

**ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE**

February 6, 2025

1:33 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Jesse Kiehl
Senator Bert Stedman
Senator Mike Shower

MEMBERS ABSENT

Senator Löki Tobin, Vice Chair

COMMITTEE CALENDAR

PRESENTATION(S) : OVERVIEW: ALASKA RAILROAD CORPORATION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

BILL O'LEARY, President
Alaska Railroad Corporation (ARRC)
Anchorage, Alaska

POSITION STATEMENT: Co-presented Alaska Railroad Corporation Overview.

MEGHAN CLEMENS, Director
External Affairs
Alaska Railroad Corporation (ARRC)
Anchorage, Alaska

POSITION STATEMENT: Co-presented Alaska Railroad Corporation Overview.

CLARK HOPP, Chief Operations Officer (COO)
Alaska Railroad Corporation (ARRC)
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to the presentation, Alaska Railroad Corporation Overview.

ACTION NARRATIVE

[1:33:14 PM](#)

CHAIR BJORKMAN called the Senate Transportation Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Kiehl, Stedman and Chair Bjorkman. Senator Shower arrived thereafter.

PRESENTATION(S) : ALASKA RAILROAD CORPORATION OVERVIEW

[1:33:52 PM](#)

CHAIR BJORKMAN announced the presentation, Alaska Railroad Corporation Overview.

[1:34:27 PM](#)

BILL O'LEARY, President, Alaska Railroad Corporation (ARRC), Anchorage, Alaska advanced to slide 2:

[Original punctuation provided.]

Agenda

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

[1:35:26 PM](#)

MR. O'LEARY advanced to slide 3:

[Original punctuation provided.]

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.

MR. O'LEARY said the mission is primarily one of safety, service, profitability, and economic development.

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MR. O'LEARY advanced to slide 4 and gave a brief overview of ARRC's history and current operational data and statistics:

[Original punctuation provided.]

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 and 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 percent registered 'Veteran' Status
- two thirds are members of 5 unions

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MR. O'LEARY provided a brief history of the Alaska Railroad, noting that the Railroad was built by the federal government (completed in 1923) and purchased by the State of Alaska in 1984-5. He briefly discussed the formation of the Alaska Railroad Corporation and detailed its structure. He pointed out that the Alaska Railroad Corporation is self-sustaining and independent (from the State) with respect to legal and financial liability. He briefly explained this distinction. He emphasized the benefits of the railroad.

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MR. O'LEARY advanced to slide 5:

[Original punctuation provided.]

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
5. Efficiencies
6. Optimize Capital Program Investment and Management
7. Enhance Economic Growth through Rail and Real Estate Development

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MEGHAN CLEMENS, Director, External Affairs, Alaska Railroad Corporation (ARRC), Anchorage, Alaska, advanced to slides 6 and 7 and emphasized the importance of safety:

[Original punctuation provided.]

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

MEGHAN CLEMENS explained that public safety includes reminding the public that railroad tracks are active transportation corridors and are not safe locations for photography or foot traffic. She briefly discussed the ways this information is disseminated.

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SENATOR SHOWER joined the meeting.

MS. CLEMENS continued to discuss slides 6 and 7, discussing the importance of emergency response training and emphasizing ARRC's coordination with local emergency response organizations.

[1:44:12 PM](#)

MS. CLEMENS advanced to to slides 8 and 9:

[Original punctuation provided.]

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.

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MS. CLEMENS advanced to slides 10 and 11:

[Original punctuation provided.]

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

MS. CLEMENS noted that freight transport brings the bulk of the railroad's revenue.

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MS. CLEMENS advanced to slide 12, Freight Operations. Slide 12 includes a bar graph displaying the types of rail-hauled cargo by volume (in thousands of tons). Cargo listed includes interline, gravel, coal (export and local), and bulk petroleum. She noted that the amounts fluctuate by year and emphasized that the railroad works to be responsive to customer needs.

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MS. CLEMENS moved to slide 13:

[Original punctuation provided.]

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

[1:51:03 PM](#)

CHAIR BJORKMAN noted that Senator Shower joined the meeting at 1:41 p.m.

