



Alaska Railroad Corporation Overview

Alaska Railroad Presentation to the House Transportation Committee

Bill O'Leary, President and CEO

Meghan Clemens, Director External Affairs

February 27, 2025



AlaskaRailroad.com

➤ Agenda

- Mission & Strategic Goals
- Safety
- Public Engagement
- Operations & Financial Performance
- Capital Investment & Grants Program
- Economic Development
- Questions



➤ Mission Statement

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.



Quick Facts

Organization (following State purchase)

- Independent corporation owned by State
- Managed by a seven-member board of directors appointed by Governor
- Mandated to be self-sustaining, responsible for financial and legal obligations

Operating Data

- 683 Total miles of track
- 1030 Freight cars (owned & leased)
- 45 Passenger cars
- 55 Locomotives

Operating Statistics

- Half a million+ passengers
- 3.7 million tons of freight (2024)

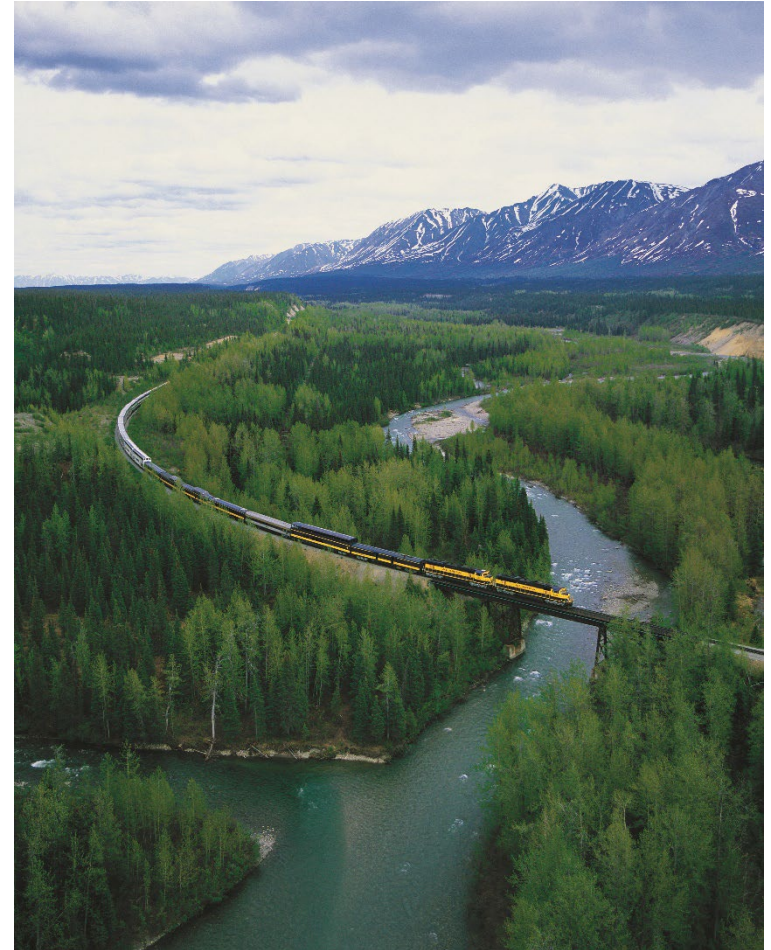
Employees (January 2025)

- 646 full-time year-round employees
- 15% registered 'Veteran' Status
- 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



Safety

Build a Proactive Culture of Safety and Engagement



➤ Safety



Build a proactive culture of safety at the Railroad:

- Continued implementation of employee safety programs
- Public safety awareness campaigns
- Participation in emergency response training exercises with local agencies



Engagement

Community Stewardship and Stakeholder Relations



Public Engagement

Strive to be a good neighbor to our Railbelt communities

- Attend local Council and Assembly meetings
- Meetings with Mayors
- ARRC Board of Directors External Issues Review Committee
- School partnership program
- Community Open Houses
- Customer events
- Partnership with U.S. Forest Service
- Participate in Transportation Fairs
- Project public engagement plans
- Charitable donations

In 1985, the State of Alaska bought the Alaska Railroad for \$22 million, becoming the railroad's official owner, and remaining so to this day.



