

COMMITTEE REPORT
SENATE

FURTHER:

Date 3/1/84

Mr. President

The Committee on Finance considered SB 370

Authorizing the acquisition of the Alaska Railroad; authorizing the
governor to negotiate the transfer terms. etc.

and (a majority of the committee) (the committee) reports it back with
the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 370 (Fin)
- new title
- same title and recommends DO Pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

Offered: 2/8/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE ~~TRANSPORTATION~~ ^{Finance} COMMITTEE

2 CS FOR SENATE BILL NO. 370 (~~Transportation~~ ^{Finance})

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the acquisition of the Alaska
7 Railroad; authorizing the governor to negotiate the
8 transfer terms; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. ACCEPTANCE OF CERTIFICATION REQUIREMENTS OF ALASKA RAIL-
11 ROAD TRANSFER ACT OF 1982. The state accepts, for itself and any entity
12 that might subsequently be created to operate the Alaska Railroad, the
13 certification requirements under 45 U.S.C. 1201 - 1214 (Alaska Railroad
14 Transfer Act of January 14, 1983). Accordingly, the state agrees to

15 (1) acquire the Alaska Railroad and accept all rail property of
16 the Alaska Railroad under 45 U.S.C. 1203(a); ^{Insert #1}

17 (2) operate the Alaska Railroad as a rail carrier in intrastate
18 and interstate commerce;

19 (3) assume all rights, liabilities, and obligations of the
20 Alaska Railroad existing on the date of transfer to the state, including
21 leases, permits, licenses, contracts, agreements, claims, tariffs, accounts
22 receivable, and accounts payable, except as otherwise provided by 45 U.S.C.
23 1201 - 1214;

24 (4) protect the employment interests of the employees of the
25 Alaska Railroad during the two-year period commencing on the date of trans-
26 fer, as required by 45 U.S.C. 1203(d)(3)(A) and 45 U.S.C. 1206;

27 (5) protect the employment interests of the officers of the
28 Alaska Railroad as required by 45 U.S.C. 1203(d)(3)(E);

29 (6) allow representatives of the United States Secretary of

1 Transportation adequate access to employees and records of the Alaska
2 Railroad when needed for the performance of functions related to the period
3 of federal ownership; and

4 (7) compensate the United States at the value determined by the
5 United States Railway Association under 45 U.S.C. 1204(d).

6 * Sec. 2. (a) The governor may enter into transfer agreements, compen-
7 sation agreements, and any other related agreements with the United States
8 Secretary of Transportation in order to secure certification by the secre-
9 tary that the state has met the requirements of 45 U.S.C. 1203 and in order
10 to secure the transfer ~~of the Alaska Railroad to the state.~~
Delete & Insert # 2

11 (j) Transfer of the Alaska Railroad shall not occur until after the
12 effective date of an Act establishing or otherwise providing for an entity
13 to operate the state-owned railroad.

14 * Sec. ³~~4~~ DEFINITIONS. *Insert # 3 (new section 3)* In this Act, unless the context clearly indi-
15 cates otherwise,

16 (1) "Alaska Railroad" means the agency of the United States
17 Government that is operated by the U.S. Department of Transportation as a
18 rail carrier in Alaska under authority of 43 U.S.C. 975 - 975(g) (Alaska
19 Railroad Act) and 49 U.S.C. 1655(i) (Department of Transportation Act) or,
20 as the context requires, the railroad operated by that agency;

21 (2) "certification requirements" means the conditions under 45
22 U.S.C. 1203 that the United States Secretary of Transportation must certify
23 as having been satisfied by the state before transfer of the Alaska Rail-
24 road to the State of Alaska may occur under 45 U.S.C. 1203(a);

25 (3) "compensate" means payment in full or by credit agreement
26 with cash or pledged funds;

27 (4) "officers of the Alaska Railroad" means the employees occu-
28 pying the following positions at the Alaska Railroad as of the day before
29 the date of transfer to the state: general manager, assistant general

1 manager; assistant to the general manager; chief of administration; and
2 chief counsel.

