



# Alaska Railroad Presentation to the House Transportation Committee

Bill O'Leary, President & CEO

Brian Lindamood, Vice President, Chief Engineer

Meghan Clemens, Director External Affairs

November 20, 2023

[AlaskaRailroad.com](https://AlaskaRailroad.com)



# ➤ Agenda

- Mission and 2023 Overview
- 5-Year Capital Plan
- Competitive Grants
- Rail Extension Projects
  - Port MacKenzie Rail Extension
  - Northern Rail Extension
  - Funding Strategies
- Questions





# ➤ Safety Minute





# 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

- 656 Total miles of track
- 748 Freight cars (owned & leased)
- 45 Passenger cars
- 51 Locomotives

## Operating Statistics

- Half a million+ passengers
- 3.7 million tons of freight (2022)

## Employees (January 2023)

- 571 full-time year-round employees
- 15% registered 'Veteran' Status
- 2/3 are members of 5 unions





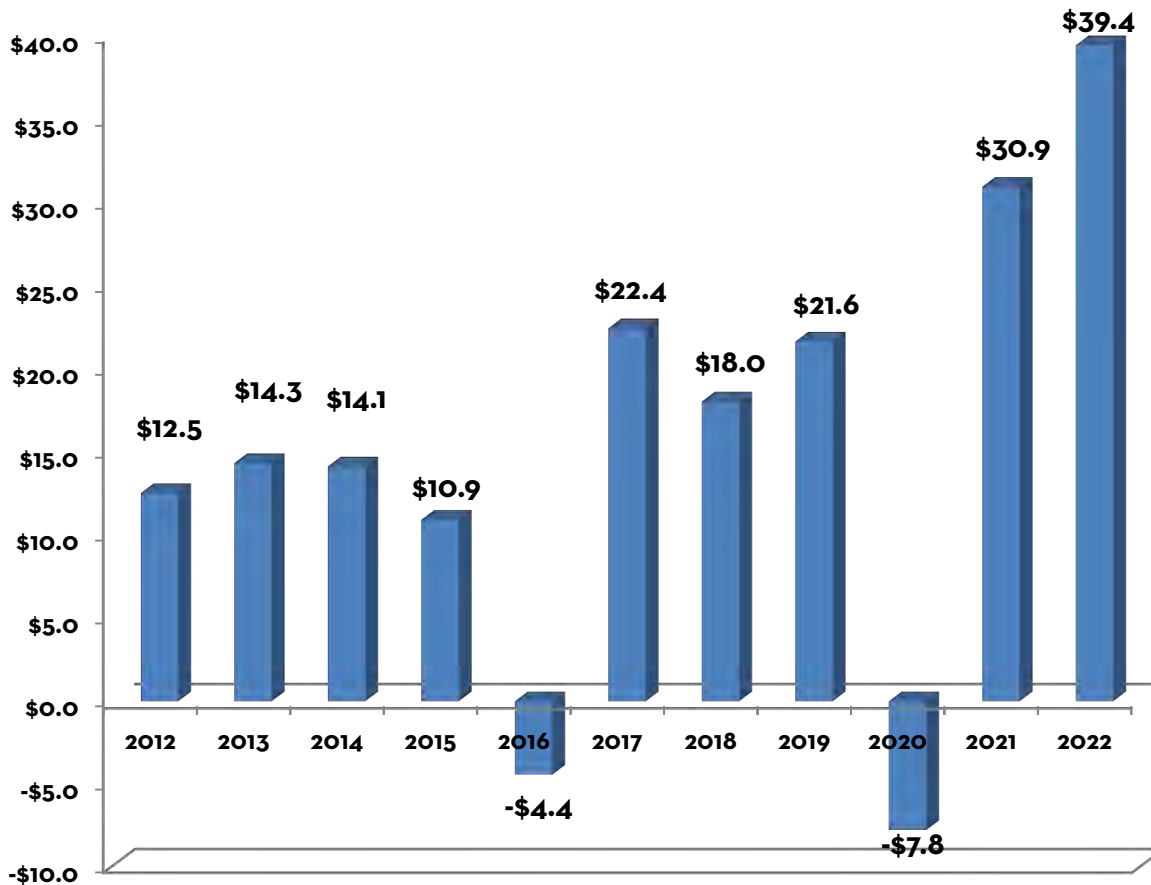
## ➤ Critical Infrastructure for Alaska's Unique Needs

- America's only full-service railroad, operating both freight and passenger trains
- Weekly barge service provides seamless rail freight link between Alaska and Lower 48, Canada and Mexico
- Serves diverse group of customers and stakeholders: Alaska's energy sector, military bases, Port of Alaska, local small business, public lands, visitor industry and more
- America's last flagstop train service, providing access to Alaskans living off the road system