Financial

Grow Revenue by Sustaining and Expanding Business Opportunities

Improve Profitability through Operational and Administrative Efficiencies



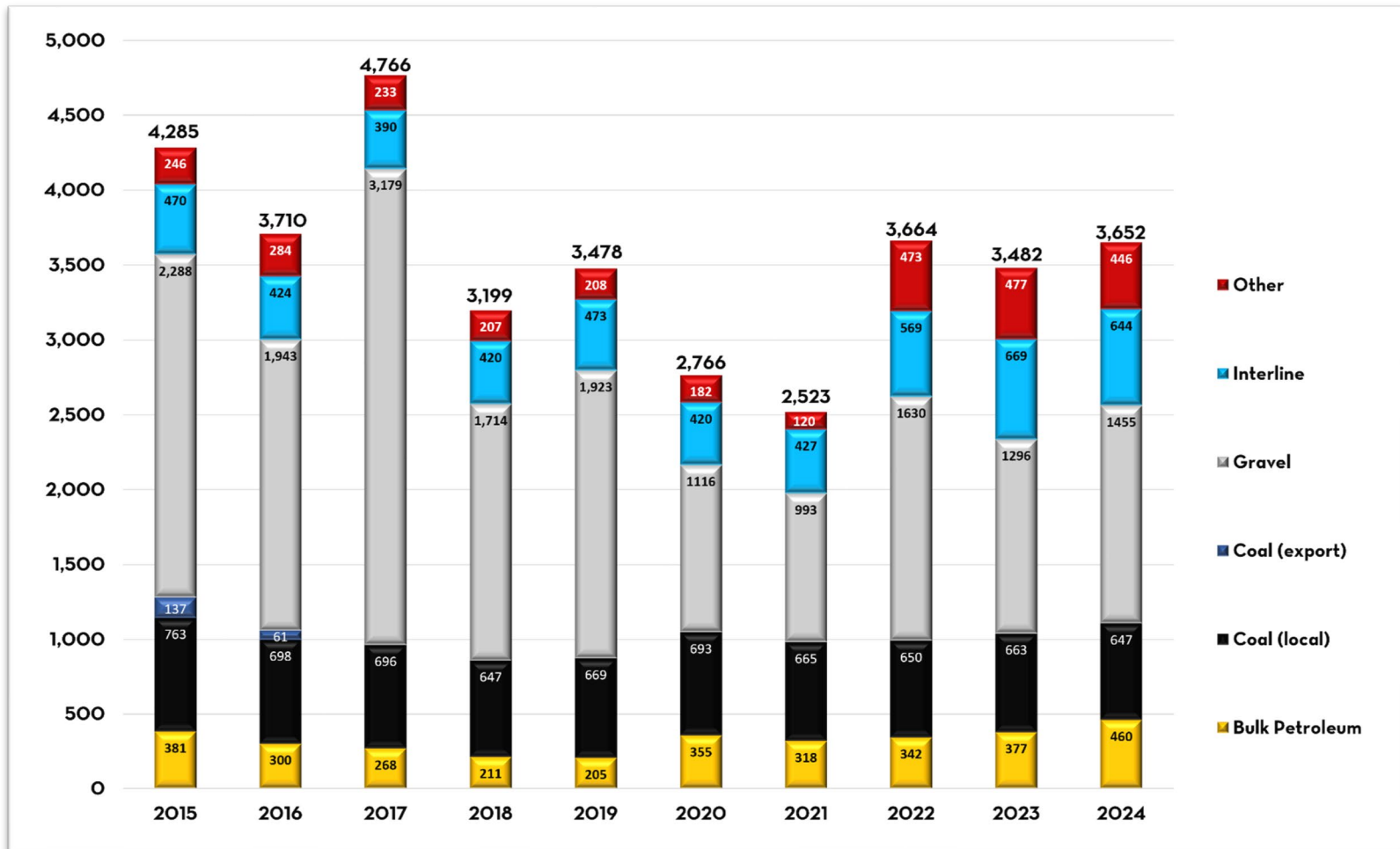
Freight Service

- 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 work closely with Port of Alaska to haul goods to Interior
- Interline barge service 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 Operations

Types of Rail-hauled Cargo by Volume
(in thousands of tons)