3 * Sec. ⁵ ~~4~~. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

SENATE AMENDMENT

BY FERGUSON

To: AMEND CS FOR SENATE BILL No. 370 (TRSP)

To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 16

Insert # 1

After "1203(a) Insert:

as described in the report of July 14, 1983, as amended,
submitted to the Congress and the Legislature under 45 U.S.C.1204(a)

Page : 2 Line: 10

Insert # 2

After the word "transfe:" DELETE: ALL MATERIAL and Insert:

to the State of the rail properties of the Alaska Railroad
as described in the report of July 14, 1983, as amended, submitted
to the Congress and the Legislature under 45U.S.C.1204(a).

SENATE AMENDMENT

3/1/04
FD-113
11/1

By FERGUSON

To: AMEJD CS FOR SENATE BILL No. 370((Trsp)

To: _____ HOUSE BILL No. _____

PAGE: 2 LINE: 14

Insert # 3

Insert a new section to read:

Sec. 3. The state-owned railroad as defined under 4 .S.C.1202(14
may not apply for a right-of-way across the Western(Kobuk River) unit
of the Gates of the Arctic National Preserve under 16U.S.C.410hh
(4)(b)-(e).

Renumber remaining sections accordingly.

097

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 1/19/84

REQUEST

Bill/Resolution No.: _____
Title: Alaska Railroad Acquisition Act

FISCAL DETAIL

Agency Affected: N/A
Program Category Affected: N/A

Sponsor: _____
Requestor: Rules, by request of Governor
Date of Request: 1/18/84

BRU, Program or Subprogram(s) Affected: _____
N/A

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING *						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	22,271.0	-0-	-0-	-0-	-0-
REVENUE *	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	22,271.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	22,271.0	-0-	-0-	-0-	-0-

POSITIONS: *

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: GENERAL FUND

*This fiscal note only covers the actual purchase price. Specific estimates for these other needs will be presented in subsequent fiscal notes relating to proposed operating entity legislation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Mark S. Hickey, State Railroad Coordinator Phone: 465-3900
Division: Alaska Railroad Transfer Team Date: 1/19/84

Approved by Commissioner: H. Glenzer, Jr. Date: 1/19/84
Agency: Dept. of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Introduced: 1/24/84
Referred: Transportation
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the acquisition of the Alaska
7 Railroad; authorizing the governor to negotiate the
8 transfer terms; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. ACCEPTANCE OF TRANSFER CONDITIONS OF ALASKA RAILROAD
11 TRANSFER ACT OF 1982. The state accepts, for itself and any entity that
12 might subsequently be created to operate the Alaska Railroad, the transfer
13 conditions set out in the Alaska Railroad Transfer Act of January 14, 1983,
14 P.L. 97-468, 45 U.S.C. secs. 1201 -- 1214. Accordingly, the state agrees
15 to

16 (1) acquire the Alaska Railroad and accept all rail property of
17 the Alaska Railroad under sec. 604(a) (45 U.S.C. sec. 1203(a)) of the
18 Transfer Act;

19 (2) operate the Alaska Railroad as a rail carrier in intrastate
20 and interstate commerce;

21 (3) assume all rights, liabilities, and obligations of the
22 Alaska Railroad existing on the date of transfer to the state, including
23 leases, permits, licenses, contracts, agreements, claims, tariffs, accounts
24 receivable, and accounts payable, except as otherwise provided by the
25 Transfer Act;

26 (4) protect the employment interests of the employees of the
27 Alaska Railroad during the two-year period commencing on the date of trans-
28 fer, as required by sec. 604(d)(3)(A) (45 U.S.C. sec. 1203(d)(3)(A)) and
29 sec. 607 (45 U.S.C. sec. 1206) of the Transfer Act;

1 (5) protect the employment interests of the officers of the
2 Alaska Railroad as required by sec. 604(d)(3)(E) (45 U.S.C. sec. 1203(d)-
3 (3)(E)) of the Transfer Act;

4 (6) allow representatives of the United States Secretary of
5 Transportation adequate access to employees and records of the Alaska
6 Railroad when needed for the performance of functions related to the period
7 of federal ownership; and

8 (7) compensate the United States at the value determined by the
9 United States Railway Association under sec. 605(d) (45 U.S.C. sec. 1204-
10 (d)) of the Transfer Act.

