

**ALASKA LEGISLATURE**

**1870**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000**

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## **Alaska Railroad Five-Year Strategic Outlook**

### **Objectives for 1999-2004**

- Reduce employee injuries to achieve a frequency rate of 1.0 injuries per 200,000 man hours
- Invest 20 percent of annual revenue in track and roadbed maintenance through increased profitability
- Successfully complete federally-funded capital construction program that includes Anchorage International Airport rail station, Fairbanks Intermodal Facility, Seward dock, and Denali Depot
- Reduce running time between Anchorage and Fairbanks to under 12 hours
- Introduce commuter rail service from Girdwood and Mat-Su Valley to Anchorage
- Complete anchor commercial developments in Fairbanks, Anchorage and Seward that complement and enhance economic opportunities and community growth outside of Railroad properties
- Redesign Anchorage and Fairbanks yard facilities to meet business growth and community needs
- Improve recruitment and training programs to meet expected shortage of skilled railroad labor as retirements are expected to outpace new hires, even as business grows

### **How we will meet those objectives**

#### ***Summary***

A combination of new locomotives, new passenger equipment, straighter track, improved roadbed and track, new facilities, revenue growth, federal grants, and improved safety will combine to launch the Alaska Railroad into the 21<sup>st</sup> century.

The five-year period beginning now builds on four years of aggressive business development, federal funding, facility planning and track/roadbed improvements.

By the end of 2004, this effort will result in a safer, more efficient railroad that has revenue growth, better self-sufficiency, commuter service, new transportation facilities that dovetail with highway and airport improvements, and expanded economic opportunities for Southcentral and Railbelt Alaska.

#### ***Safety***

The ARRC in 1999 began training and implementation of a behavior-based safety program that emphasizes individual and supervisor accountability through frequent workplace audits, quick and complete injury and incident investigation, and improved work procedures and equipment. Currently the ARRC ranks at or near the bottom of a group of similar railroads, using the 200,000-man-hour frequency rate; the goal is to move up 20 places to the top. Each department and supervisor must reach a point where managing for safety is the responsibility of that department and supervisor, rather than left for the safety professionals.

### **Transportation Services**

While there is likely to be some new business that the ARRC can earn over the next five years, it is more likely that increased profitability will be tied to increased operating efficiency. The ARRC currently is completing negotiations with Lynden Transport on a contract that should reduce the cost of barge services and achieve net savings of between \$750,000 to \$2 million per year. Improvements in computer-assisted train dispatching and train control, coupled with track and switch upgrades, will reduce running times and achieve significant labor and operational cost savings. The addition of 16 new, more efficient and powerful locomotives beginning in early 2000 will further reduce costs and improve operating efficiency.

### **Passenger Services**

Passenger ridership continues to grow at rates approaching 10 percent per year. Recently, growth has shifted from major tour company pull contracts to ARRC services. The purchase of new passenger equipment in 1999 will allow the ARRC to meet existing, growing demand for service to Denali Park, from Seward to Anchorage and back, and to and from Talkeetna. The construction of new or improved ARRC depot and station facilities at all major stops (especially the new Anchorage airport rail station in 2002) from Seward to Denali and Fairbanks will allow for increased passenger volumes and traffic densities.

Special events train, including the Holiday Train to Seward, the train to Wasilla for the Iditarod re-start, the Easter Train and the Mother's Day Train, continue to grow and are popular with Alaskans. New services will be initiated to serve not only the growing visitor market, but the transportation needs of Alaskans as well. Commuter rail service in Southcentral Alaska and trains from Seward, Whittier, the Mat-Su Valley, and Girdwood to the airport are all in our near future.

### **Real Estate**

Based on Real Estate's continued performance in the past three years, it is clear that revenues from the Railroad's land will remain a critical factor in the ability of the Railroad to remain self-sustaining.

Fair-market-value leases on land in Railroad reserves along the railbelt provide the bulk of the real estate revenue, along with revenue generated by various permits and the Whittier and Seward docks. One significant change has resulted from the growth of the fiber optic industry within Alaska. Corridor revenue accounted for twenty percent of total real estate revenue in 1999.

The primary focus in real estate over the next five years will be to increase marketing efforts for lands in our primary reserves (Anchorage, Fairbanks, and Seward) and continue land planning efforts in conjunction with the facility and dock improvements in Seward and Whittier. The Railroad will review potential uses for reserves in remote areas to increase revenues in the future.