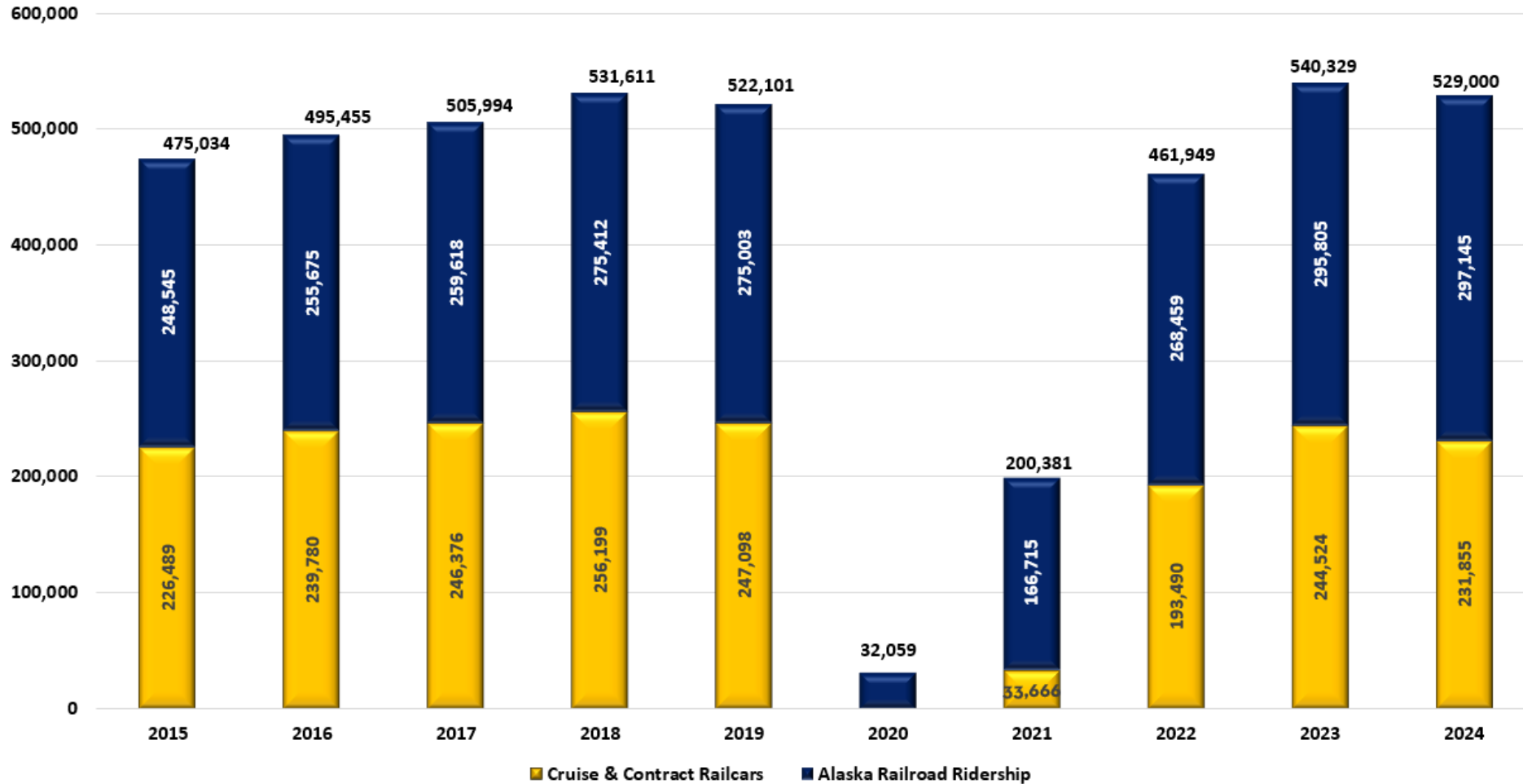
➤ Passenger Service

- ARRC operates year-round, regularly scheduled passenger rail service
- Ambassador for Alaska through passenger sales, marketing and media outreach
- Partners with tour operators, local hotels and excursion vendors to bring passengers to Railbelt communities and provide access to public lands
- 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 Operations

