt	309.3	87.2	121.0	124.0	1,041.0	1,682.5
Total Capital Program	\$ 395.9	\$ 166.2	\$ 193.1	\$ 197.5	\$1,116.5	\$2,069.4

➤ Federal Grant Funding

2026 Federal Formula Funds

- FTA Formula Funds - \$48.2M
- FRA CRISI STC Funds - \$9.4M

Pending Competitive Federal Grants:

- FTA National Railroad Partnership: Hurricane Gulch Bridge (\$32M)
- MARAD PIDP: Whittier Tunnel Clearance (\$22M)
- USDOT Build: Seward Freight Dock (\$8.5M)



➤ Track Rehabilitation



\$25M+ annual program to maintain and improve track; critical for safety and reliability

In 2025, our Maintenance of Way crews:

- Replaced 42,000 hardwood ties
- Changed out 12 mainline culverts
- Relaid more than 24,000 feet of rail
- Produced over 25,000 feet of continuously welded rail
- And surfaced more than 962,000 feet of track

➤ Bridge Program

- Ongoing initiative to replace or rehab 100+ bridges
- Expected \$500M+ program
- Critical to ensure ongoing viability of rail line, and enhance mainline capacity to Lower 48 standards
- Recently awarded competitive grants:
 - Fed-State Partnership (Bridge 190.5, Willow) - \$10.6M
 - CRISI (Bridge 417.3, Nenana) - \$48M
 - INFRA (Bridge G3.3, Fairbanks) - \$17.1M
- Recently completed or under construction:
 - Bridge 86.6 (Bird Creek) - \$9.2M
 - Bridge 114.3 (Ship Creek) - \$15.4M
 - Bridge 127.5 (Eagle River) - \$43.3M
 - Bridge 227.1 (Talkeetna) - \$9M



The Alaska Railroad's 2026 Art Print by Richard Rearick shows Bridge 114.3, a pony truss bridge over Ship Creek currently undergoing replacement.

➤ Seward Passenger Dock



- \$137M new Seward Passenger Dock and Terminal Facility
- Necessary to replace aging infrastructure
- Funded through ARRC revenue bonds secured by 30-year pier usage agreement with Royal Caribbean Group, guaranteeing 140,000 guests annually; will operate as open dock
- Double-berth pier with floating barge dock will be able to accommodate wide range of vessels, including Quantum class cruise ships and side-loading marine highway vessels
- At 41,500 sq ft of enclosed space, new terminal will be largest building for community events in Seward
- \$50M shore power project funded by EPA grant with developer match
- Construction commenced in 2025, on track for completion in May 2026

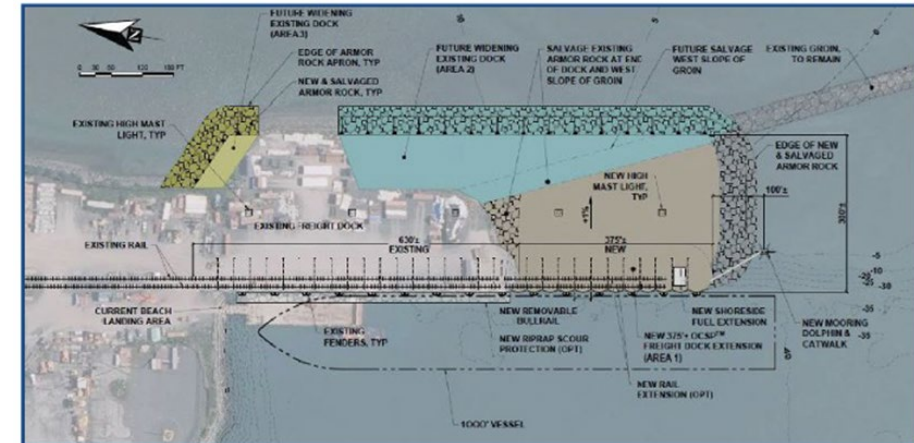
➤ Seward Freight Dock Expansion

Phase 1: Lengthen Freight Dock to 1,000 ft

- \$25M project
- Funded by \$19.7M MARAD PIDP grant with \$5.5M ARRC match
- Will allow for larger vessels and greater efficiency
- Construction to begin late 2026