[1:51:13 PM](#)

MS. CLEMENS advanced to slide 14, Passenger Operations. Slide 14 includes a bar graph displaying annual ridership amounts for 2015-2024. This data is further broken down into two categories: Cruise and Contract Railcars and Alaska Railroad Ridership. She pointed out that the railroad rebounded quickly after the Covid-19 pandemic. In addition, 2023-24 saw a slight dip in visitors. She attributed this to the Riley fire in Denali, which occurred at the peak of the summer season.

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MS. CLEMENS moved to slide 15:

[Original punctuation provided.]

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

MS. CLEMENS stated that the State of Alaska purchased the railroad and all associated assets. This included the infrastructure, equipment, and 36 thousand acres of land. Half of the land is considered "operating land" (e.g. right-of-way, terminals, and rail yards). The remaining land is leasable land. She explained that this land is leased at fair-market value and in ways that benefit the community.

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SENATOR KIEHL asked about the concentration of lease revenues for the top five leases.

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MR. O'LEARY answered that it is concentrated in the metropolitan areas (Anchorage, Fairbanks, and Seward). He said that the top

five could be provided. He noted that there is a fiberoptic permit that runs the length of the line. He shared his understanding that this is the top lease from a revenue perspective. There are also significant holdings around the Port of Alaska (second and third largest).

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SENATOR KIEHL clarified that he would like to understand what percent of the railroad's lease revenue is made up of the top five leases.

[1:56:11 PM](#)

MR. O'LEARY said that the lease revenue is well-diversified. He explained that the top lease (under \$2 million) is roughly twice the size of the second largest, and the total lease revenue is roughly \$12 million.

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MS. CLEMENS advanced to slide 16, Real Estate Revenue. Slide 16 contains a bar graph detailing real estate revenue (in millions of dollars) for 2015-2024. The data is further broken down into lease and permits, Seward freight dock, Seward passenger dock, and Whittier freight dock. She noted that leases and permits make up the bulk of the real estate revenue. Docks also bring in revenue.

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MS. CLEMENS advanced to slide 17, Net Income and Revenue Sources, which states that all ARRC income is invested in capital program to maintain and improve infrastructure and operations. Slide 17 contains a bar graph displaying ARRC net income for the past decade (in millions of dollars). She pointed out the decline in 2024 and explained that this was due to a timing issue with a preventative maintenance grant; the revenues for this grant will be captured in 2025. In addition, there is a pie chart displaying 2024 revenue sources (in millions of dollars), preliminary and unaudited. This includes data for freight (47 percent), passenger (21 percent), grants (16 percent), real estate (15 percent), and other (1 percent).

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SENATOR KIEHL asked for clarification about whether the Federal Transit Authority (FTA) is included in the chart on slide 17.

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MS. CLEMENS answered that these are capital funds and are included under grant funding. She said that this would be covered in another slide.

[1:59:23 PM](#)

MS. CLEMENS advanced to slides 18 and 19:

[Original punctuation provided.]

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)

[Slide 19 also contains a table of funding sources and totals for the years 2025-2029.]

MS. CLEMENS directed attention to the table on slide 19, which includes FTA formula funds.

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SENATOR KIEHL pointed out that FTA grants seem to be reliably within the \$38 - \$40 million range; however, slide 16 shows \$34 million in total grant revenue. He asked for clarification on the reasons for this.

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MR. O'LEARY answered that grant funding is not recognized until there is a corresponding grant expenditure. He said that a

timing issue with a major grantor in 2024 caused \$18 million disconnect (between the timing of the grant versus the fund recognition). He explained that the grant amounts listed on slide 18 can be considered appropriated amounts. These funds could be spent over the course of multiple years.

SENATOR KIEHL asked if, in this case, the grantor is FTA.

MR. O'LEARY answered yes and added that these are formula funds. He offered examples of other grantors and noted that most are through FTA.

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SENATOR KIEHL directed attention to the five-year capital investment plan and indicated that some funds are not included. He wondered if one or two large amounts are included later in the presentation.

[2:02:42 PM](#)

MS. CLEMENS wondered if this was related to Seward investments, which are indicated on the final bullet point on slide 19.

