Anch.

Airport

Railroad

Sta.

February 29, 2000

ALASKA RAILROAD AIRPORT STATION (RAIL STATION)

Purpose and Need – Due to increasing public transportation needs, multiple urban locations around the world are spending millions of dollars to revise their infrastructure to accommodate rail services at airports. Ground transportation demand at Anchorage International Airport (AIA) has increased; there is currently no rail access to the airport terminal. This project allows ARRC the ability to serve current and future transportation needs of the public by linking air, rail, and water modes of transportation together for South-Central Alaska. AIA is currently undergoing a phased multi-million dollar reconstruction project to accommodate growth; a shared construction window allows ARRC the ability to minimize impact and maximize opportunities on the airport campus.

Project Summary – This capital improvement project is for design and construction of a new Intermodal Passenger Rail Station located at the AIA. This includes construction of a bridge and elevated approach track, a 425-foot covered platform, a 3-story 17,300 square foot Rail Station facility with an assembly area, and an underground pedestrian tunnel leading to the airport terminal. ARRC is extending its current track 900 feet to accommodate this project. The existing rail spur has been in use since 1957.

Status -

ARRC and AIA have entered into a 55-year lease agreement.

FRA has provided $28 million in total funding for design, construction, and administration of this project. This includes $4 million for the underground pedestrian tunnel, which becomes the property of AIA upon project completion.

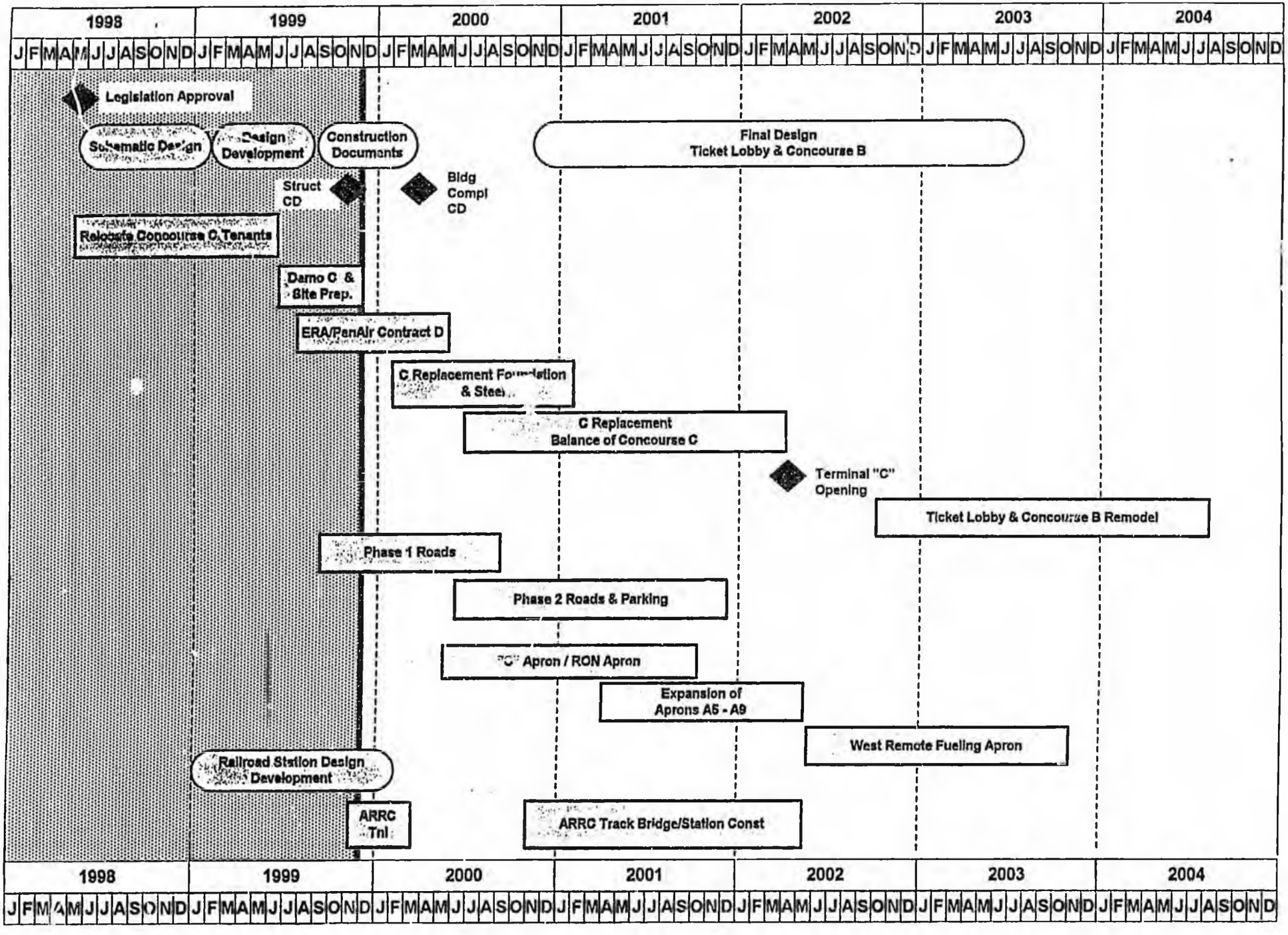
NEPA documentation prepared by HDR, Inc. and submitted to FHWA February, 2000. Approval of Categorical Exclusion expected with recommendation to FRA for final signature.