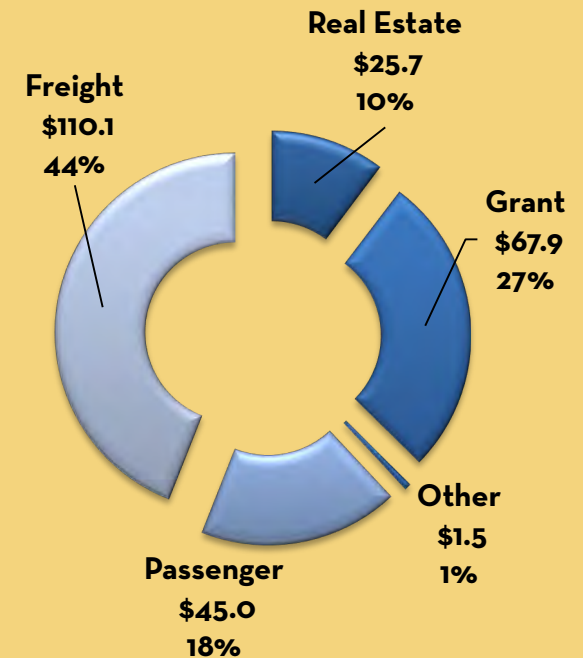
# ➤ Net Income and Revenue Sources

## ARRC Net Income



## 2022 Revenue Sources

(in millions of dollars)



## ➤ Robust 5-Year Capital Investment Plan

- Supports railroad facilities, infrastructure, community developments and interactions
- Will use internal forces, along with contractors and suppliers
- Nearly \$108 million for 2024; 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
  - May add debt financing for needs such as replacing vehicles, equipment and railcars
  - Numbers in below table do not include Seward investments (previously approved)

Funding (millions)	2024	2025	2026	2027	2028	5-Year Total
FTA Formula Grants	\$ 65.50	\$ 51.10	\$ 47.67	\$ 48.38	\$ 49.12	\$ 261.77
ARRC Internal Funds	\$ 17.42	\$ 33.16	\$ 35.73	\$ 35.36	\$ 33.74	\$ 155.41
Debt-Funds	\$ 5.00	-	-	-	-	\$ 5.00
<b>Total Capital Budget</b>	<b>\$ 87.92</b>	<b>\$ 84.26</b>	<b>\$ 83.40</b>	<b>\$ 83.74</b>	<b>\$ 82.86</b>	<b>\$ 422.18</b>



## ➤ Capital Investments

### 10-Year Bridge Plan

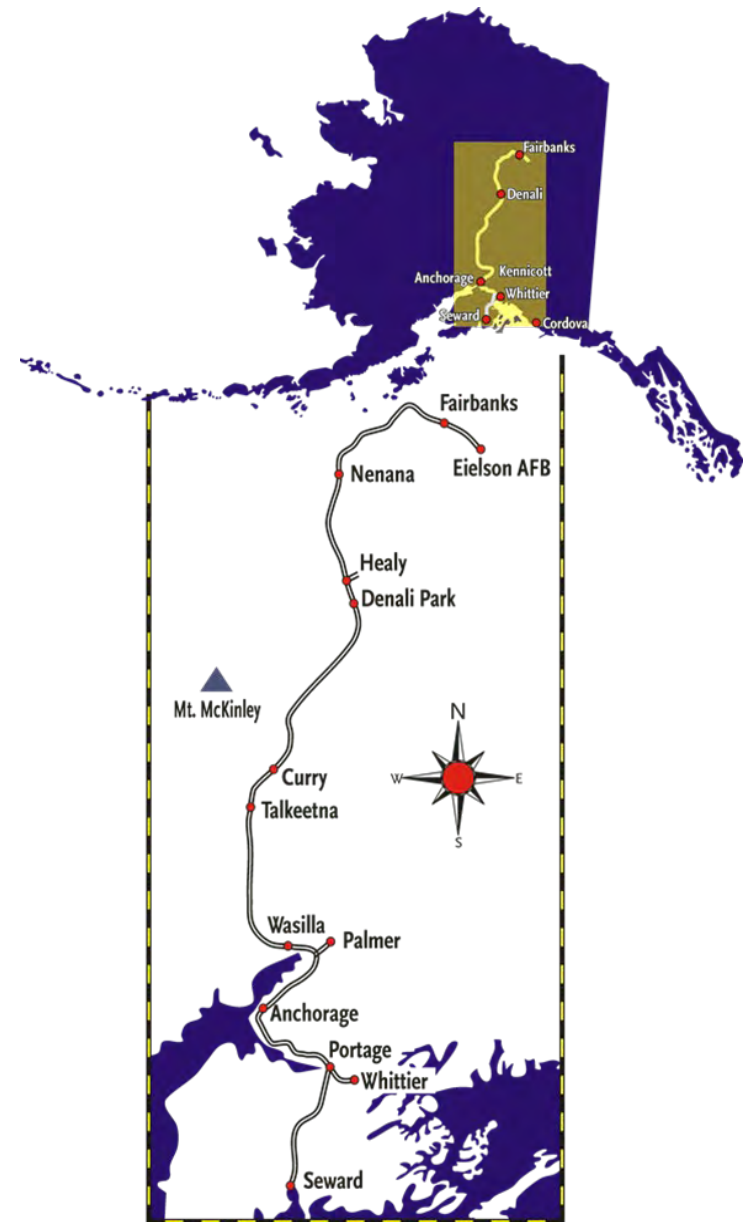
- Replace or rehab 50+ bridges over next decade
- Accomplished by internal forces and contractors
- Nearly \$40 million budget in 2023