SENATOR KIEHL indicated that this is correct.

MS. CLEMENS confirmed that this would be covered later in the presentation.

[2:03:04 PM](#)

MS. CLEMENS advanced to slide 20, Competitive Grants: 2018-2024. Slide 20 includes charts of total grants awarded and grants pending for the timeframe indicated. Both charts include federal, match, and total funding amounts for each grant. She noted that the Railroad has been competitive in the federal funding arena, with federal grants totaling over \$115 million. She stated that these funds allow for repair or replacement of bridges and expanding dock infrastructure. The match requirements are covered with AR internal funds.

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MS. CLEMENS advanced to slide 21:

[Original punctuation provided.]

Capital Investments: Bridge and 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 and embankment fortification
- \$28 million budget in 2025

Funding Sources

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

MS. CLEMENS stated that infrastructure maintenance can be challenging, and replacement and/or rehabilitation is a top priority.

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MS. CLEMENS advanced to slide 22:

[Original punctuation provided.]

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 is 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.

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MS. CLEMENS moved to slide 23

[Original punctuation provided.]

ARRC Whittier Terminal Master Planning

Previous master plan is 15 years old

- 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 percent by MARAD (US DOT - Maritime Administration) and 20 percent by ARRC
- Timeline: Currently underway; expected complete summer 2025

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MR. O'LEARY advanced to slides 24 and 25:

[Original punctuation provided.]

Economic Development

PLANNED INVESTMENTS IN SEWARD MARINE INFRASTRUCTURE

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

MR. O'LEARY said that Seward is significant to the Alaska Railroad. He noted that the passenger dock is a cruise facility.

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MR. O'LEARY advanced to slide 26 and discussed the history of the Seward Freight Dock and the dock expansion project:

[Original punctuation provided.]

Seward Freight Dock Expansion

- Estimated \$25+ million investment; 80 percent 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

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MR. O'LEARY advanced to slide 27:

[Original punctuation provided.]

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 and 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

MR. O'LEARY stated that the Seward Passenger Dock is a key asset to the statewide visitor industry. He added that in 2024 over 200,000 passengers utilized this dock. The dock was built in the 1960s and, while it remains safe, it will soon need replacement. He briefly explained the plan for the replacement dock.

[2:13:02 PM](#)

MR. O'LEARY advanced to slide 28 and continued to discuss the Seward passenger dock project:

[Original punctuation provided.]

Wide Deck: Seward Float is 100 Feet Wide

Accommodating: The port sports 40 bollards; functional for all vessels

Longer Floats: Seward float is 748 feet long; Alaska's longest cruise float

- 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

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MR. O'LEARY advanced to slide 29 and continued discussing the Seward passenger dock project:

[Original punctuation provided.]

- 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)

[Slide 29 includes an artist's rendering of the Seward passenger Dock project.]

MR. O'LEARY said that the bonds require legislative approval; the Alaska Railroad is currently seeking the necessary approval for the bond authorization. He emphasized that these bonds are not state liabilities, and no state funds would be used to repay those bonds.

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SENATOR STEDMAN noted that a previous request for this project met with concerns and raised constitutional questions. He asked for more information about this.

[2:15:54 PM](#)

MR. O'LEARY confirmed that in 2024, the Alaska Railroad requested the \$75 million incremental bond authorization. (This bond authorization is again before the legislature.) He said that, while the legislature did approve the bond request, it was outside of the legislative session's time limit and was therefore void. He explained that the situation is time-sensitive; therefore, the Alaska Railroad sought additional funding sources in the form of bank loans. He said that, while bank loans have been used many times, concerns related to this practice resulted in a return to the original plan (i.e. to request the incremental bond authorization from the legislature).

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SENATOR STEDMAN commented that 20 percent cost increase is a standard increase for transportation-related projects. He asked how the project delays have impacted the project cost. He asked what the path to funding would be, if the legislature does not approve the incremental bond authorization.

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MR. O'LEARY answered that at this time, the project is not delayed. He said that if the bond authorization is approved during the current legislative session, the fixed price contract will not be impacted.

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MR. O'LEARY advanced to slide 30:

[Original punctuation provided.]