Phase 2: Widen Freight Dock to 300 ft

- \$8.5M project
- 2026 USDOT BUILD grant application submitted
- Will allow for roll-on/roll-off operations as contingency port



➤ Rail Extensions



ARRC remains supportive of expanding Alaska’s rail network:

- Ongoing engagement in exploring partnership options to advance new infrastructure
- 2026 Capital Budget includes \$1.4M allocation to new Rail Expansion Reserve Fund

Port MacKenzie Rail Extension (PMRE)

- 32 miles from ARRC mainline at Houston to Port MacKenzie
- Estimated \$275M to complete
- ARRC supporting Alaska Infrastructure Partners pre-development work
- Plan to partner with Mat-Su Borough to apply for FRA CRISI grant

Northern Rail Extension (NRE)

- 80 miles from Eielson Branch to Fort Greely
- Estimated \$1.7B+ to complete

Northern Continental Corridor (NCC)

- 1500 miles from Eielson Branch to Alberta, Canada (inclusive of NRE)
- Estimated \$22-43B to complete
- Supportive of HJR 42



➤ Alaska LNG Project



ARRC has considerable experience in pipe logistics:

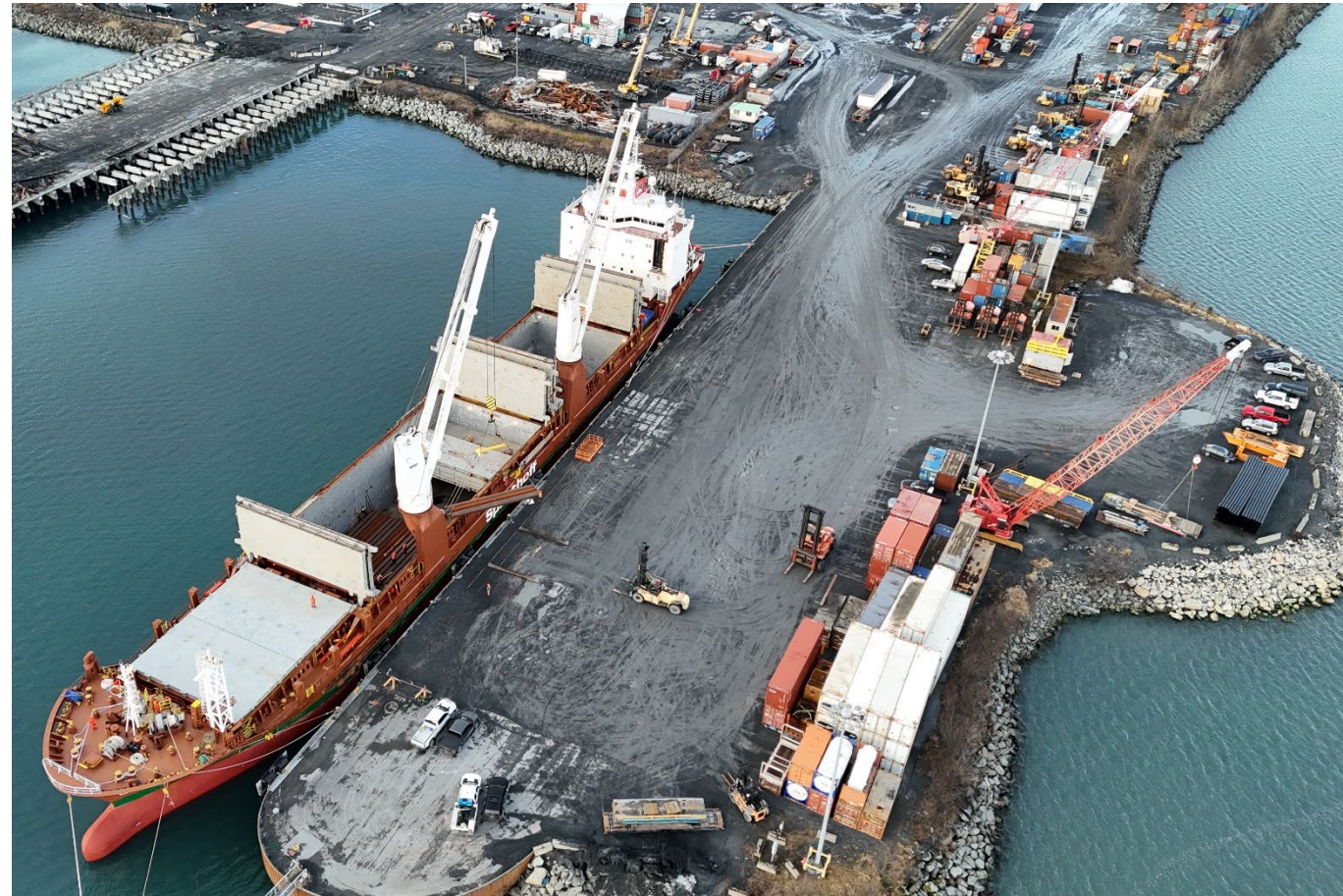
- ARRC served as a primary transporter of pipe, machinery, and other supplies in support of the Trans-Alaska Pipeline construction
- 2023-25, ARRC received 34 ships delivering pipe to Port of Seward for transport to North Slope facilities