### Track Rehab Program

- 45,000 ties replaced in 2023
- 190 track miles of ballast surfacing
- Shoulder & embankment fortification
- Nearly \$20 million budget in 2023

### Funding Sources:

- FTA formula funds
- Competitive grants
- ARRC internal funds
- Debt



## ➤ Capital Investments

### **Whittier Terminal Master Plan**

- Update and re-develop terminal master plan to prepare for future and ensure state of good repair
- \$1.17 million: 80% funded by PIDP MARAD grant, 20% by ARRC

### **Seward Freight Terminal**

- Estimated \$25+ million investment; ~80% funded by \$19.8 million PIDP MARAD grant

### **Seward Passenger Dock**

- Rebuild pier and passenger terminal building
- Estimated \$150 million investment, funded by ARRC bonds with long-term agreement from users as security
- Bonds require legislative authorization
  - \$60 million bond authority in 2022
  - ~\$90 million additional needed in 2024





## ➤ Competitive Grants: Strategy

- How does the grant opportunity support our capital plan?
- Do we have the resources to support the project if funded?
- How can we satisfy the benefit-cost analysis?
- How can we meet non-federal match requirement?



# Competitive Grants: 2018-2023

## AWARDED

Grant Fund Source	ARRC Project	Federal Funding	Non-Federal Match	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
<b>Total Awarded Grants</b>		<b>\$ 46,839,608</b>	<b>\$ 20,477,885</b>	<b>\$ 67,532,255</b>

## NOT AWARDED

Grant Fund Source	ARRC Project	Federal Funding	Non-Federal Match	Total
FY2019 BUILD	Seward Alaska Freight Dock & Corridor Improvements	\$ 22,050,000	\$ 2,450,000	\$ 24,500,000
FY2019 CRISI	PTC Wayside Implementation Seward - Portage	\$ 11,147,949	\$ 2,786,990	\$ 13,934,939
FY2020 BUILD	Goldstream Valley Permafrost Bridges Replacement	\$ 7,767,382	\$ 2,589,127	\$ 10,356,509
<b>Total Not Awarded Grants</b>		<b>\$ 40,965,331</b>	<b>\$ 7,826,117</b>	<b>\$ 48,791,448</b>