Annual Ridership

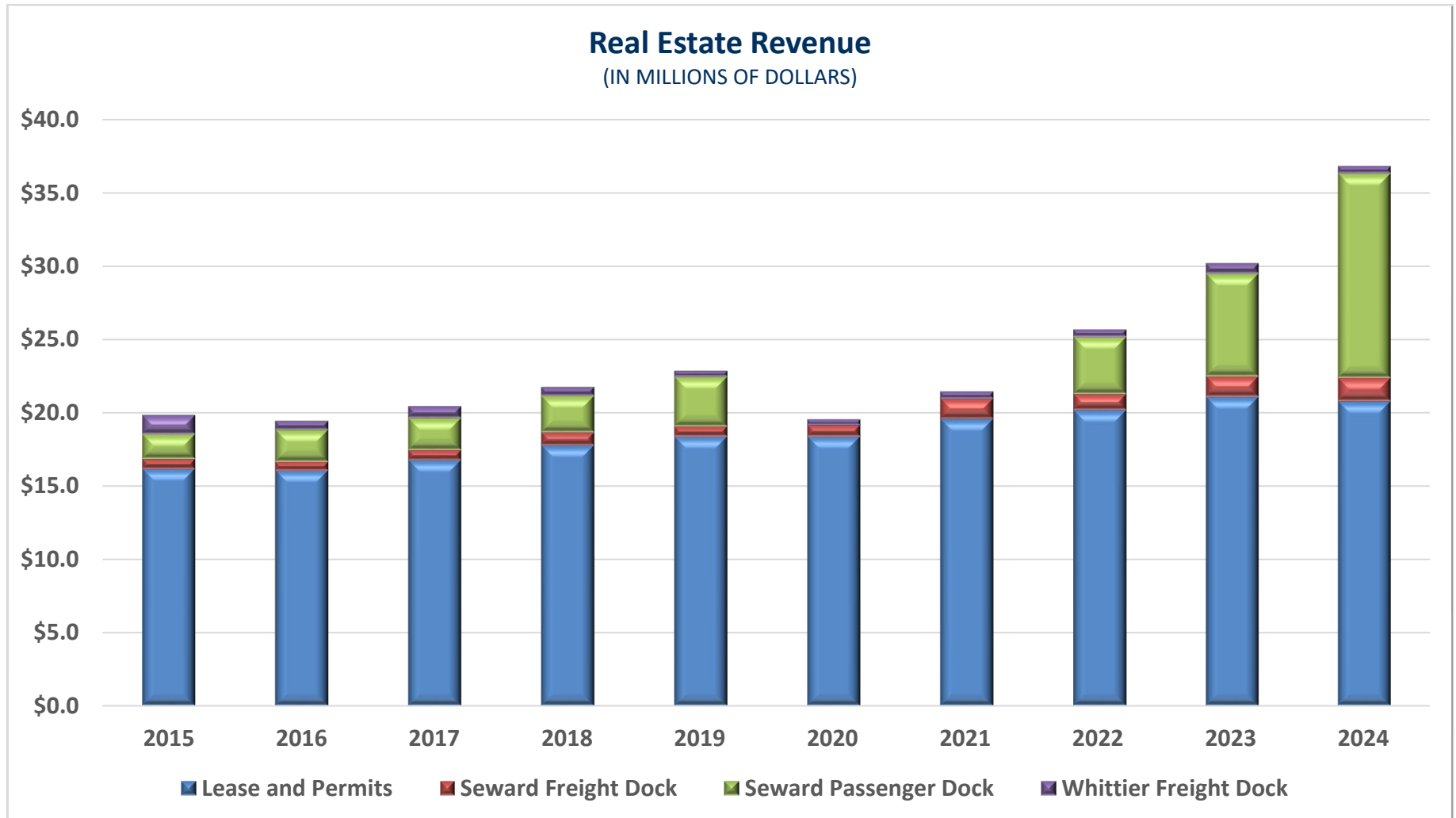


➤ Real Estate

- ARRC's leasable land is a key asset in generating revenue for ARRC to meet its statutory obligation of maintaining equipment and infrastructure without State operating funds: while typically a relatively small portion of overall revenue, the impact to net income is substantial
- Areas with exciting mixed development opportunities at present include: Anchorage's Ship Creek; Fairbanks' Chena Landings; the Seward waterfront; and land adjacent to the Seward Airport
- ARRC seeks to attract the kind of developers and business partners that will continue to improve our economy, our visitor industry and our communities' quality of life



➤ Real Estate Revenue



Net Income and Revenue Sources

ARRC Net Income Over Past Decade

(in millions of dollars)

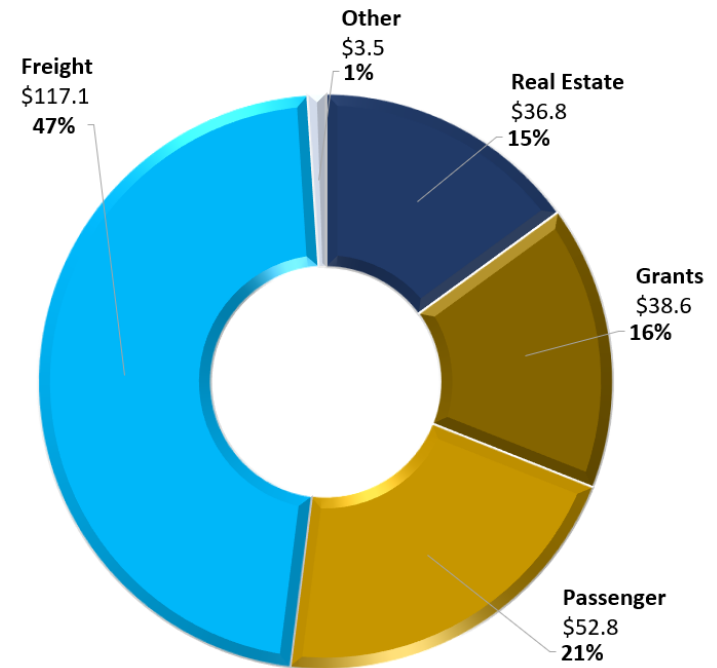
**net income for 2024 is preliminary and unaudited*



2024 REVENUE SOURCES

(IN MILLIONS OF DOLLARS)

PRELIMINARY AND UNAUDITED



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

Capital Investments

Optimize Capital Program Investment and Management



➤ 5-Year Capital Investment 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 \$160 million for 2025; \$86.9 million funded by competitive federal grant awards
- Over half-billion dollars invested over 5 years
 - May add funding sources as competitive federal grants, partnerships, and other financial opportunities become available for large projects
 - Numbers in below table do not include Seward investments discussed later (previously approved)

Funding Sources	2025	2026	2027	2028	2029	5-Year Total
FTA Formula Funds	\$ 48,128,796	\$ 48,850,729	\$ 49,583,490	\$ 50,327,242	\$ 51,082,150	\$ 247,972,406
Prior Year FTA Funds allocated to projected	\$ 6,082,006	\$ 6,730,378	\$ -	\$ -	\$ -	\$ 12,812,384
CRISI STC Grants	\$ 9,375,005	\$ 9,375,000	\$ 9,375,000	\$ -	\$ -	\$ 28,125,005
Internally Generated Funds	\$ 15,819,850	\$ 22,090,000	\$ 24,290,000	\$ 38,310,000	\$ 40,830,000	\$ 141,339,850
Competitive Grants (<i>estimated for out years</i>)	\$ 86,955,371	\$ 50,000,000	\$ 50,000,000	\$ -	\$ -	\$ 186,955,371
Total Capital Budget	\$ 166,361,028	\$ 137,046,107	\$ 133,248,490	\$ 88,637,242	\$ 91,912,150	\$ 617,205,016