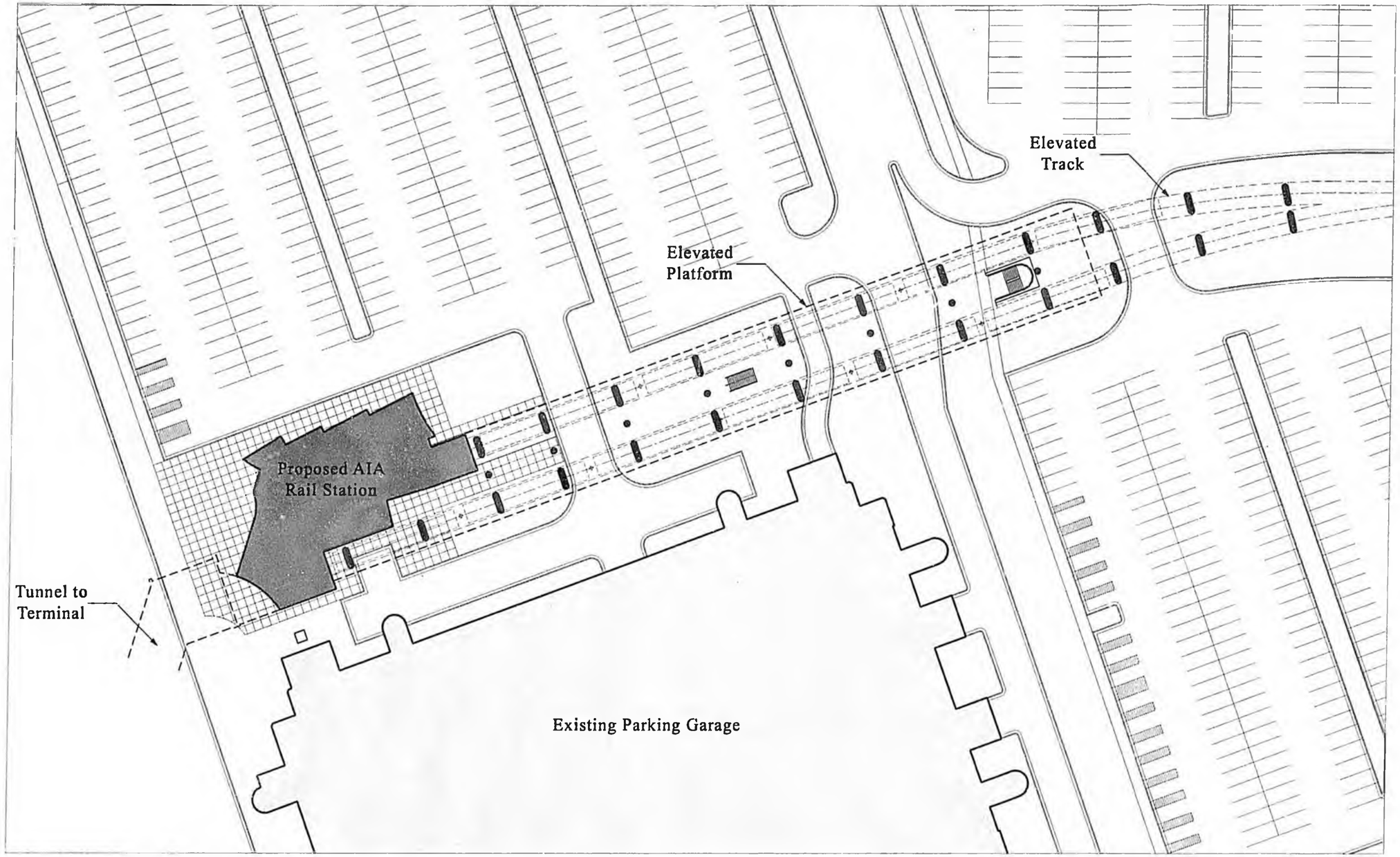
Kumin and Associates, Inc. selected for final design. Current design is approximately 45% complete. Design completion scheduled for September, 2000.