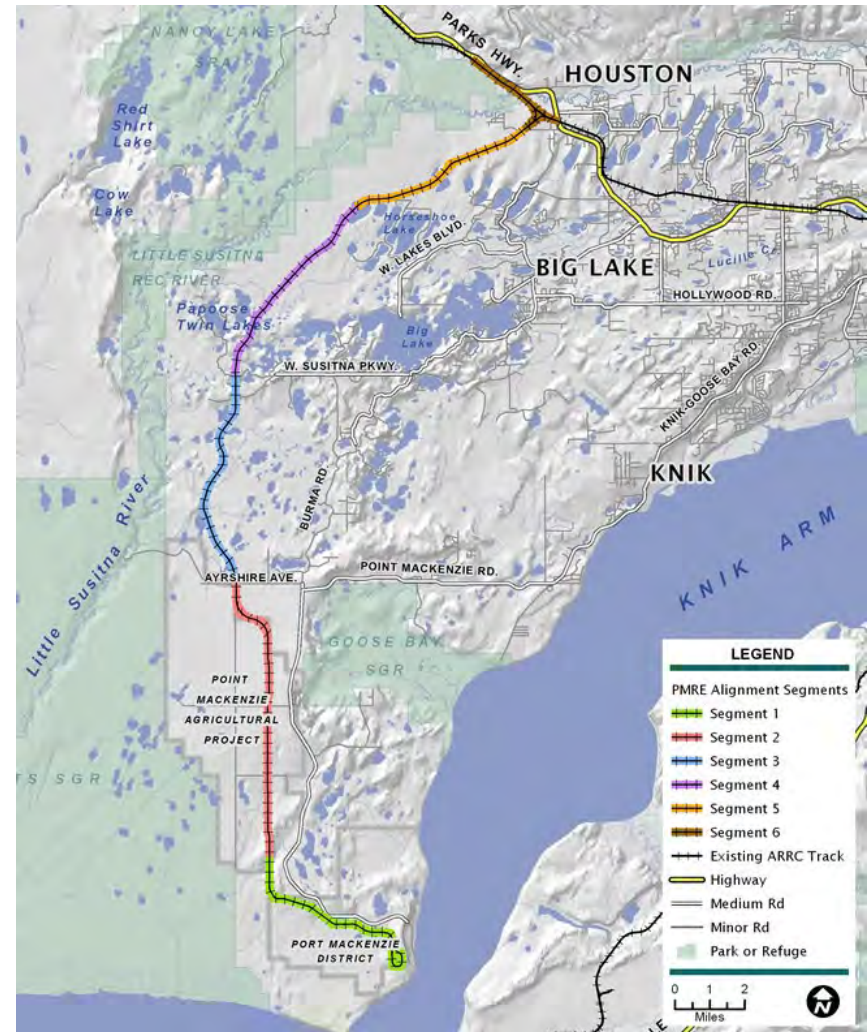
## PENDING

Grant Fund Source	ARRC Project	Federal Funding	Non-Federal Match	Total
FY2022 CIDP	Anchorage North & South Corridors	\$ 1,000,000	\$ -	\$ 1,000,000
FY2022 Fed-St Partnership	MP 190.5 Bridge Replacement	\$ 8,200,558	\$ 2,050,140	\$ 10,250,698
FY23 MPDG INFRA	MP G3.3 Bridge Replacement	\$ 17,148,610	\$ 11,432,407	\$ 28,581,017
<b>Total Pending Grants</b>		<b>\$ 26,349,168</b>	<b>\$ 13,482,547</b>	<b>\$ 39,831,715</b>



# Port MacKenzie Rail Extension (PMRE)

- 32 miles - Houston to Port MacKenzie
- Funded through \$184 million in State Budget Appropriations 2008-2015
- Mat-Su Borough is project sponsor
- ARRC acted on MSB's behalf to construct the project
- ARRC would own and operate the rail line once completed
- Civil construction of Segments 1,3,4,5,6, and the Bi-Modal Bulk Facility are complete



# Project Accounting

(\$ million)

Construction: Bimodal Bulk Facility	\$ 9.98
Segment 1	\$ 22.65
Segment 2 Clearing	\$ 1.25
Segment 3	\$ 16.25
Segment 4	\$ 14.50
Segment 5	\$ 6.10
Segment 6 (includes track & telecom)	\$ 29.10
Ballast (stockpiled)	\$ 2.00
Mitigation	\$ 3.00
Contractors: Engineering	\$ 18.00
Environmental	\$ 9.03
Legal	\$ 2.11
Construction Management	\$ 13.93
Right-of-Way	\$ 20.10
ARRC Direct	\$ 3.40
MSB Direct	\$ 12.60
Total (millions):	\$184.00

2008 State Grant	\$ 10.00
2009 State Grant	\$ 17.50
2011 State Grant	\$ 35.00
2012 State Grant	\$ 30.00
2013 State Bonds	\$ 30.00
2013 State Grant	\$ 23.50
2014 State Grant	\$ 25.00
2015 State Grant	\$ 13.00
Total (millions)	\$184.00



# Project Status

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 has assisted MSB in the pursuit of a 2021 Build-Back-Better Grant as well as legislative requests
- ARRC has promoted PMRE with both potential customers as well as state agencies including AIDEA

# Estimated Cost to Complete

(\$ million)

Segment 2 Civil Construction*	\$ 42.143
Grade Preparation/Subballast*	\$ 24.546
Fiber Optic/Telecommunications*	\$ 6.226
Track Construction*	\$ 98.494
Terminal Facilities**	\$ 12.000
Environmental Mitigation**	\$ 1.120
Engineering/Survey/Const. Mgmt./Legal**	\$ 9.800
ARRC Direct (1.8%)***	\$ 3.498
MSB Direct (7.1%)***	\$13.797
<b>Estimated Project Cost (2023 Dollars)</b>	<b>\$ 211.624</b>

\* 90% Draft, 3rd-Party Estimate

\*\* Cost scaled from 2017 MSB estimate (40%)

