



March 18, 2009

The Honorable Bill Stoltze and Mike Hawker
House Finance Co-Chairs
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

EXECUTIVE OFFICE

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Dear Representative Stoltze and Hawker:

The American Recovery and Reinvestment Act of 2009 (ARRA-09) may provide up to \$26 million to the Alaska Railroad Corporation (ARRC) to pursue a number of shovel-ready passenger related projects that will create jobs and promote economic activity. The advent of federal "stimulus" funding and the Alaska Railroad's portion of "fixed guideway" formula funds have spurred a number of questions from our employees, legislators, customers and interested citizens.

We intend to share the following information (which has been thoroughly researched) with the public and our employees through internal and external newsletters in the near future. In the meantime, we thought you might also appreciate this summary information. Please distribute this correspondence to legislative colleagues as you see fit.

Questions and Answers about ARRA-09 Funding for the Alaska Railroad

Where does the ARRC funding come from?

ARRC stimulus money is added to an existing pot of annual federal agency funding. The Alaska Railroad will receive additional money through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula funds.

What are the criteria for receiving this funding?

FTA funds must be spent on passenger-related projects. The Alaska Railroad receives FTA funds each year to support scheduled public transportation services. To qualify, the ARRC reports to the National Transit Database its "fixed guideway" infrastructure (miles of rail) and the total miles that passenger railcars traveled while providing passenger transportation service. Information collected nationwide is used to allocate funds based upon an arithmetic apportionment "formula."

Does the railroad compete with other Alaskan transportation infrastructure?

No. Different pots of money are reserved for different types of "fixed guideway" infrastructure. For example, money for highway projects will come to the Alaska Department of Transportation (ADOT) by way of the Federal Highway Administration (FHWA). Stimulus money funneled through FHWA to ADOT will not be impacted by FTA money allocated to the Alaska Railroad and vice versa.

Does the railroad compete with other Alaska public transit providers?

No. Local public bus system providers – such as Anchorage's People Mover – will not be impacted by money allocated to the railroad. Some confusion exists because FTA Section 5307 funding includes a Bus Tier and a Fixed Guideway Tier. "Fixed guideway" refers to any transit service that uses exclusive or controlled rights-of-way or rails (such as rail, trolley, tram and even high-occupancy vehicle lanes [HOV] lanes). ARRC does not operate busses and therefore is not eligible for Bus Tier funding. On the other hand, the Alaska Railroad is the only fixed guideway in Alaska at this time, and therefore, the only eligible system for FTA 5307 Fixed Guideway funding.

Where can funds be spent?

FTA allocates ARRC's entitlement to its 5307 funding to the Anchorage urban area as a matter of convenience. Then, ARRC can spend FTA funds on passenger related projects pretty much anywhere along the rail system because formula fund eligibility is determined using system-wide infrastructure and passenger services data.

What will funds be spent on?

ARRA-09 stipulations require funds to be must be spent on projects that improve infrastructure, safety and passenger facilities. Eligibility includes depot and rail improvements in Seward, Talkeetna, Anchorage and Fairbanks, as well as system-wide track rehabilitation, and the congressionally mandated collision avoidance system. During a regular meeting April 1, 2009, the Alaska Railroad Board of Directors will consider specific projects in light of ARRA-09 and FTA mandates. Selected projects and project details will be posted on the railroad's web site (www.AlaskaRailroad.com) immediately following the Board decision. Information availability underscores the Alaska Railroad's commitment to meeting federal and public expectations for transparency and accountability.

If you have any additional questions, or would like me to further the dialogue in Juneau via in-person meetings or committee testimony, please do not hesitate to call, 265-2403. Please also feel free to coordinate further communication through our Assistant Vice President of Corporate Affairs Wendy Lindskoog, 265-2498.

Respectfully,



Patrick K. Gamble
President and CEO

CC: Senate President Gary Stevens
Speaker of the House Mike Chenault
Senate Finance Co-Chairs Lyman Hoffman and Bert Stedman
Senate Transportation Committee Chair Albert Kookesh
House Transportation Committee Chair Peggy Wilson