Competitive Grants: 2018-2024

AWARDED

Grant Fund Source	ARRC Project	Federal Funding	Match Funding	Total
FY2018 CRISI	PTC GPS Precision Upgrade	\$ 2,530,618	\$ 632,654	\$ 3,163,272
FY2018 CRISI	PTC Vital Functions	\$ 10,376,704	\$ 2,594,176	\$ 12,970,880
FY2019 CRISI	MP 86.6 Bird Creek Pony Truss Bridge	\$ 5,393,519	\$ 3,871,913	\$ 9,265,432
FY2020 CRISI	MP 25.7 Trail River Bridge Replacement	\$ 4,110,480	\$ 4,110,480	\$ 8,220,960
FY2020 PIDP	Seward Freight Dock-Corridor Improv.	\$ 19,779,425	\$ 5,500,000	\$ 25,279,425
FY2021 CRISI	BR 422.9 Bridge Replacement	\$ 3,475,262	\$ 3,475,262	\$ 7,165,286
FY2021 PIDP	Whittier Terminal Master Plan	\$ 1,173,600	\$ 293,400	\$ 1,467,000
FY2022 CIDP	Anchorage North & South Corridors	\$ 500,000	-	\$ 500,000
FY2022 Fed-St Partnership	MP 190.5 Bridge Replacement	\$ 8,200,558	\$ 2,050,140	\$ 10,250,698
FY2023 INFRA	MP G3.3 Bridge Replacement	\$ 17,148,610	\$ 11,432,407	\$ 28,581,017
FY2024 CRISI	MP 413.7 Mears Memorial Bridge	\$ 43,071,887	\$ 10,767,972	\$ 53,839,859
Total Awarded Grants		\$ 115,760,663	\$ 44,728,404	\$ 160,703,829

PENDING

Grant Fund Source	ARRC Project	Federal Funding	Match Funding	Total
FY2025 Fed-St Partnership	MP 284.2 Hurrican Gulch Bridge	\$ 25,765,544	\$ 6,441,386	\$ 32,206,930

➤ Capital Investments: Bridge & Track

Bridge Rehab Plan

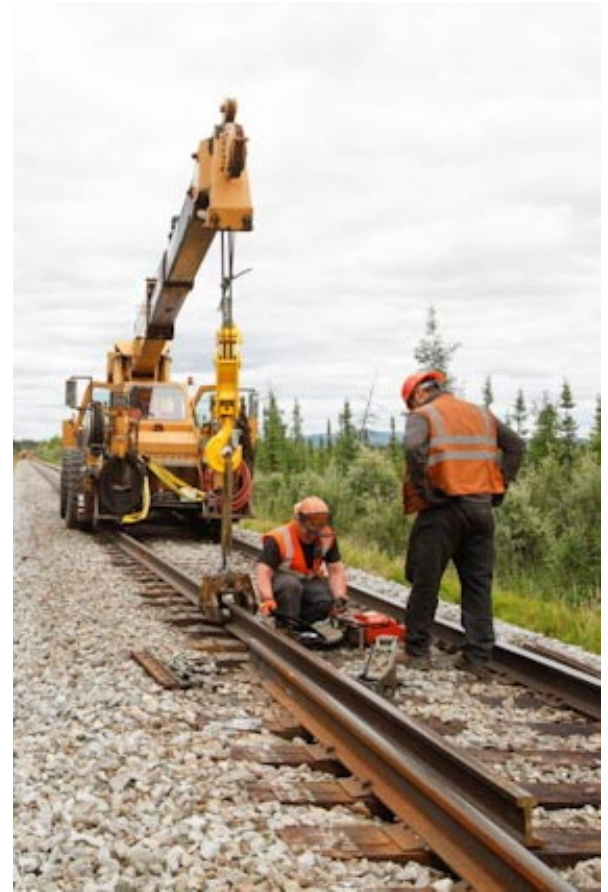
- Replace or rehab 60+ bridges over next decade
- Roughly \$106 million budget in 2025
- Recently awarded competitive grants: Federal-State Partnership (Bridge 190.5, Willow), INFRA (Bridge G3.3, Fairbanks), CRISI (Bridge 417.3, Nenana)

Track Rehab Program

- 51,000 ties replaced in 2024
- 28,000 linear feet of CWR installed
- 190 track miles of ballast surfacing
- Shoulder & embankment fortification
- \$28 million budget in 2025

Funding Sources

- FTA formula funds
- CRISI STC grants
- Competitive grants
- ARRC internal funds