- cc) **Anchorage** - Develop a marketing/development plan for the Anchorage Reserve based on the draft master plan completed in 1999. The Master Plan will be completed and integrated with the Railroad's Yard Study and the Municipality of Anchorage Ship Creek Access Transportation Plan which is currently being developed and will be completed July 2000.
- dd) **Seward** - Develop a land-use plan for the Seward Reserve uplands in conjunction with the new freight dock and improved passenger dock.
- ee) **Whittier** - Coordinate efforts in Whittier with the City of Whittier relating to expanded dock facilities and use of uplands based on ARRC's Whittier Intermodal Development Concept Plan and the City of Whittier's Master Plan.
- ff) **Fairbanks** - Market the Chena Landings subdivision in Fairbanks and develop a plan for industrial lands in conjunction with the proposed Fairbanks Intermodal Facility which is scheduled for completion in 2002.

The financial goal for Real Estate is to achieve annual net income of \$10 million a year in five years.

### **Engineering and Mechanical**

Increased profitability driven by freight, passenger, and real estate services, along with federal grants, will provide the funding for major repair and roadbed maintenance, elimination of curves that will speed traffic and improve safety, and construction of double-track on the mainline to reduce congestion. In addition, the Mechanical Department is forming a separate passenger car maintenance team to service the expanded passenger fleet, and is integrating new motive power into the locomotive fleet.

Between 1999 and 2004, elimination or softening curves will improve running time between Anchorage and Wasilla by up to 40 minutes. In addition, a major line change on Anchorage military bases, for which engineering and environmental work was done in 1999, will further increase both efficiency and safety. Double track between Anchorage and Klatt Road will reduce congestion and improve safety by separating passenger and freight traffic.

Engineering will continue to replace 90,000 to 100,000 wooden crossties each year, surface 200 miles of track, replace 70,000 feet of rail and install rail anchors to handle higher traffic volumes and high horsepower, high adhesion locomotives.

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# Alaska Railroad Corporation

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## Financial Report January 2000

### Alaska Railroad Financial Indicators

**1. Where do railroad profits go?**

All of ARRC's net income and cash, generated through depreciation, are put back into the railroad as capital improvements to enhance the value of this State-owned asset.

**2. How much cash flow does the railroad's operating division contribute to the corporation?**

In the last five years, the operating division has contributed between \$9 million and \$11 million annually. In comparison, Real Estate has contributed between about \$5 million and \$6 million annually. (See Attachment 1)

**3. How much has the railroad increased in value since 1984?**

The railroad was valued at \$22.3 million in 1984. The equity position of the railroad in 1999 is approximately \$100 million.

**4. How much have the railroad's assets grown since 1984?**

The net book value of assets has increased from \$182.3 million to \$225.0 million (1999), a 23% increase.

**5. How has the railroad's liquidity picture changed in the last five years?**

Net working capital (currents assets minus current liabilities) has steadily increased from about \$4 million in 1995 to about \$24 million in 1999 (See Attachment 2).

**6. How has the railroad's equity position changed in the last 5 years?**

The railroad's equity position has steadily increased from about \$55 million in 1995 to over a \$100 million in 1999. The capital originally contributed by the State of Alaska has remained unchanged (See Attachment 3).

**7. How much have revenues grown since the railroad was purchased in 1984?**

Since 1984, revenues have risen from \$62.2 million to \$90.3 million (1999), a 43% increase.

*Customer Growth:*

**8. How many passengers does the railroad carry today?**

Ridership has increased from 230,897 (1984) to 671,967 (1999), an increase of 191%.

**9. How much export coal has been shipped on the railroad?**

Since 1995, about 2.76 million metric tons of coal have been shipped.

**10. How much more petroleum is the railroad hauling today?**

The number of petroleum tons carried have increased from 497.8 million tons (1984) to 2,019 million tons (1999)

*ARRC Employees:*

**11. How many employees does the railroad have today compared to 1984?**

The number of employees has increased from 500 to nearly 650 today, a 30% increase.

**12. How much does the railroad pay in total compensation to its employees?**

The railroad's estimated figures for 1999 wages and benefits is \$36.2 million.

*Capital Spending:*

**13. How has capital spending changed in the last 5 years?**

Since 1995, fixed assets have steadily increased from about \$110 million to over \$180 million (See Attachment 4).