11 * Sec. 2. The governor may enter into transfer, compensation, and any
12 other, related agreements with the United States Secretary of Transporta-
13 tion in order to secure certification by the secretary that the state has
14 met the transfer conditions of sec. 604 (45 U.S.C. sec. 1203) of the Trans-
15 fer Act and in order to secure the transfer of the Alaska Railroad to the
16 state.

17 * Sec. 3. DEFINITIONS. In this Act, unless the context clearly indi-
18 cates otherwise,

19 (1) "Alaska Railroad" means the agency of the United States
20 Government that is operated by the U.S. Department of Transportation as a
21 rail carrier in Alaska under authority of the Act of March 12, 1914 (Alaska
22 Railroad Act, 43 U.S.C. secs. 975 -- 975g) and sec. 6(i) of the Department
23 of Transportation Act (49 U.S.C. 1655(i)), or, as the context requires, the
24 railroad operated by that agency;

25 (2) "officers of the Alaska Railroad" means the employees occu-
26 pying the following positions at the Alaska Railroad as of the day before
27 the date of transfer to the state: general manager; assistant general
28 manager; assistant to the general manager; chief of administration; and
29 chief counsel;

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(3) "Transfer Act" means the Alaska Railroad Transfer Act of January 14, 1983, P.L. 97-468, 45 U.S.C. secs. 1201 -- 1214;

(4) "transfer conditions" means all those conditions set out in sec. 604 (45 U.S.C. sec. 1203) of the Transfer Act that the state must be certified by the United States Secretary of Transportation to have satisfied before transfer of the Alaska Railroad to the State of Alaska can occur under sec. 604(a) of the Transfer Act.

* Sec. 4. This Act takes effect immediately in accordance with AS 01.-10.070(c).

Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN
RULES COMMITTEE



JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

Senate

MEMORANDUM

DATE: February 29, 1984

TO: All Members
Senate Finance Committee

FROM: Senator Jan Faiks

RE: Senate Bill 370 (Transportation)

The main thrust of Senate Bill 370 is that the State accepts the transfer conditions as set out in the Alaska Railroad Transfer Act.

Section 1. In accepting the Alaska Railroad, the State agrees to acquire the railroad and its property; operate the railroad as a rail carrier; assume all rights, liabilities, and obligations of the railroad; protect the employment interests of the railroad employees for a 2 year period to run from the date of transfer; protect the employment interests of the officers of the railroad; allow the U.S. Secretary of the Interior access to the records of the railroad related to the period of federal ownership; pay the U.S government for the fair market value of the railroad.

Section 2. This section authorizes the Governor to enter into various transfer agreements that will be required in order to secure certification of compliance with the Transfer Act.

Section 3. Definitions

Section 4. Provides for an immediate effective date.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1984

The Honorable Jalmar Kerttula
President of the Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will authorize the state to acquire the Alaska Railroad. The bill is required so that the certification process mandated by the Alaska Railroad Transfer Act (ARTA; P.L. 97-468) can be effected. Once this certification process is completed, acquisition of the railroad can occur as soon as practicable.

The bill essentially says that the state agrees to meet the transfer conditions set out in the Transfer Act. A more detailed analysis of the bill follows:

Section 1 says that the state agrees to the transfer conditions set out in the Alaska Railroad Transfer Act. Specifically, these points of agreement are as follows:

- 1) The state agrees to acquire all the rail property of the railroad.
- 2) The state agrees to operate the railroad as a rail carrier in intrastate and interstate commerce.
- 3) The state agrees to assume all rights, liabilities, and obligations of the railroad that exist on the date of transfer.
- 4) The state agrees to protect the employment interests of the railroad employees as required by sec. 604(d)(3)(A)(i) -- (vii) and sec. 607 of ARTA.