➤ Locomotives and Flat Cars

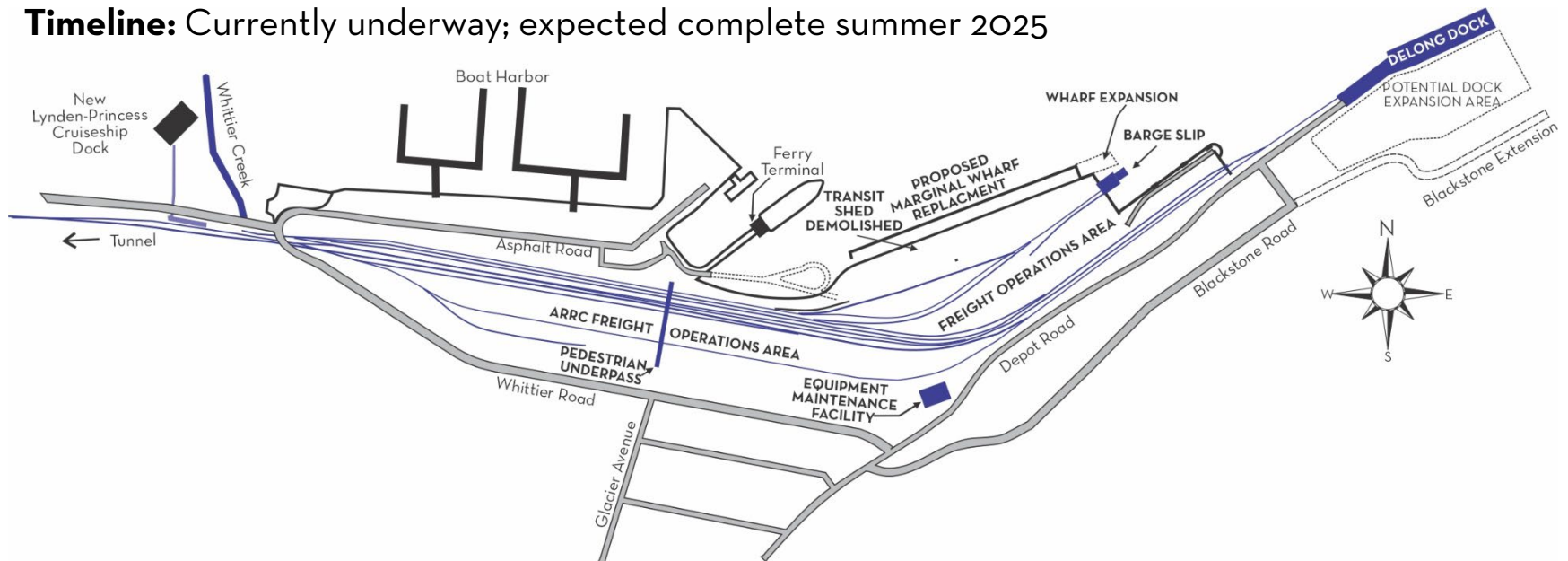
January 2024, the ARRC Board authorized a \$9.9 million loan to purchase:

- **Four used SD70Mac locomotives:** Without additional locomotives, ARRC is at capacity for summer operations and cannot sustain 6-day-a-week freight service, accommodate new train starts, or provide contingency in event of locomotive issues.
- **Thirty rail flat cars (approximately):** A significant portion of ARRC's fleet of 60-foot flat cars are aging out. Ordering new flat cars now will allow ARRC to better accommodate the surge in North Slope demand; by the time the pipe shipments are predicted to subside, the old cars will be retired and ARRC's fleet will be renewed.



➤ ARRC Whittier Terminal Master Planning

- **Update / re-develop terminal master plan** to prepare for future and ensure state of good repair
- **Purpose:**
 - A) Identify terminal rehab projects
 - B) Configure upland and yard track to support maintenance and ops
 - C) Determine efficiency, reliability, resiliency and sustainability improvements terminal-wide
- **Funding:** \$1.17 million: 80% by MARAD (US DOT - Maritime Administration) and 20% by ARRC
- **Timeline:** Currently underway; expected complete summer 2025



Economic Development



PLANNED INVESTMENTS IN SEWARD MARINE INFRASTRUCTURE



\$25^m
FREIGHT EXPANSION

\$137^m
NEW CRUISE FACILITY

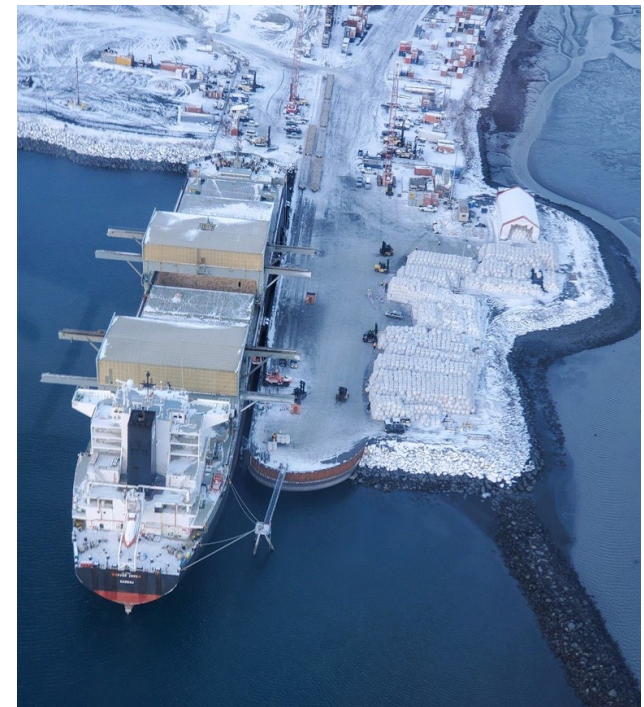
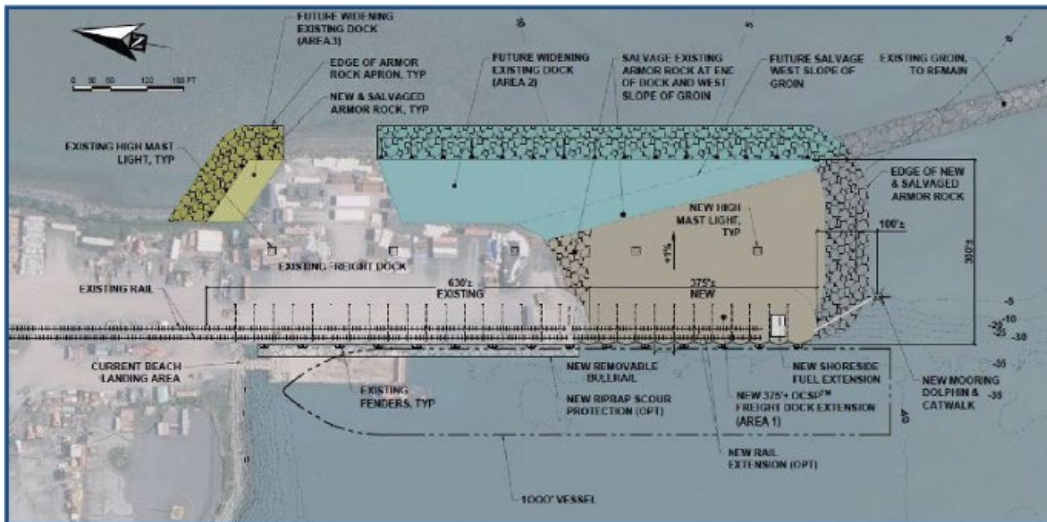
- \$25 million Freight Dock expansion (funded by MARAD grant and ARRC match)
- \$137 million Passenger Dock and terminal replacement (seeking ARRC bond authorization)