Tunnel bid with DOT&PF Phase I landside project; Kiewit is selected contractor. Tunnel scheduled for substantial completion March, 2000.

Construction bids expected November, 2000. Construction to begin December, 2000 with completion by May, 2002.

Anchorage International Airport Terminal Redevelopment Project
Summary Project Schedule



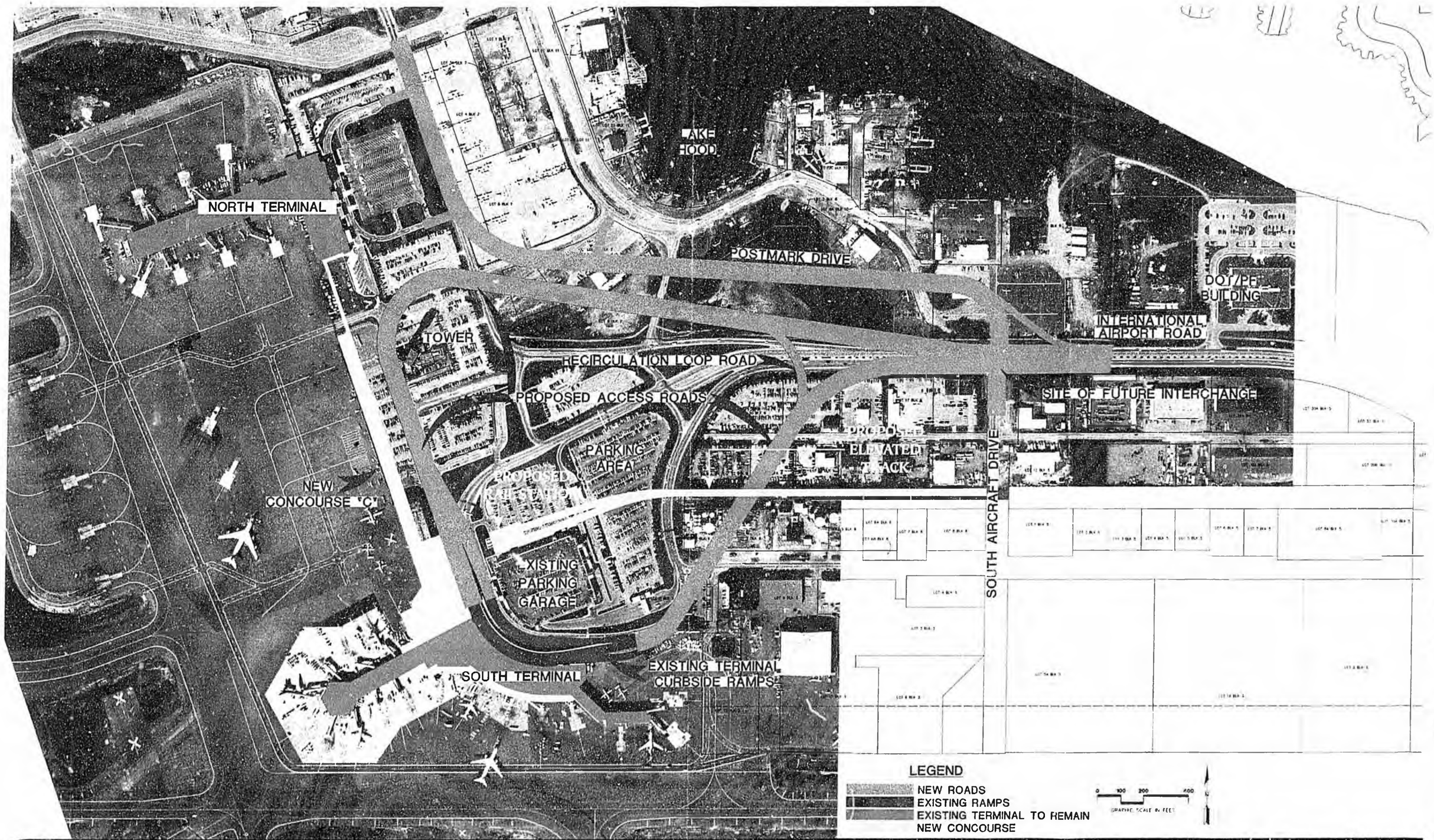


0' 50' 100'

SCALE: 1" = 60'