- 5) The state agrees to protect the employment interests of the officers of the railroad as required by sec. 604(d)(3)(E) of ARTA.
- 6) The state agrees to allow the Secretary of Transportation access to employees and records of the Alaska Railroad.
- 7) The state agrees to compensate the United States at the appraisal value that was determined by the United States Railway Association.

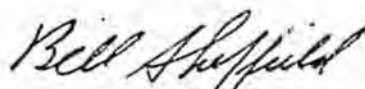
Section 2 authorizes the governor to enter into the various transfer agreements that relate to the points listed above and that will be required in order to secure certification of compliance with the Transfer Act and thus to secure the transfer of the railroad.

Section 3 defines certain terms used in the bill.

Section 4 provides for an immediate effective date.

I urge your favorable action on this bill as soon as possible so that the transfer of the ownership of the Alaska Railroad to the state can become a reality.

Sincerely,


Bill Sheffield
Governor

097

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 1/19/84

REQUEST

Bill/Resolution No.: _____

Title: Alaska Railroad Acquisition Act

Sponsor: _____

Requestor: Rules, by request of Governor

Date of Request: 1/18/84

FISCAL DETAIL

Agency Affected: N/A

Program Category Affected: N/A

BRU, Program or Subprogram(s) Affected: _____

N/A

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING *						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	22,271.0	-0-	-0-	-0-	-0-
REVENUE *	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	22,271.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	22,271.0	-0-	-0-	-0-	-0-

POSITIONS: *

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: GENERAL FUND

*This fiscal note only covers the actual purchase price. Specific estimates for these other needs will be presented in subsequent fiscal notes relating to proposed operating entity legislation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Mark S. Hickey, State Railroad Coordinator Phone: 465-3900

Division: Alaska Railroad Transfer Team Date: 1/19/84

Approved by Commissioner: H. Glenzer, Jr. Date: 1/19/84

Agency: Dept. of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Analysis:

If the State elects to acquire the Alaska Railroad in accordance with the Alaska Railroad Transfer Act of 1982, it must compensate the United States for its fair market value. The Alaska Railroad Transfer Team has determined the valuation of \$22,271,000 performed by the United States Railway Association should be accepted as reasonable.

In addition to the purchase price, the Transfer Team has identified the total liability to the State associated with acquisition of the railroad. Although there are a few unknowns still under investigation, we have determined that under a low-end or "best case" scenario, that approximately \$23.5 million will be needed for additional "start-up costs" to cover the first years of operations. Under a high end or "worst case" scenario, the additional financial exposure to the State from ensuring continued rail operations for the next ten years may run as high as \$47.9 million (in 1983 dollars).

The railroad is an important link in Alaska's transportation network, particularly for the surface movement of bulk commodities. Abandonment of rail service would, at the very least, result in costly impacts to the State's highway system.

The federal government has the authority to dispose of the railroad, and appears committed to doing so. There is no guarantee that service will be continued under another disposition. Nor is there any current evidence of a private sector interest willing to step in and guarantee continued rail services.

Acquisition ensures continuation of essential rail services, gives the State control over the railroad's operations, and preserves all future options regarding its final disposition. It also offers the State an opportunity to restructure the existing organization to obtain greater efficiencies and make the railroad more responsive to our goals.

For these reasons, the Sherrilein Administration has accepted the recommendation of the Transfer Team that the State should proceed with acquisition of the Alaska Railroad. Furthermore, additional discussion with the federal government over compensation terms has led to the conclusion to seek a direct cash acquisition versus more complicated land trades or financing packages.