Seward Freight Dock Expansion

- **Estimated \$25+ million investment;**
80% funded by Maritime Administration (MARAD) grant
- **Freight Dock Expansion Project Scope:** Extend to 1,000 feet and widen to 300 feet along entire length by 2027
- **Improve upland transportation corridor** by linking Port and Airport avenues
- **Purpose:** **A)** accommodate cargo growth; **B)** promote region's key industries; **C)** serve rural communities

2017 Seward Terminal Master Plan:
recommends freight dock expansion
and transportation corridor
connectivity



Seward Freight Dock extension plan

Seward Passenger Dock Project

Critical to replace aging passenger dock and terminal by 2026 cruise season

Funded by ARRC bonds pending legislative approval:

- \$60 million bond authorization in 2022, **additional \$75 million sought in 2025 (SB72 & HB65)**
- ARRC bonds are not a liability of the state and no state dollars will be used to repay them
- Security for bonds provided by long-term user agreement with Royal Caribbean Group





WIDE DECK

SEWARD FLOAT IS 100 FEET WIDE

LONGER FLOATS

SEWARD FLOAT IS 748 FEET LONG
ALASKA'S LONGEST CRUISE FLOAT

ACCOMMODATING

THE PORT SPORTS 40 BOLLARDS
FUNCTIONAL FOR ALL VESSELS

- Double berth pier with floating barge dock will be able to accommodate wide range of vessels, including side-loading marine highway vessels
- ARRC invested additional \$1.8 million to enhance transfer span for light freight



- 30-year Pier Usage Agreement with Royal Caribbean Group secures bond debt and includes preferential berthing agreement
- ARRC will own and operate new facility as open dock (as currently operated)

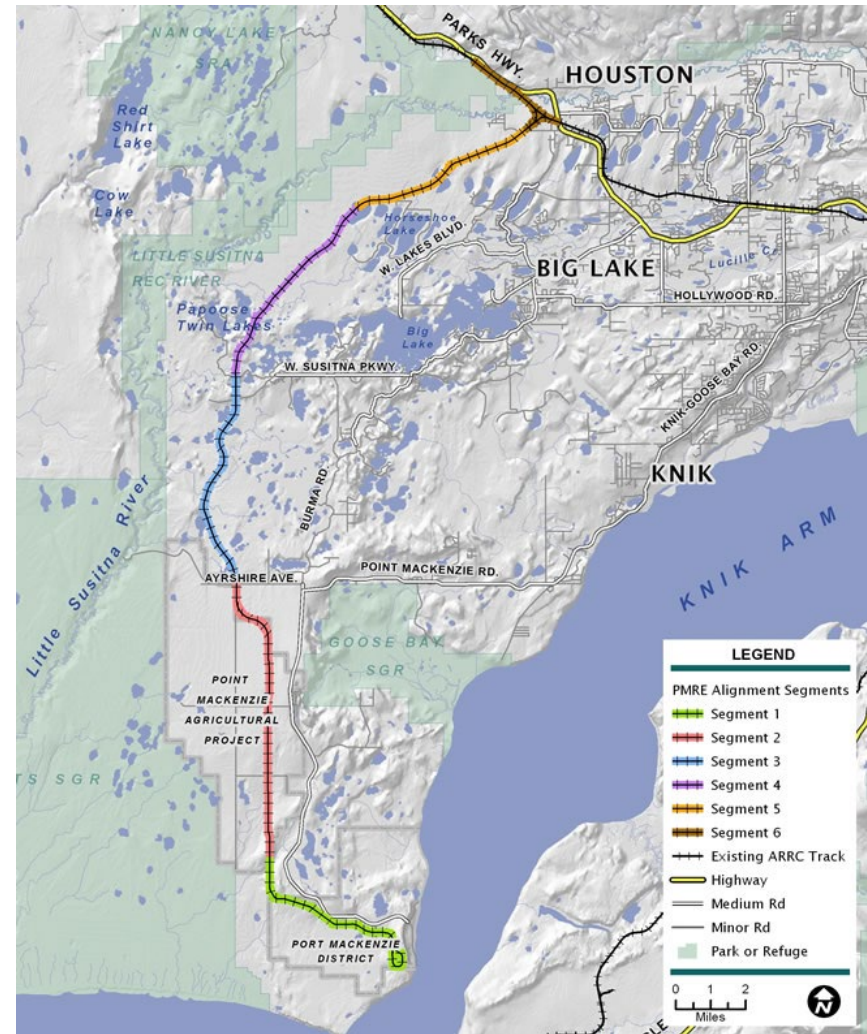
Port MacKenzie Rail Extension

32 miles to link ARRC main line from Houston to Port MacKenzie

Completed extension offers benefits to state resource development, military logistics, and infrastructure resiliency