**14. How much federal money has the railroad received since 1998?**

To date, we have received \$132.74 million in Federal Capital Grants for the years 1998, 1999 and 2000.

**15. How does the railroad spend the federal funding?**

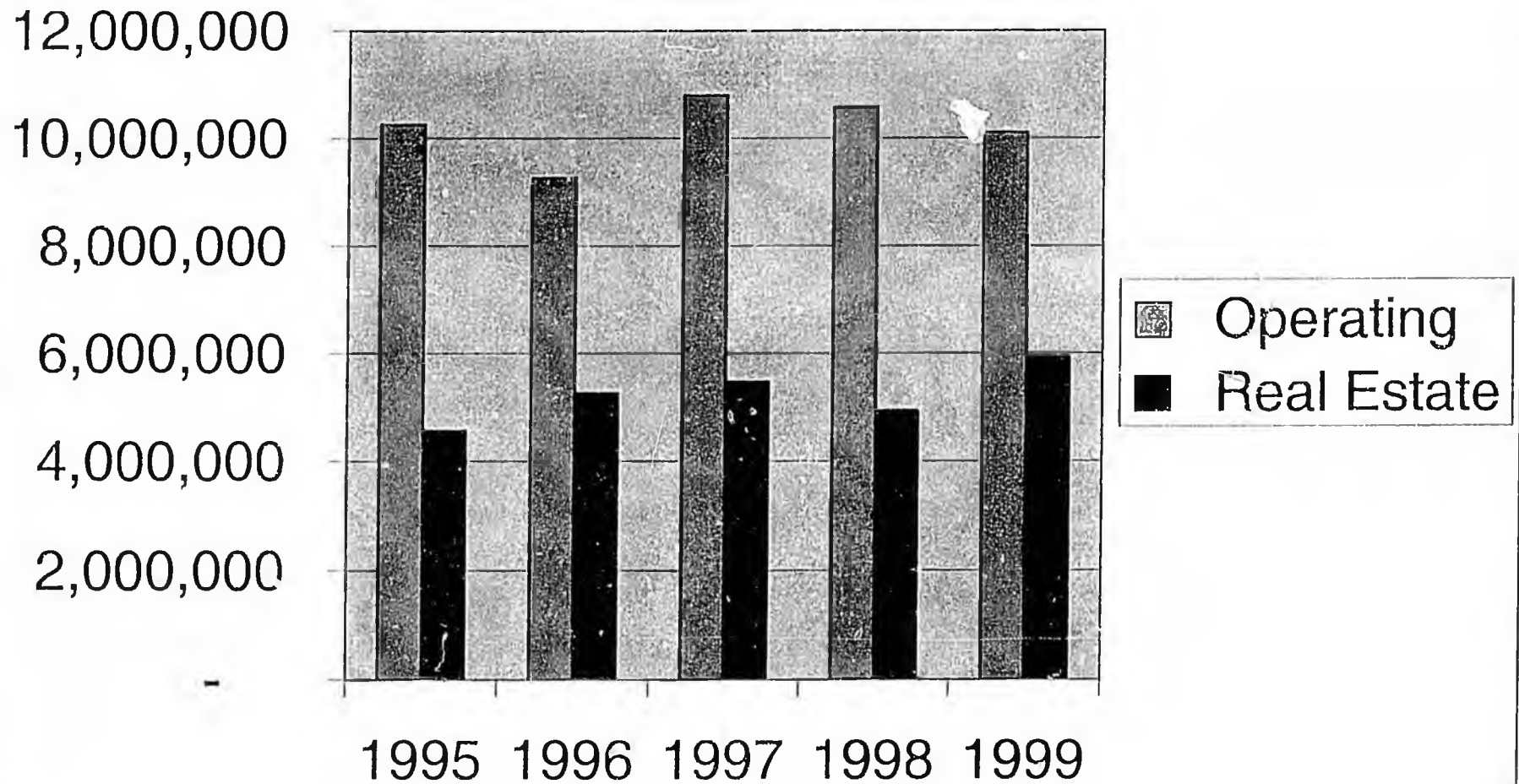
The federal grant money is being used to improve the railroad's infrastructure. The last major capital improvement to the railroad occurred after World War II. The military operated the ARRC during the war years, but did not perform any maintenance during that period. When the federal government sold the railroad to the State, numerous capital improvements were needed. The grant funds allow safety and efficiency improvements to be made sooner than would otherwise be possible with internal funding.