FEBRUARY 1984

ALASKA RAILROAD TRANSFER PROJECT

SUMMARY OF PROJECTED FIVE-YEAR
OPERATING AND CAPITAL BUDGETS

DRAFT

(\$ IN 000)¹

<u>EXPENDITURES/REVENUES:</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
OPERATING COSTS ²	50,571	51,387	51,670	51,007	51,559
WORKING CAPITAL/ START-UP COSTS ³	6,127				
CAPITAL NEEDS ⁴	16,700	16,700	16,700	16,700	16,700
REVENUES ⁵	57,296	59,816	62,479	65,171	67,951

FUNDING:

GENERAL FUND (SHORTFALL)	16,102	8,271	5,891	2,536	308
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POSITIONS:⁶

FULL-TIME	480	480	?	?	?
TEMPORARY	160	160	?	?	?

EXPLANATION:

The preceding summary is derived from the results of the Transfer Team's Alaska Railroad Acquisition Assessment, which was released in December 1983. While it was necessary to rely in part on railroad records and forecasts, and the work by the United States Railway Association, these specific estimates reflect independent analysis and adjustment by the Transfer Team.

FOOTNOTES:

¹In constant 1983 dollars.

²This estimate includes both general operating expenses and new expenditures attributable to the railroad transfer (i.e., costs from loss of railroad gravel reserves under third-party claims). Costs during FY 87-89 are not significantly larger than the first two years because sizeable one-time expenses have been projected immediately following actual transfer.

FOOTNOTES(cont.):

- ³This covers the one-time replacement of the railroad's working capital fund (which will most likely be expended before transfer to cover federal liabilities), and other specific one-time start-up costs relating to transfer (i.e., marking and inventorying of personal property).
- ⁴This category includes all projected expenditures relating to OSHA compliance and impacts resulting from the application of State and local building codes. In addition, about \$4 million of the annual estimate could just as easily be categorized as operating costs if generally accepted accounting principles are applied to the railroad. We have chosen to leave such expenditures in this category at present since this is essentially a cash flow analysis.
- ⁵These estimates are based on sizeable downward adjustments by the Transfer Team to anticipated revenue increases from the export coal traffic and new interline traffic. If either of these movements actually materialize in an appreciable way, it could eliminate the need for general fund assistance during FY 87-89. Likewise, any major downswing from anticipated traffic levels would result in the need for even more general fund assistance.
- ⁶The Alaska Railroad Transfer Act of 1982 basically mandates full protection of all employees who choose to transfer for a two-year period. What happens following that period is strictly a matter of contractual negotiation between management and the employees. These figures represent the approximate number of employees currently at the railroad.

Attached is a ten-year summary (FY 73 - 82) of the railroad's financial operations during federal ownership. Please note that an additional \$66.2 million was provided through Congressional appropriations to cover various expenses and capital expenditures.

It should also be noted that the FY categories on the preceding page can be read as the first full five years of railroad operation by the State, versus merely representing the State's current fiscal cycles.

- plus # 66,231,250
 Appropriations from Congress
 FY75 - FY82

ALASKA RAILROAD OPERATIONS SUMMARY
 (Dollar Amounts in Thousands)
 Fiscal Years 1973-1982*