\*\*\* Cost based upon state grants spent to date

# Estimated Cost to Complete

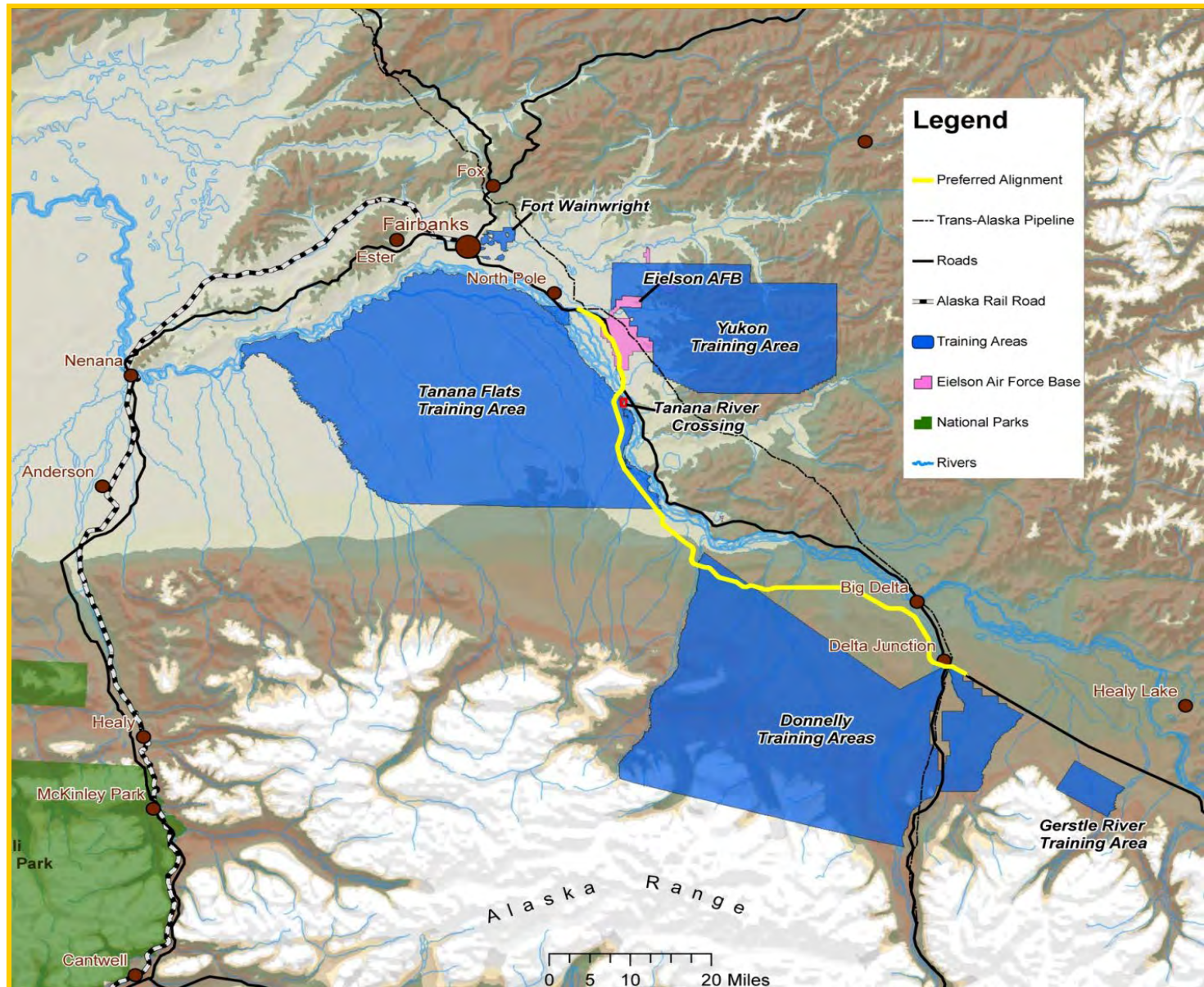
(\$million)