N

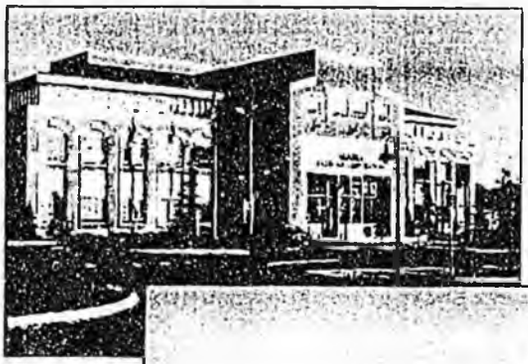
SITE PLAN



AIA RAIL STATION

ALASKA RAILROAD CORPORATION

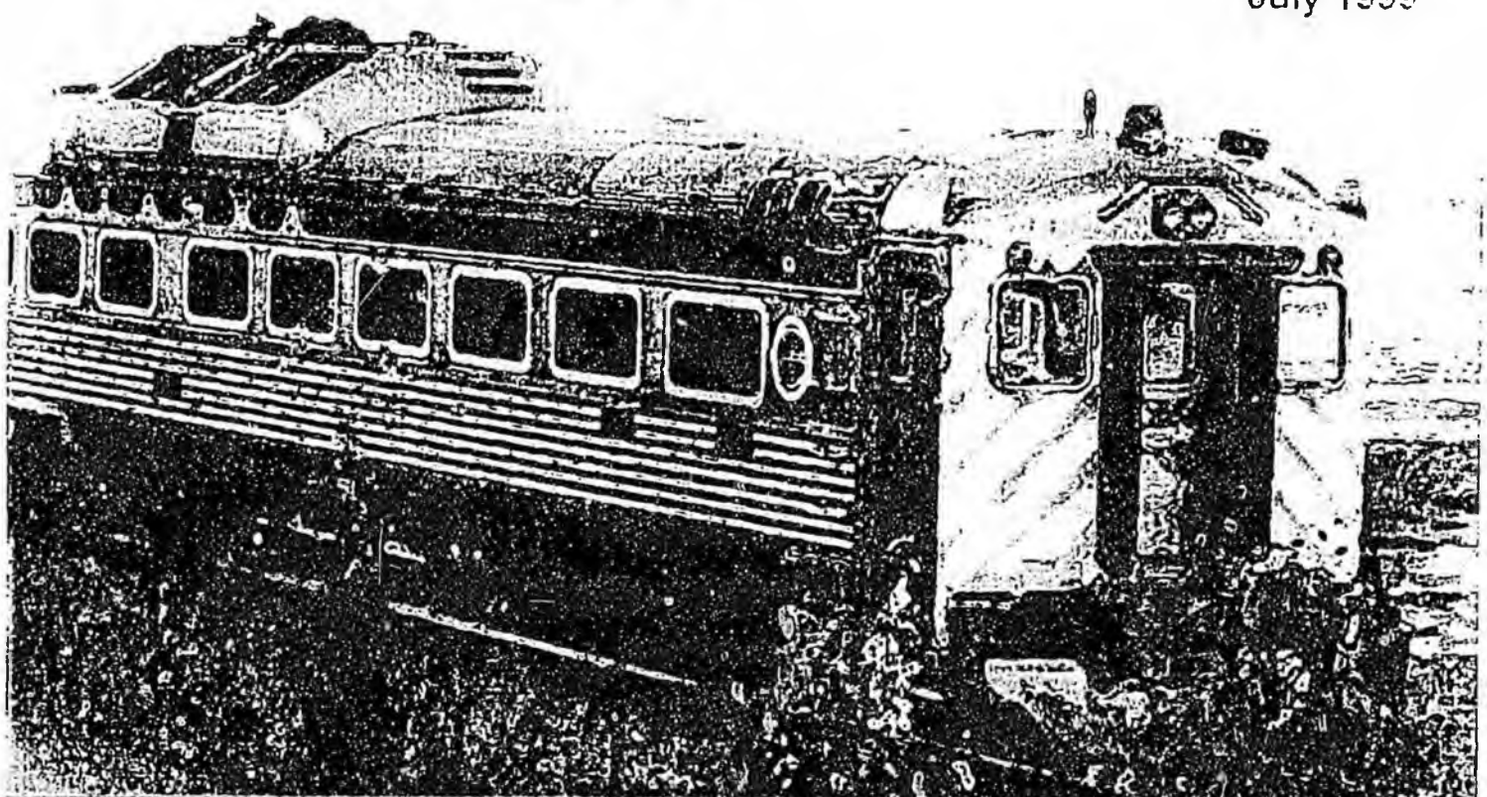
KAI | KMD



Market Analysis for ARRC Anchorage International Airport Rail Station

Prepared for the
Alaska Railroad Corporation

July 1999



Prepared by

Northern Economics, Inc.

in association with

Kruger & Associates

and

HDR

Executive Summary

The *Market Analysis for ARRC Anchorage International Airport Rail Station* presents the results of a study of potential benefits of the new rail station at the Anchorage International Airport (AIA), the various markets that could support the station, and the marketing requirements necessary to take full advantage of the station. Appendixes to the report contain detailed information on equipment options and copies of a commuter rail survey conducted as part of the study.

The number of available markets and potential size of each market suggest that the Alaska Railroad Corporation (ARRC) can determine the amount of airport-station-related ridership by developing the necessary infrastructure, providing adequate levels of service, and marketing the service. Marketing efforts would include negotiations with primary customers such as cruise lines and tour companies, and efforts to attract independent travelers and area residents. The user groups exhibit differences in terms of frequency of service and destination. Necessary infrastructure includes port improvements and facilities to serve commuters and tour groups. The ARRC is already addressing many of these items.

Total airport-station-related ridership could exceed 200,000 passengers per year by 2004 and grow to more than 500,000 by 2024. The market with the most immediate potential is the cruise market, in which passengers require transportation between cruise ships and the airport. Rail ridership for cruise-related services could be more than 60,000 passengers per year in 2004 and exceed 75,000 per year by 2024 (assuming that 3 train sets with a capacity of 250 passengers per train are dedicated to this service). Other markets such as providing related services to tour-and-charter visitors and serving area residents traveling to the airport offer even greater potential, but marketing efforts and additional infrastructure are needed before this potential can be realized.

Airport station related ridership could exceed 100,000 travelers in the independent tourists, tour group, and charter categories in 2004. In addition, the demand for rail service to the airport by area residents could exceed the expected use by cruise passengers if the necessary infrastructure and adequate levels of service were in place.

Revenues generated by transporting cruise passengers between the airport and cruise ships could exceed $750,000 in 2004 and $1 million in 2024. Revenues generated by other markets cannot be estimated until critical decisions related to facilities, equipment, and levels of service have been made and more is known about the markets.