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

MR. O'LEARY said that the project stalled due to a lack of funding.

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MR. O'LEARY advanced to slide 31 and continued to discuss the Port MacKenzie Rail Extension:

[Original punctuation provided.]

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

MR. O'LEARY said that the estimated cost to complete the project is \$275-300 million. He emphasized that the Alaska Railroad supports rail extensions. However, he acknowledged that rail is expensive to build, particularly without customer commitments or an external funding source. The Alaska Railroad is working to find potential customers and to seek additional funding sources. He briefly explained the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant application process and noted the need for a 20 percent match. He stated that this match would fall in the \$55-60 million range. The Alaska Railroad is not able to take this on and is seeking outside funding sources.

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SENATOR STEDMAN asked to return to slide 30. He asked to walk through each segment of the Port MacKenzie rail extension project.

[2:25:40 PM](#)

MR. O'LEARY deferred the question.

2:26:04 PM

CLARK HOPP, Chief Operations Officer (COO), Alaska Railroad Corporation (ARRC), Anchorage, Alaska, noted that there are six segments for the Port MacKenzie rail extension project. He indicated that it is easier to identify the incomplete segments. He said that the civil work is incomplete in segment 5 (Port MacKenzie agricultural district). He explained that "civil work" refers to bridges, roadbeds, etc. He clarified that civil work has been completed in five of the six segments, making them ready for rail construction. He acknowledged that these segments likely need reconditioning due to the passage of time. He briefly explained the specific work that is needed for segment five. All six segments need rail construction.

2:27:58 PM

SENATOR STEDMAN asked for confirmation of his understanding that all six segments lack tracks and are essentially gravel paths, with segment five requiring additional work before rails can be constructed. He asked for additional confirmation that the estimated cost to complete this work is roughly \$300 million.

MR. HOPP confirmed that this is correct.

2:28:26 PM

SENATOR STEDMAN asked for more detailed information from ARRC outlining the work required for each segment. He noted that this is a substantial project and having a detailed outline would aid future discussions. He commented that the railroad carries the potential for income production and the Port MacKenzie rail project is an investment of \$400-500 million. He shared his understanding that the \$184 million grant does not require repayment and asked if this is correct. He directed attention to the railroad balance sheet and shared his understanding that there would be a \$50 million expense; however, the project would result in a \$500 million asset. He asked whether the concern is that the project would not generate sufficient revenue to compensate a return on the \$50 million expenditure.

2:30:09 PM

MR. O'LEARY affirmed that this is correct. He explained that the customer base has not been identified.

2:30:23 PM

SENATOR STEDMAN gave several examples of projects with a clear customer base with guaranteed revenue streams. He asked who

controls the mechanics of the Port MacKenzie project. He indicated that whoever controls the project mechanics is responsible for securing commitments from those who would rely on the dock as a means to access the railroad.

[2:31:18 PM](#)

MR. O'LEARY said the MatSu Borough owns the port. ARRC is working with the MatSu Borough to identify potential customers.

[2:31:38 PM](#)

SENATOR STEDMAN asked whether any potential customers have been identified. He noted that there is a similar challenge with the gas line, where potential customers have been identified but linking the customers with the product has proven difficult.

[2:32:01 PM](#)

MR. O'LEARY acknowledged that a business case is necessary to justify the investment. He noted more interest around 2015 from potential customers and the current work is to rekindle this interest. He indicated that a consistent, high volume is necessary to cover the cost.

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SENATOR STEDMAN directed attention to Manh Choh mine, where there is a high volume of production. He pointed out that trucks moving resources have caused degradation and accidents on the highway. He opined that a rail extension in this area would make sense. He wondered how this issue could be addressed.

[2:35:01 PM](#)

MR. O'LEARY replied that, while ARRC has been in conversation with Kinross Gold Corporation (Kinross), Kinross made the decision to utilize trucks for transport. He explained that ARRC is working to understand the potential market in that area - and in what ways railroads would benefit that market. He stated that installing rail is costly and requires incredibly high volumes in the short term or significant volumes over a longer period. He shared his understanding that Manh Choh is expected to have a 5-year mine life; therefore, building rail at this time is not feasible (given the mine life and the amount of time it takes to put the rail in place).