Rail offers substantial efficiencies to high volume, heavy cargo

Reduced impacts (congestion and damage) to highway infrastructure

➤ Alaska LNG Project – Operating Concept

- Primary pipe intake: Seward. Supplementary and surge capacity at Anchorage, Whittier, Port MacKenzie
- 89-ft flatcars with engineered rack/bunk systems, targeting 6-7 80-ft double joints per car
- Pipe moves operate as fixed weekly train schedules (2x steady, 3-4x surge), either direct transfer to spur locations or to Fairbanks rail terminal for transloading
- Anticipating ~175 pipe train starts over 18-month window
- Fuel trains planned as dedicated sections and/or locals, coordinated to avoid interference with pipe train schedules
- Additional project cargo: leverage capacity on existing freight service between Anchorage and Fairbanks



➤ Capital Planning for Alaska LNG Project

Projected capital investments following a project commitment:

6-8 Spur Extensions - \$3-5 million

- Estimated at ~2600 ft each; would extend from existing sidings to accommodate pipe delivery to Railbelt locations, and mitigate congestion on mainline
- Tiered funding identified in ARRC's 2026 capital budget

Terminal Improvements - \$2-4 million

- Increased laydown space, improved efficiencies in Seward, Anchorage and Fairbanks
- Tiered funding identified in ARRC's 2026 capital budget

Rolling Stock - \$18-24 million

- 12 leased locomotives - \$3-4 million
- 300 leased 89-foot flatcars - \$15-20 million
- No allocation in 2026 capital budget due to lease structure

➤ Ongoing Improvements to Increase Capacity

Terminal Improvements

- \$25M Freight Dock expansion
Passenger Dock surge capacity
- Undergrounding utilities
- Increased laydown space in
Seward and Fairbanks

Bridge Rehabilitation Program

- \$500M, decade-long program
improving 100+ bridges
- Will increase ARRC's load capacity
from 263,000 lbs to industry
standard 286,000 lbs, improving
operational efficiency

Increased Service & Equipment

- 2024: \$10M investment in four
SD70Mac locomotives and thirty
flatcars
- Increase to 6 day/week freight
service Anchorage-Fairbanks



➤ Alaska LNG Project Summary

- ARRC is focused on comprehensive preparations to support the Alaska LNG Project
- Tiered capital planning and lease structure ensure ARRC is prepared to move quickly following project commitment
- ARRC can reliably move Alaska LNG pipe at scale using a repeatable, year-round unit-train plan that overlays and leverages current freight operations



➤ Revenue Ruling

IRS Revenue Ruling 2026-4 clarifies key exemptions from the federal tax code.

- Sections 141-147 of the tax code related to private activity bonds would not apply to ARRC conduit bonds issued to finance construction, acquisition, or improvements related to facilities in support of the Alaska LNG Project.
- As conduit bond issuer, neither ARRC nor the State of Alaska would be obligated for security of the bonds; there would be no recourse to either ARRC or the State.
- ARRC's statutory obligation to secure legislative authorization to issue bonds would apply.

Thank You

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Photo courtesy: Ray Bulson