	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
Operating Revenue	\$16,996	\$20,783	\$41,416	\$52,517	\$33,376	\$27,440	\$23,100	\$26,737	\$40,782	\$55,445
Non-Operating Revenue	681	703	871	1,161	1,646	1,651	2,081	2,155	3,159	3,352
<u>Total Revenues</u>	<u>17,677</u>	<u>21,486</u>	<u>42,287</u>	<u>53,678</u>	<u>35,022</u>	<u>29,091</u>	<u>25,181</u>	<u>28,892</u>	<u>43,941</u>	<u>58,797</u>
Operating Expenses	\$20,057	\$22,389	\$35,883	\$49,387	\$35,703	\$33,301	\$31,285	\$34,380	\$40,358	\$48,978
Non-Operating Expenses	153	158	272	191	255	213	204	344	273	258
<u>Total Expenses</u>	<u>20,210</u>	<u>22,547</u>	<u>36,155</u>	<u>49,578</u>	<u>35,958</u>	<u>33,514</u>	<u>31,489</u>	<u>34,724</u>	<u>40,631</u>	<u>49,236</u>
<u>Gain (Loss)</u>										
Before depreciation - cash flow (\$ 7)	\$ 1,300	\$ 8,513	\$ 6,628	\$ 2,186	(\$ 1,227)	(\$ 3,089)	(\$ 2,306)	\$ 6,567	\$13,274	
After depreciation (\$ 2,533)	(\$ 1,061)	\$ 6,132	\$ 4,100	(\$ 936)	(\$ 4,423)	(\$ 6,308)	(\$ 5,832)	\$ 3,310	\$ 9,561	
<u>Capital Expenditures</u>	<u>\$ 1,260</u>	<u>\$ 313</u>	<u>\$ 2,772</u>	<u>\$ 8,602</u>	<u>\$ 8,316</u>	<u>\$ 5,823</u>	<u>\$ 8,181</u>	<u>\$ 6,893</u>	<u>\$11,409</u>	<u>\$11,821</u>
<u>Revenue Tons of Major Commodities</u> (in thousands of tons)										
Sand and Gravel	2	1	1	104	700	727	637	396	1,797	2,754
Bulk Petroleum	363	414	557	624	532	374	220	252	379	439
Coal	565	563	584	607	550	593	524	590	653	654
Iron & Steel Pipe & Fittings	11	15	107	174	16	28	33	37	83	165
Piggyback	48	57	95	114	100	100	89	92	113	122
Forest Products	49	56	120	124	82	68	55	109	101	77
Manufactured Iron & Steel	18	37	60	89	19	12	12	10	0	19
Cement	15	14	25	32	42	33	33	32	43	51
Machinery and Machines	12	21	60	31	47	47	24	16	28	24
Mfrs. & Misc. NOS	32	34	44	29	17	13	25	26	11	**
Other	216	165	209	260	200	183	156	181	146	198
<u>TOTAL</u>	<u>1,331</u>	<u>1,337</u>	<u>1,862</u>	<u>2,188</u>	<u>2,305</u>	<u>2,178</u>	<u>1,808</u>	<u>1,741</u>	<u>3,362</u>	<u>4,503</u>
<u>Passengers</u>	<u>74,000</u>	<u>84,000</u>	<u>81,000</u>	<u>84,500</u>	<u>103,632</u>	<u>126,277</u>	<u>151,045</u>	<u>150,678</u>	<u>161,068</u>	<u>175,116</u>

* The Federal Government changed its fiscal year from July 1-June 30 to October 1-September 30 beginning in FY 1977, resulting in a transition quarter in 1976. To avoid a 15-month fiscal year for comparisons, these statistics use July 1, 1975 through June 30, 1976 as FY 1976, and October 1, 1976 through September 30, 1977 as FY 1977, dropping the transition quarter.

**Mfrs. & Misc. NOS. (not otherwise specified) discontinued, now included in specific categories.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/24/84

Date: Feb. 7, 1984

Mr. President:

The Committee on TRANSPORTATION has had SB 370

authorizing the acquisition of the Alaska Railroad; authorizing the governor to negotiate the transfer terms; efd.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 370 (Susp) same title
 new title
- and recommends my do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Peggy Man
A. Salmon
J. Kutsch
John L. ...

CHAIRMAN

FEBRUARY 1984

ALASKA RAILROAD TRANSFER PROJECT

SUMMARY OF PROJECTED FIVE-YEAR
OPERATING AND CAPITAL BUDGETS

DRAFT

(\$ IN 000)¹

<u>EXPENDITURES/REVENUES:</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
OPERATING COSTS ²	50,571	51,387	51,670	51,007	51,559
WORKING CAPITAL/ START-UP COSTS ³	6,127				
CAPITAL NEEDS ⁴	16,700	16,700	16,700	16,700	16,700
REVENUES ⁵	57,296	59,816	62,479	65,171	67,951

FUNDING:

GENERAL FUND (SHORTFALL)	16,102	8,271	5,891	2,536	308
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POSITIONS:⁶

FULL-TIME	480	480	?	?	?
TEMPORARY	160	160	?	?	?