2023 Estimated Project Cost	\$ 211.624
Contingency (10%)	\$ 19.433
2023 Project Budget	\$ 231.057

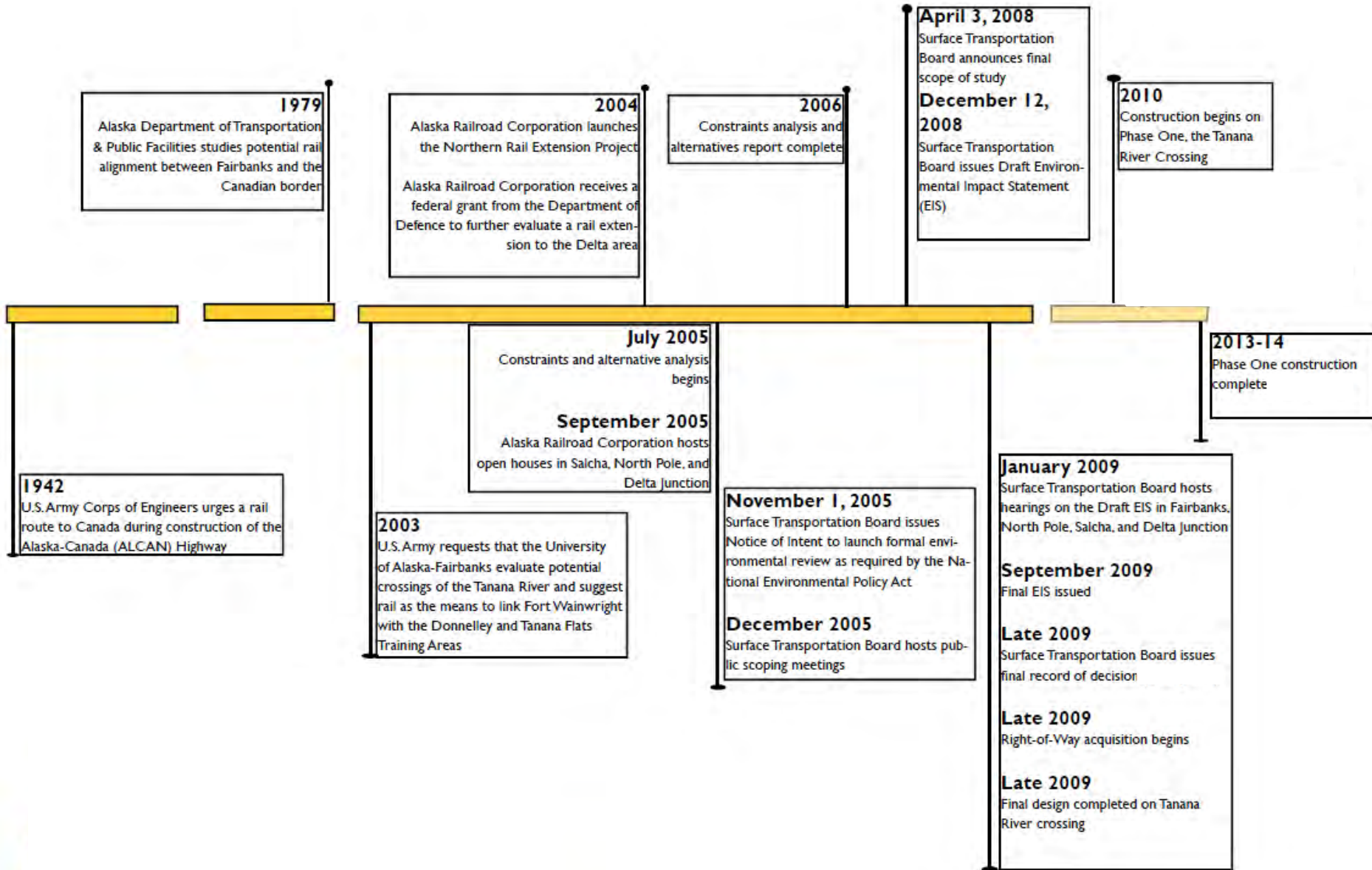
- Full project funding from FY25 State appropriation would allow for construction to commence in summer of 2025. Based upon an annual inflationary cost of 3.5%, the project budget would need to be increased by \$16.457 million, for a total project budget of **\$247.514 million**.
- If the full project funding were obtained from a Federal Grant awarded in the calendar year 2024, project construction could start in 2026, resulting in a total inflationary cost of \$25.120 million, for a total project budget of **\$256.177 million**.