**16. What is the railroad's plan for capital improvements?**

Please refer to the Board Approved Five-Year Capital Plan (Attachment 5).

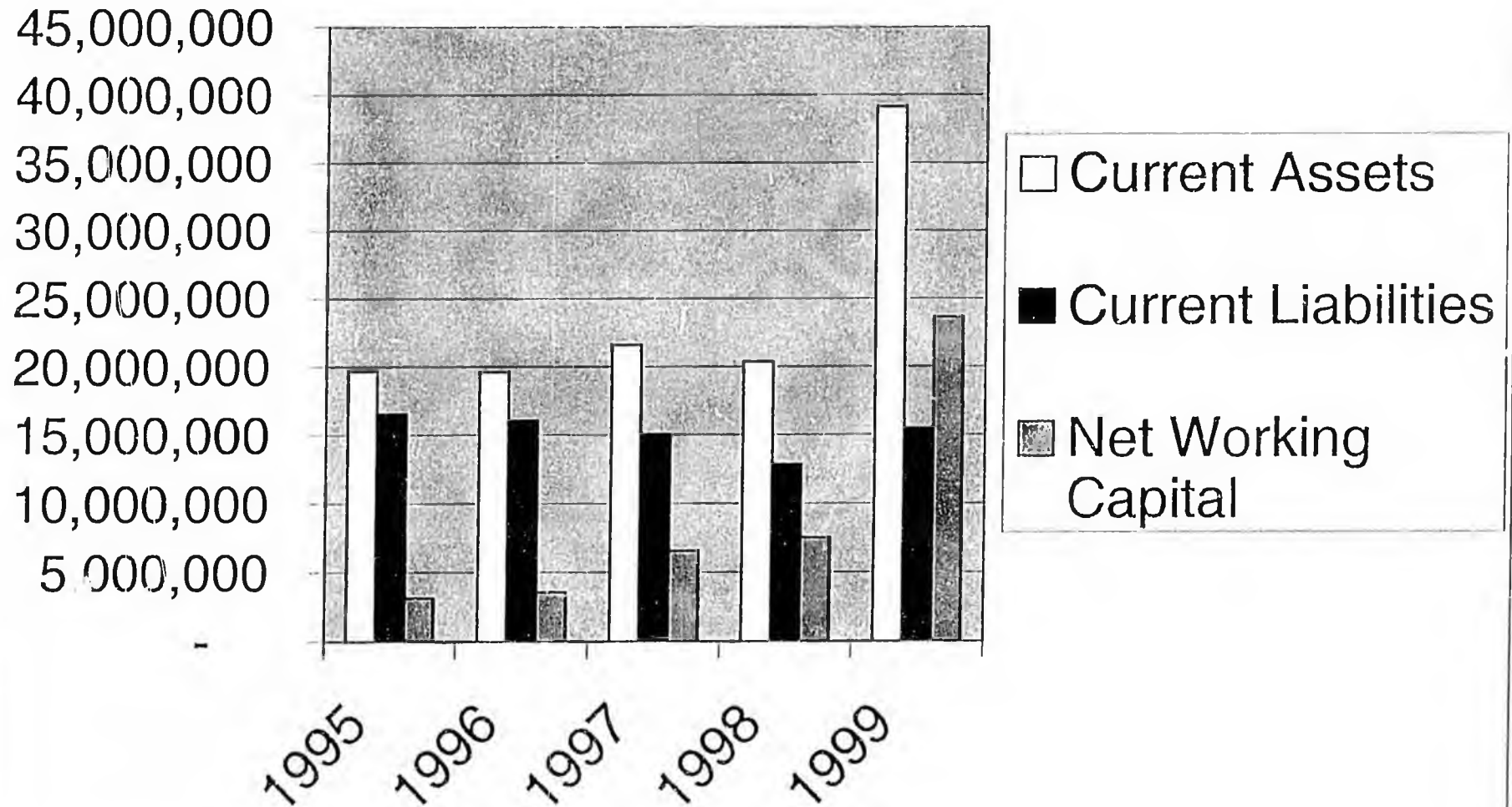
# ALASKA RAILROAD CORPORATION

5 Year Comparison of Net Real Estate Income and Net Operating Income  
w/o Depreciation Expense

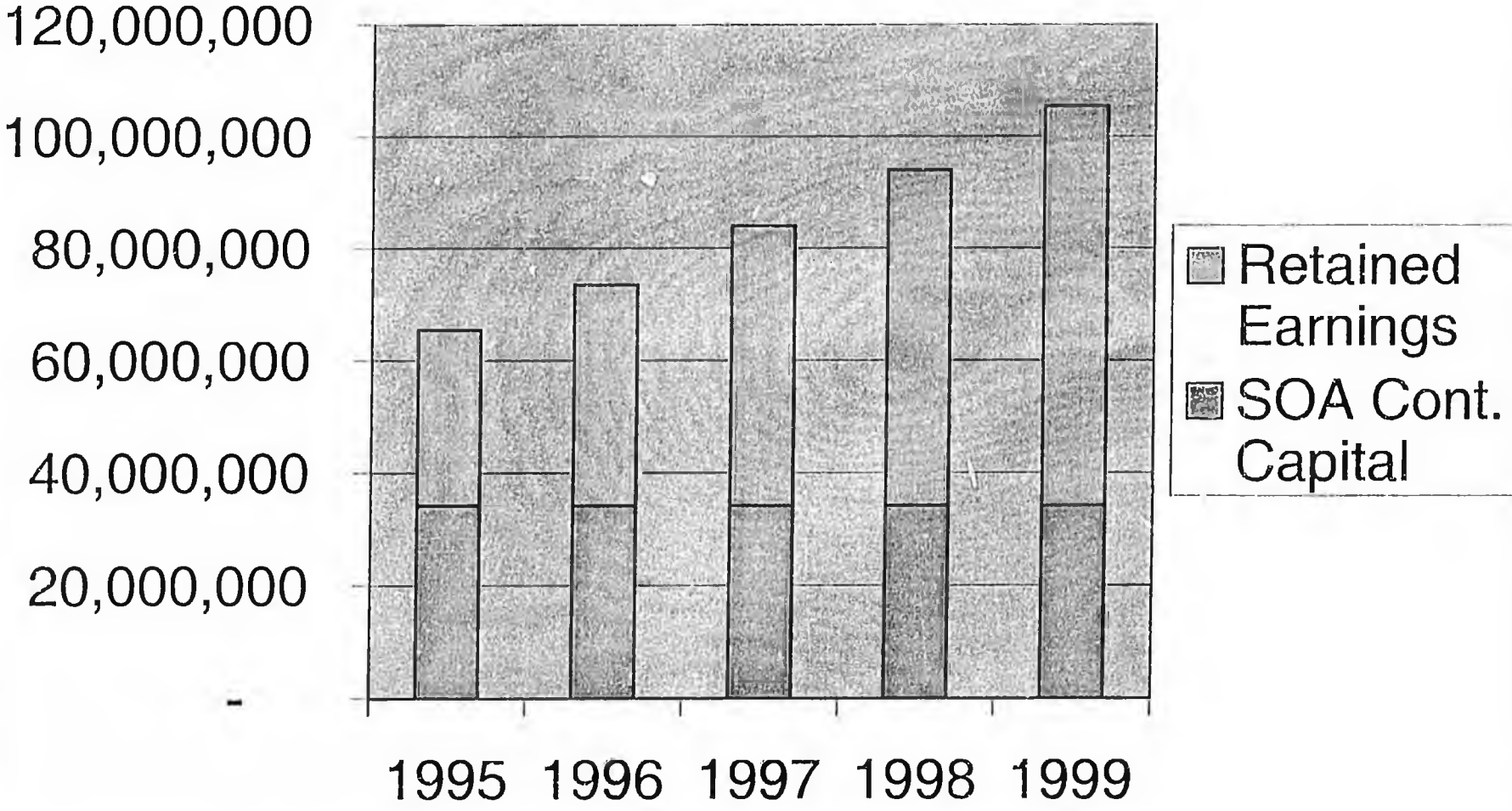