EXPLANATION:

The preceding summary is derived from the results of the Transfer Team's Alaska Railroad Acquisition Assessment, which was released in December 1983. While it was necessary to rely in part on railroad records and forecasts, and the work by the United States Railway Association, these specific estimates reflect independent analysis and adjustment by the Transfer Team.

FOOTNOTES:

¹In constant 1983 dollars.

²This estimate includes both general operating expenses and new expenditures attributable to the railroad transfer (i.e., costs from loss of railroad gravel reserves under third-party claims). Costs during FY 87-89 are not significantly larger than the first two years because sizeable one-time expenses have been projected immediately following actual transfer.

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Attached is a ten-year summary (FY 73 - 82) of the railroad's financial operations during federal ownership. Please note that an additional \$66.2 million was provided through Congressional appropriations to cover various expenses and capital expenditures.

It should also be noted that the FY categories on the preceding page can be read as the first full five years of railroad operation by the State, versus merely representing the State's current fiscal cycles.

- plus # 66,231,250
 Appropriations from Congress
 FY75 - FY82

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 (Dollar Amounts in Thousands)
 Fiscal Years 1973-1982*

	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
Operating Revenue	\$16,996	\$20,783	\$41,416	\$52,517	\$33,376	\$27,440	\$23,100	\$26,737	\$40,782	\$55,445
Non-Operating Revenue	681	703	871	1,161	1,646	1,651	2,081	2,155	3,159	3,352
<u>Total Revenues</u>	<u>17,677</u>	<u>21,486</u>	<u>42,287</u>	<u>53,678</u>	<u>35,022</u>	<u>29,091</u>	<u>25,181</u>	<u>28,892</u>	<u>43,941</u>	<u>58,797</u>
Operating Expenses	\$20,057	\$22,389	\$35,883	\$49,387	\$35,703	\$33,301	\$31,285	\$34,380	\$40,358	\$48,978
Non-Operating Expenses	153	158	272	191	255	213	204	344	273	258
<u>Total Expenses</u>	<u>20,210</u>	<u>22,547</u>	<u>36,155</u>	<u>49,578</u>	<u>35,958</u>	<u>33,514</u>	<u>31,489</u>	<u>34,724</u>	<u>40,631</u>	<u>49,236</u>
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After depreciation	(\$ 2,533)	(\$ 1,061)	\$ 6,132	\$ 4,100	(\$ 936)	(\$ 4,423)	(\$ 6,308)	(\$ 5,832)	\$ 3,310	\$ 9,561
<u>Capital Expenditures</u>	<u>\$ 1,260</u>	<u>\$ 313</u>	<u>\$ 2,772</u>	<u>\$ 8,602</u>	<u>\$ 8,316</u>	<u>\$ 5,823</u>	<u>\$ 8,181</u>	<u>\$ 6,893</u>	<u>\$ 11,409</u>	<u>\$ 11,821</u>
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Coal	565	563	584	607	550	593	524	590	653	654
Iron & Steel Pipe & Fittings	11	15	107	174	16	28	33	37	83	165
Piggyback	48	57	95	114	100	100	89	92	113	122
Forest Products	49	56	120	124	82	68	55	109	101	77
Manufactured Iron & Steel	18	37	60	89	19	12	12	10	8	19
Cement	15	14	25	32	42	33	33	32	43	51
Machinery and Machines	12	21	60	31	47	47	24	16	28	24
Mfrs. & Misc. NOS	32	34	44	29	17	13	25	26	11	**
Other	216	165	209	260	200	183	156	181	146	198
<u>TOTAL</u>	<u>1,331</u>	<u>1,337</u>	<u>1,862</u>	<u>2,188</u>	<u>2,305</u>	<u>2,178</u>	<u>1,808</u>	<u>1,741</u>	<u>3,362</u>	<u>4,503</u>
<u>Passengers</u>	<u>74,000</u>	<u>84,000</u>	<u>81,000</u>	<u>84,500</u>	<u>103,632</u>	<u>126,277</u>	<u>151,045</u>	<u>150,678</u>	<u>161,058</u>	<u>175,116</u>