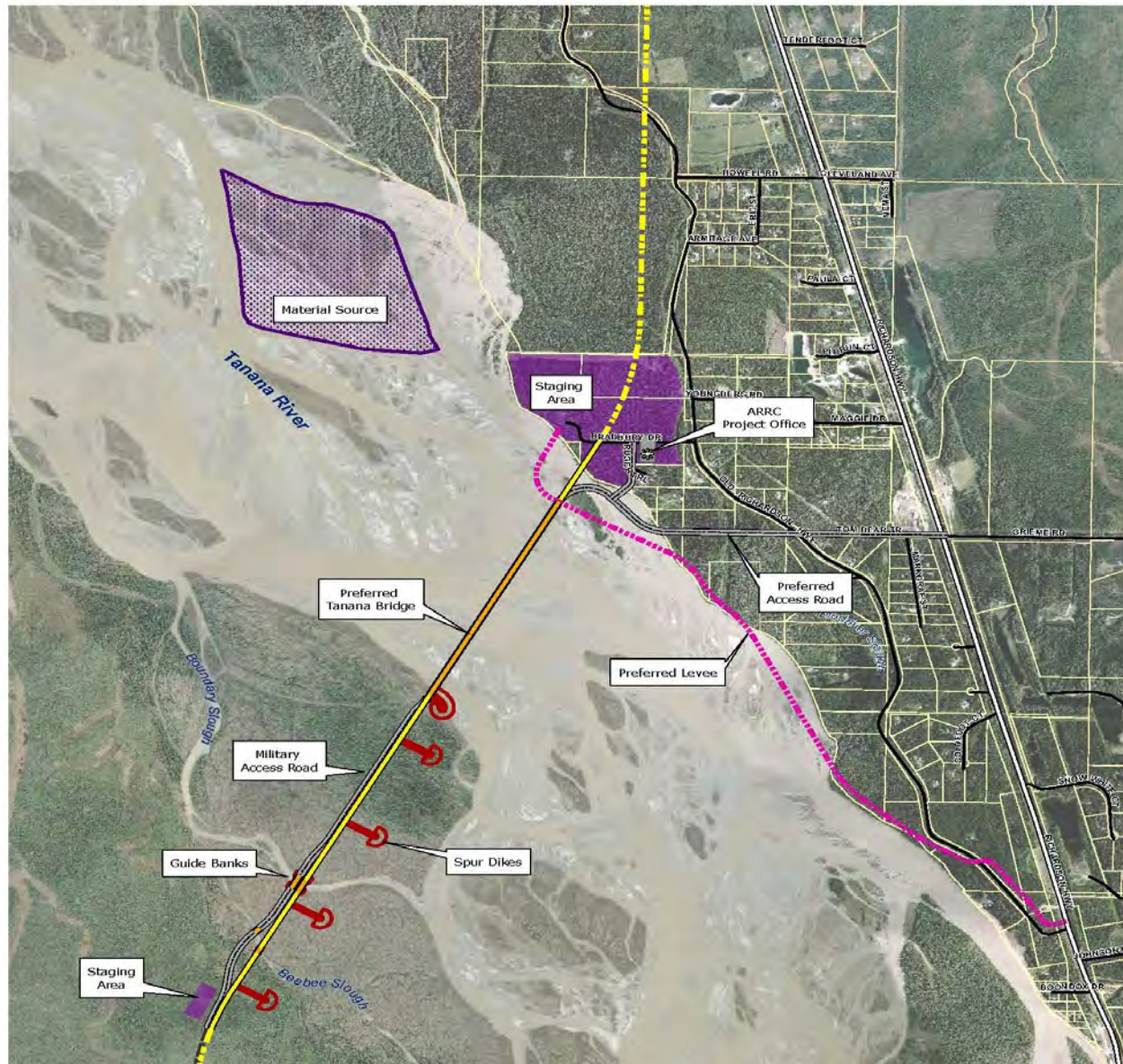
# Northern Rail Extension (NRE)