The new AIA rail station should be viewed as a vital part of the transportation infrastructure in Southcentral Alaska and could be a catalyst for increased and improved tourist activity in the area. However, not all of the benefits associated with improved infrastructure can be assigned to the AIA station. Shorter travel times between cruise ships (or other places) and the airport, improved travel experiences, and other benefits are associated as much with track changes and other rail system improvements as with the AIA station itself.

The AIA station would help to promote a variety of benefits such as reduced roadway congestion, improved air quality, and postponement of the date when future roadway improvements are needed. Once the ARRC makes decisions regarding new equipment and various system improvements, revenues and other benefits can be compared with the estimated annual cost of $300,000 for maintaining and operating the new station. In the meantime, the station can be viewed in the context of the broad tourist industry. Anchorage Convention and Visitors Bureau (ACVB) statistics show that in 1998 the travel trade brought roughly $72 million to the Anchorage area, and conventions resulted in a positive economic impact of $59 million. To the extent that the new rail station adds incrementally

to these values or helps increase retention of travel-related money in the Anchorage area, the value of the station could be quite significant.

In summary, ARRC decisions regarding level of service, marketing effort, and the rate at which new infrastructure is put in place are the critical factors in generating significant use of the AIA rail station. If the ARRC is sensitive to the demands of the various market segments and aggressive in meeting those demands, then passenger volumes and related revenues should be sufficient to support the new station.

Airport Rail Links Misconnect With Fliers

By Daniel Machalaba
Staff Reporter of The Wall Street Journal

Like many travelers, Tom Hoen of Baltimore dreams of racing to the airport aboard a fast train.

His reality: crawling to the airport aboard a slow trolley. Extended to Baltimore-Washington International Airport a couple of years ago, Baltimore's airport trolley lumbers through city streets, mixes with traffic and waits at sections of single track for trains traveling in the opposite direction to pass. Mr. Hoen, a vice president of BT Alex. Brown, could drive from his house to the airport in half an hour but prefers public transportation, which can take almost twice as long. "It's hardly a bullet train," he says.

Mr. Hoen's frustration is common among passengers of the nation's airport rail links. "Compared to the potential, the American experience with air-rail links has often been quite disappointing," says Matthew Coogan, a transportation consultant in White River Junction, Vt., and a former undersecretary of transportation in Massachusetts. "Many of the systems have been cobbled together and fail to deal with the unique needs of air travelers."

Most airports were built in remote areas far from downtown and were easily reached by new highways. But the surge in air travel, airport expansions and urban sprawl changed all that, resulting in clogged roads to, from and within the airports and putting airport parking at a premium. Many travelers now park their cars at distant satellite lots and board shuttle buses to the terminals.

The rail links were envisioned as an antidote for all that, but that hasn't been the case very often. Many of the systems follow indirect routes, share tracks with local trains or require a switch to another train or bus. In Boston, for example, travelers have to board a bus between the subway station and airport terminals.

Few of the systems make special provisions for luggage. What's more, some airports that derive revenue from their parking lots do little to encourage the links. As a result, the trains often tap less than 5% of the market of travelers going to or from airports.

"I think a rail link to the airport is a great idea," says David Gunn, who heads Toronto's transit system and ran transit systems in Philadelphia, New York and Washington. "But it's very difficult to make it work."

Proponents insist that airport trains are often faster than autos and cabs, especially during commuting times when highways are jammed. And the trains are economical, with fares ranging from $1.50 to $5 a ride, compared with $25 or more for a taxi. To demonstrate the potential of air rail links, transit planners point to successful systems in London and Hong Kong, which include features like airline counters at downtown train stations, nonstop service and luggage racks on the trains.