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DRAFT

(\$ IN 000)¹

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- plus \$ 66,231,250
 Appropriations from Congress
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(\$ IN 000)¹

DRAFT

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Non-Operating Revenue	681	703	871	1,161	1,646	1,651	2,081	2,155	3,159	3,352
<u>Total Revenues</u>	<u>17,677</u>	<u>21,486</u>	<u>42,287</u>	<u>53,678</u>	<u>35,022</u>	<u>29,091</u>	<u>25,181</u>	<u>28,892</u>	<u>43,941</u>	<u>58,797</u>
Operating Expenses	\$20,057	\$22,389	\$35,883	\$49,387	\$35,703	\$33,301	\$31,285	\$34,380	\$40,358	\$48,978
Non-Operating Expenses	153	158	272	191	255	213	204	344	273	258
<u>Total Expenses</u>	<u>20,210</u>	<u>22,547</u>	<u>36,155</u>	<u>49,578</u>	<u>35,958</u>	<u>33,514</u>	<u>31,489</u>	<u>34,724</u>	<u>40,631</u>	<u>49,236</u>
<u>Gain (Loss)</u>										
Before depreciation - cash flow (\$ 7)	\$ 7	\$ 1,300	\$ 8,513	\$ 6,628	\$ 2,186	(\$ 1,227)	(\$ 3,089)	(\$ 2,306)	\$ 6,567	\$13,274
After depreciation	(\$ 2,533)	(\$ 1,061)	\$ 6,132	\$ 4,100	(\$ 936)	(\$ 4,423)	(\$ 6,308)	(\$ 5,832)	\$ 3,310	\$ 9,561
<u>Capital Expenditures</u>	<u>\$ 1,260</u>	<u>\$ 313</u>	<u>\$ 2,772</u>	<u>\$ 8,602</u>	<u>\$ 8,316</u>	<u>\$ 5,823</u>	<u>\$ 8,181</u>	<u>\$ 6,893</u>	<u>\$11,409</u>	<u>\$11,821</u>
<u>Revenue Tons of Major Commodities</u> (in thousands of tons)										
Sand and Gravel	2	1	1	104	700	727	637	396	1,797	2,754
Bulk Petroleum	363	414	557	624	532	374	220	252	379	439
Coal	565	563	584	607	550	593	524	590	653	654
Iron & Steel Pipe & Fittings	11	15	107	174	16	28	33	37	83	165
Piggyback	48	57	95	114	100	100	89	92	113	122
Forest Products	49	56	120	124	82	68	55	109	101	77
Manufactured Iron & Steel	18	37	60	89	19	12	12	10	8	19
Cement	15	14	25	32	42	33	33	32	43	51
Machinery and Machines	12	21	60	31	47	47	24	16	28	24
Mfrs. & Misc. NOS	32	34	44	29	17	13	25	26	11	**
Other	216	165	209	260	200	183	156	181	146	198
<u>TOTAL</u>	<u>1,331</u>	<u>1,337</u>	<u>1,862</u>	<u>2,188</u>	<u>2,305</u>	<u>2,178</u>	<u>1,808</u>	<u>1,741</u>	<u>3,362</u>	<u>4,503</u>
<u>Passengers</u>	<u>74,000</u>	<u>84,000</u>	<u>81,000</u>	<u>84,500</u>	<u>103,632</u>	<u>126,277</u>	<u>151,045</u>	<u>150,678</u>	<u>161,068</u>	<u>175,116</u>

* The Federal Government changed its fiscal year from July 1-June 30 to October 1-September 30 beginning in FY 1977, resulting in a transition quarter in 1976. To avoid a 15-month fiscal year for comparisons, these statistics use July 1, 1975 through June 30, 1976 as FY 1976, and October 1, 1976 through September 30, 1977 as FY 1977, dropping the transition quarter.

**Mfrs. & Misc. NOS. (not otherwise specified) discontinued, now included in specific categories.