Project History:

- As project sponsor, Mat-Su Borough secured \$184M in state appropriations between 2008-2015
- ARRC served as project manager
- Environmental work complete
- Much of the foundational infrastructure (track bed and bridges) is complete



Port MacKenzie Rail Extension

Remaining construction estimated 3 years to complete:

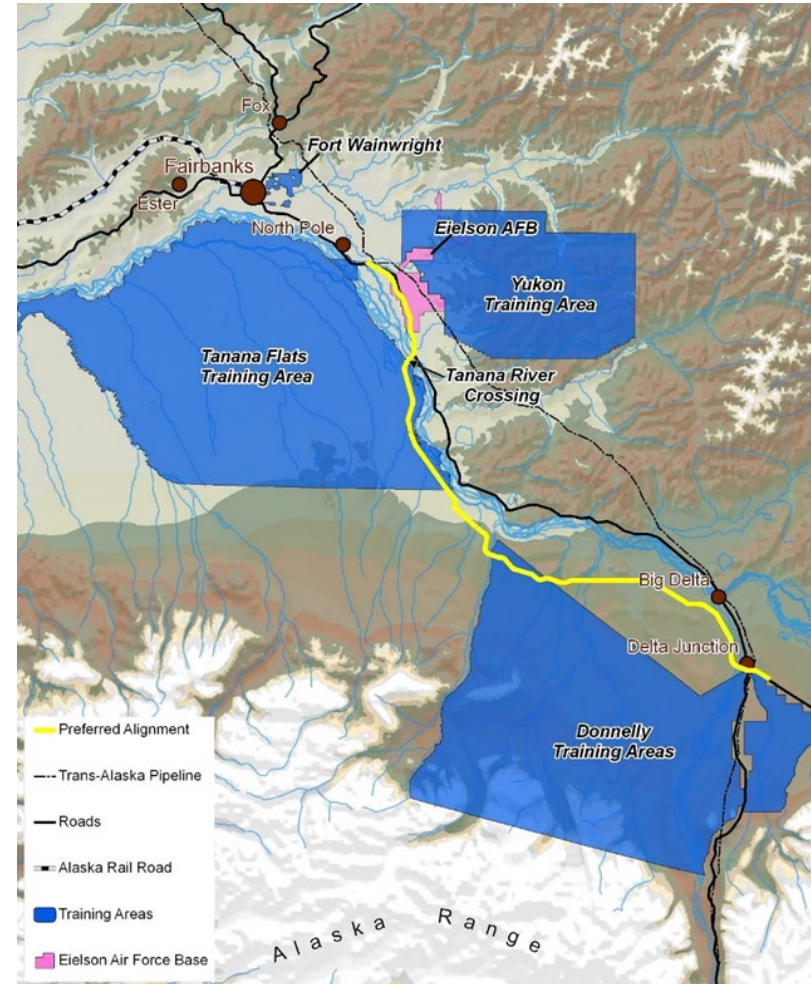
- Segment 2 civil construction (approx. 8 miles)
- Roadbed preparation and Subballast placement
- Telecom and signal construction
- Facility construction
- Track construction

Further funding is needed to continue construction:

- ARRC exploring options with partners in private industry, as well as local, state and federal government to advance project
- ARRC to submit CRISI grant application summer 2025

➤ Northern Rail Extension (NRE)

- 80+ miles North Pole to Delta Junction
- 4-phase project
 - **Phase 1: completed in 2014 : Bridge over Tanana River, road and levee near Salcha (pictured)**
 - Phase 2: 13 miles of rail, from Moose Creek / Eielson AFB to Tanana River Crossing
 - Phase 3: 30 miles of rail from Tanana River Crossing to Donnelly Training Area
 - Phase 4: 38 miles of rail, Donnelly to Delta Junction
- NRE Cost and Funding:
 - Original cost estimate was about \$1 billion. Estimate now \$1.7 billion
 - DOD was main funding source for initial planning, environmental and Phase 1
 - Public-private partnership explored as future funding option



Economic Development through Partnership

These projects exceed to Alaska Railroad's ability to accomplish alone: many partners may have a role to play, including Congressional Delegation, State Government, USDOT, AIDEA, Private Industry, Military, Canada and more



➤ Alaska's Railroad: Reflecting and Supporting Our State



- Alaska is a unique state with unique needs, and ARRC reflects that
- ARRC is a critical piece of transportation infrastructure with a strong record of economic development
- ARRC has adapted through challenges and opportunities, and will continue to do so to support Alaska's growth



▶ THANK YOU

***Bill O'Leary, President and CEO,
Alaska Railroad Corporation
907.265.2403
OLEaryB@akrr.com***