Among U.S. systems, the one linking Washington, D.C., and [illegible] Washington National Airport is considered among the most effective. Travelers used

Please Turn to Page B4, Column 5

The Trains to the Planes

New York's planned Airtrain to Kennedy Airport, shown at right, is being heralded as cheap and quick, but critics have emerged

CITY	ADVANTAGES	DISADVANTAGES
Atlanta	Fast, frequent rides to downtown	Rail doesn't reach some suburbs
Baltimore	Direct links to downtown; new trolleys	Slow trip downtown
Boston	Station near airport, frequent service	Bus connection required
Chicago	Centralized station location at airport	Frequent local stops
Cleveland	Direct airport-rail link	Limited rail network downtown
Philadelphia	Three stations at airport	Infrequent service
St. Louis	New trains	No rail links to suburbs
Washington D.C.	Fast frequent service	No special provisions for luggage

Wall Street Journal 2/23/99

Few Fliers Use Airport Rail Links

Continued From Page B1

to complain about having to walk through parking lots from the terminal to the train station – a distance of more than 1,000 feet. But in 1997, a new airline terminal serving most carriers was completed adjacent to the station, making the connection between plane and train among the most convenient in the country.

The Washington system also boasts frequent trains and an extensive rail network to downtown locations. "It has them all beat," Ken Bird, a manager at an industrial-controls company in Illinois, says of Washington's airport trains. "You can walk right from the plane to the train and get a clean, quiet and fast ride downtown."

The system linking Chicago with O'Hare International Airport also wins praise for its convenience, although it travels along a line used mainly by local riders, with frequent stops and crowded cars.

More typical is Philadelphia, where commuter trains were extended to the airport in 1985 but haven't made much headway with the traveling public. For budgetary reasons, service is confined to one train every half hour. The result: Travelers often wait longer for a train than the time it takes to drive downtown.

The Philadelphia system carries about 2,500 people a day to or from the airport – about a fifth of its capacity. "Airline travelers are accustomed to stepping out to the curb and flagging a cab," says Stephan Rosenfeld, a spokesman for Philadelphia's transit system. "We haven't been able to break that habit."

That may change. Philadelphia Airport officials, who [illegible] drive there, haven't promoted the trains in the past. A separate authority operates the trains and collects fares. But airport officials say they are now encouraging more travelers to use the train in an effort to ease airport traffic congestion. The airport has added bigger signs directing travelers to the trains and is spending $8.5 million to build new passageways from the baggage-claim area to train platforms.

Despite the problems many cities have encountered with airport rail systems, New York, San Francisco and Portland, Ore., are developing new links. The Port Authority of New York and New Jersey's plans to spend $1.5 billion to build "Airtrain" to Kennedy International Airport are already drawing fire, because they require passengers to change trains.

The Airtrain plan has also stirred opposition from airlines, which object to the Port Authority's use of a $3-per-passenger airport departure tax. To qualify for the funds, which are designed for on-airport improvements, the Port Authority plans to annex Airtrain's track right of way and make it part of the airport.

The drawback: Airtrain will take passengers to nearby rail stations, where travelers transfer to other trains. "They are building a second-rate system that dumps you at a remote transit hub only 20% of the way to the center city," contends George Haikalis, a transportation consultant in New York.

Port Authority officials say the system will be cheaper, faster and more reliable and from Manhattan than cabs. They dismiss concerns about the inconvenience of changing trains. "How are you going to make something perfect for eight million people who don't live in one place?" asks Port Authority spokesman Mark Hatfield. "We are trying to create the best system that serves the most people."

Meanwhile, improvements to other systems are on the way. Atlanta wants to install a baggage drop-off counter at the airport train station. And in Baltimore, transit officials say they are addressing the problem of delays and plan to install special signals to give trolleys priority over cars and buses.

Baltimore has also considered making space available on its trolleys for luggage. But Wayne Jubb, a deputy director of Baltimore's transit system, says there's no rush: Trolleys to and from the airport are 70% empty. "There's plenty of room in those vehicles, even if people set the luggage behind them," Mr. Jubb says.

GLAXO WELLCOME PLC

Unsuccessful Partner Search Leads to Phaseout of Unit

Glaxo Wellcome PLC said it will discontinue funding for HealthMatics Inc., citing an unsuccessful search for a venture partner. HealthMatics is a Cary, N.C., health-care information systems and services company. Glaxo, a British drug maker, said HealthMatics will begin phasing out operations immediately under a plan that continues to support existing customers through 1999. The decision will affect 100 employees, according to Glaxo. HealthMatics was created in 1996 as a joint venture by Glaxo and Physician Computer Network Inc. Glaxo acquired Physician Computer Network in December 1998 and said at the time it would seek another partner.