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SENATOR STEDMAN expressed disbelief and opined that the Mahn-Cho mine would likely be in production for 15-20 years.

[2:37:02 PM](#)

SENATOR SHOWER directed attention to a publication from Representative MacCabe. He indicated that there is a need for rail in his district and offered examples. He emphasized that a lack of railroad access will have a detrimental impact on economic activity in the state and the nation.

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SENATOR STEDMAN noted the need for an anchor tenant for the Port MacKenzie rail extension. He agreed that it is a big opportunity for the region.

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SENATOR KIEHL asked about current restraints.

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MR. O'LEARY said infrastructure is one restraint. He explained that the railroad was in poor condition when acquired by the state. He indicated that some replacement projects are underway and detailed additional needs (both current and upcoming). He said the short season length is also a restraint.

[2:43:39 PM](#)

MR. O'LEARY advanced to slide 32:

[Original punctuation provided.]

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

MR. O'LEARY indicated that funding has dried up and the project has stalled. He stated that a team approach is required to move these large projects forward.

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SENATOR STEDMAN asked for clarification on the timing of this project from the original estimate of \$1 billion to the current estimate of \$1.7 billion.

[2:47:50 PM](#)

MR. O'LEARY deferred the question.

[2:48:04 PM](#)

MR. HOPP estimated that the most recent evaluation of the cost estimate was 2012-2013. He said the original estimate was adjusted for inflation, resulting in the current estimate of \$1.7 billion.

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SENATOR STEDMAN noted that while some projects do not have escalating costs, most DOTPF projects do. He opined that most ARRC projects would likely have escalating costs (despite the presentation indicating steady costs). He turned his attention to Canada and asked about connecting Fort McMurray to the rail extension.

[2:49:38 PM](#)

MR. O'LEARY said that ARRC had one recent conversation with a representative from Alberta. He explained that the Alaska to Alberta (A2A) Railway project stalled in 2021-2022. He surmised that there may be renewed interest under the current federal administration. He suggested that revisiting this could be very beneficial.

[2:51:29 PM](#)

SENATOR STEDMAN noted past interest and changing political priorities. He shared his understanding that A2A would be on the agenda for the upcoming Energy Council meeting.

[2:53:37 PM](#)

SENATOR KIEHL asked whether a reasonable cost estimate would be \$21 million per mile.

[2:54:04 PM](#)

MR. O'LEARY said the most recent estimate was \$10-12 million per mile, which does not account for topography, the number of bridges, or other issues that impact the ability to build the rail.

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SENATOR KIEHL noted the rough calculation. He surmised that federal government interest may be necessary to reach the level of funding required.

[2:55:19 PM](#)

SENATOR SHOWER said that he recently heard \$17 billion. He briefly commented on A2A and emergency supplies.

[2:56:15 PM](#)

CHAIR BJORKMAN asked to return to slide 26. He noted conversations related to meeting freight needs in the event of issues at the Port of Alaska. He asked if there is a target timeline to move the Seward dock expansion through phase 4, which would allow large Orca-class ships to dock and provide food security to the area.

[2:57:13 PM](#)

MS. CLEMENS said ARRC has a \$25 million extension project for the Seward freight dock. She offered a brief history of the project and associated funding. She said that this would allow Orca-class ships to dock in Seward, should something happen to the port of Alaska. She explained that the grant execution was slowed due to the Covid-19 pandemic. Construction inflation has also been an issue. A business case is required. The grant would not cover the width expansion required to facilitate the operations of larger ships. She added that ARRC has identified the delta required to bridge current funds with the full scope needed. This amount is roughly \$10 million. She indicated that ARRC is working with stakeholders to identify what is possible - and is seeking grants.

[3:00:26 PM](#)

MR. O'LEARY advanced to slide 33:

[Original punctuation provided.]

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.

[3:00:57 PM](#)

MR. O'LEARY thanked the committee and said the railroad is a tremendous asset that will continue to adapt and change as needed.

[3:01:42 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Transportation Standing Committee meeting at 3:01 p.m.