## Construction

Fall 2011 - Spring 2014

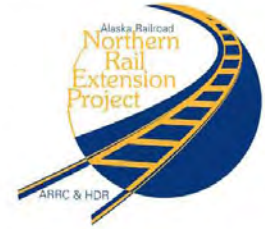
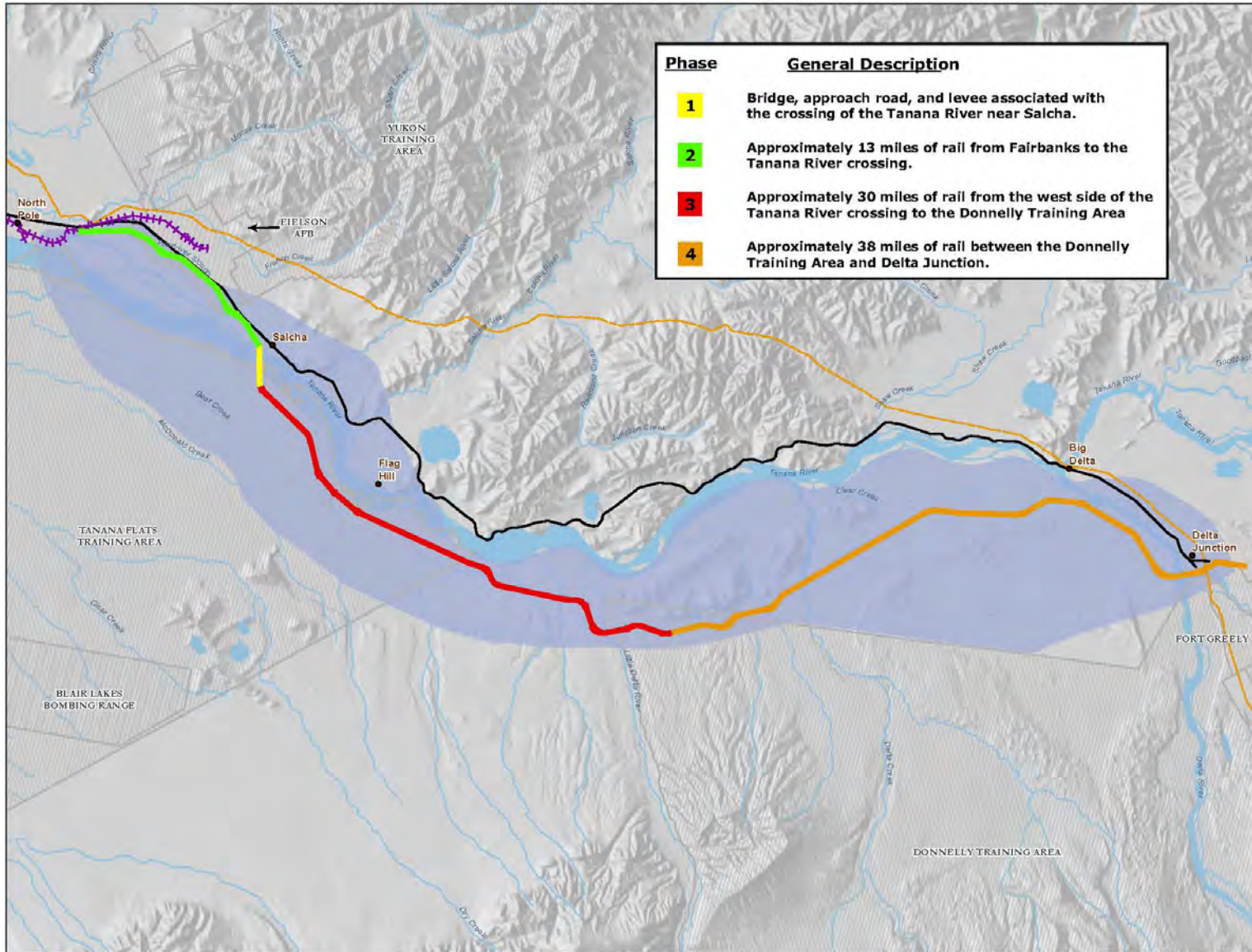
- 3300-ft bridge
- 2 miles of levee

## Funding

\$188.2 million

- \$104 million  
DOD/FRA
- \$84 million SOA





## Phase 1-4

Figure  
2.2.2-2

### Legend

- Corridor Area
- Military Boundary
- Existing Railroad
- Trans-Alaskan Pipeline
- Richardson Highway
- Rivers and Streams



Map Projection: NAD 83 ADP 3 Feet  
Data Sources: NDR, Alaska, CEDCR  
Author: HDR Alaska, Inc.  
Date: 12 February 2019

The information displayed here is for planning and review purposes only.

# Completing NRE

- Potential NEPA re-evaluation
- ROW acquisition
  - Congressional assistance will likely be required for federal ROW segments
  - Up to 20 private parcels need to be acquired
  - Significant work with DNR regarding state lands is anticipated
- Final permits (primarily USACE)
- Construction



# NRE Budgetary Estimate

## 2023 Cost Projections\*

- Phase 2 (Final Permitting, ROW, 13 Miles of Construction): \$205 million
- Phase 3 (30 Miles of Construction): \$651 million
- Phase 4 (38 Miles of Construction): \$826 million

**TOTAL: \$1.7 billion**

\*Using construction cost indexes 2012-2023 (69% increase) since 2012 estimate of \$1 billion; ARRC will complete updated cost estimate with contractor.

# Funding Strategies: PMRE

- FRA: CRISI  
(Consolidated Rail Infrastructure & Safety Improvements)
  - Expected open Dec/Jan, close April
  - Minimum 20% non-federal match
- DOT: MPDG - MEGA  
(Multimodal Project Discretionary Grant)
  - Expected open mid-2024; typical 60-day window
  - Minimum 20% non-federal match
- DOT: RAISE  
(Rebuilding American Infrastructure with Sustainability & Equity)
  - Expected open early 2024; typical 60-day window
  - Standard minimum 20% non-federal match

# Funding Strategies: NRE

- CRISI, MPDG & RAISE
- DOD Community Infrastructure Grants
  - Opens Summer 2024, awarded October
  - *Contingent upon fitting within DOD grant criteria and DOD support.*
- Congressionally Directed Spending
  - *FRA CRISI THUD and/or Military Construction appropriations bills.*



## Need for Partnership

- How can we satisfy the benefit-cost analysis?
- How can we meet non-federal match requirement?



## ➤ How can the Alaska Railroad support Alaska's next 100 years?



- The Railroad is a critical piece of transportation infrastructure
- Must balance growth with essential maintenance of existing assets
- Partnership is key in ensuring success for economic development mission





▶ THANK YOU