# ALASKA RAILROAD CORPORATION

## 5 Year Net Working Capital Analysis

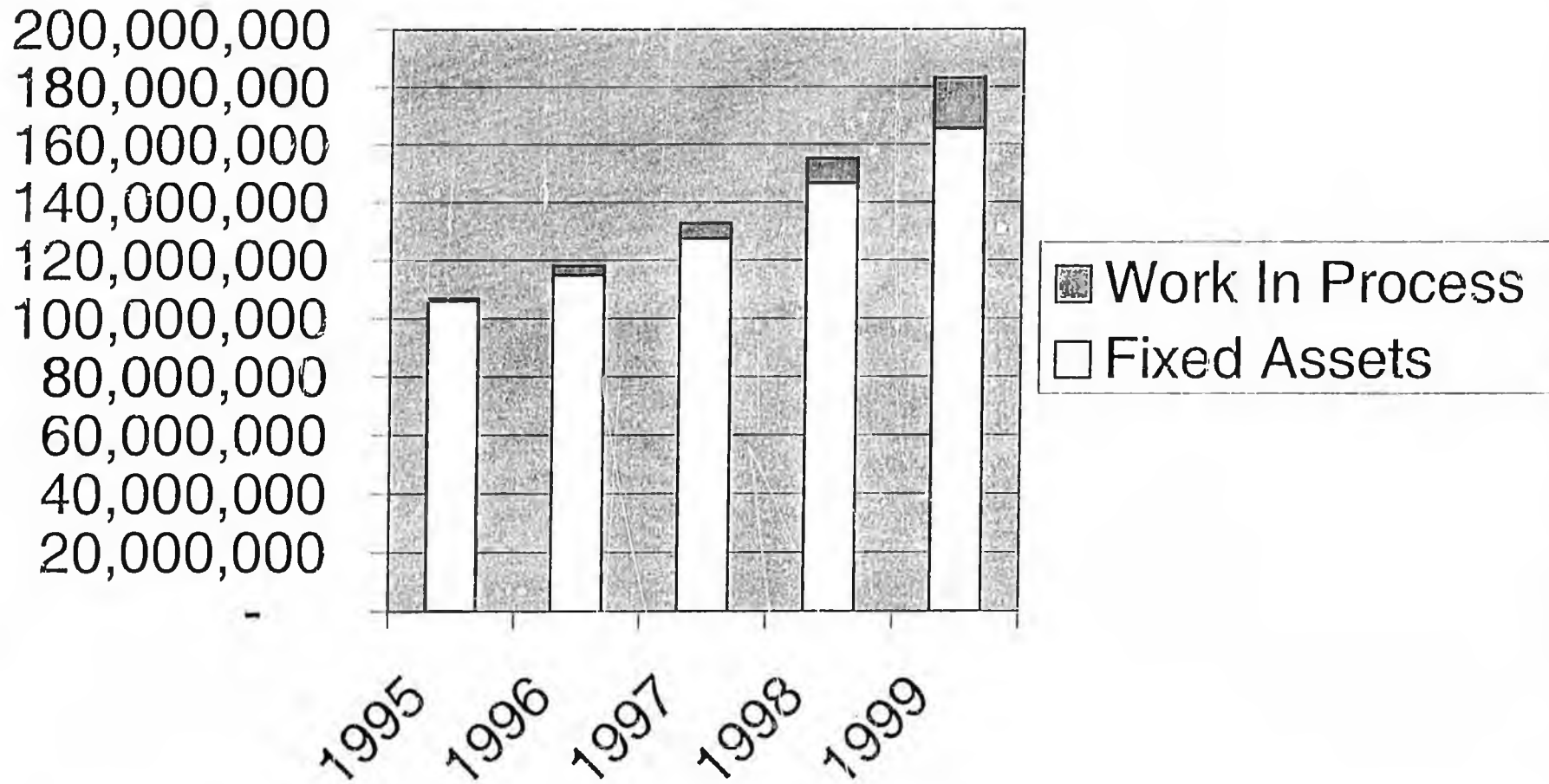


**ALASKA RAILROAD CORPORATION**  
**5 Year Analysis of Equity**



# ALASKA RAILROAD CORPORATION

## 5 Year Analysis of Capital Activity Federally Funded and Internally Funded



ALASKA RAILROAD CORPORATION  
Board Approved Five-Year Capital Plan

	2000	2001	2002	2003	2004	Total
<b>FRA Track Program</b>						
FRA Grant	10,000,000	10,000,000	10,000,000			30,000,000
Tio Program	7,500,000	7,500,000	7,500,000			22,500,000
Rail Program	2,000,000	2,000,000	2,000,000			6,000,000
Undercutter Program	500,000	500,000	500,000			1,500,000
Total FRA Track Program	10,000,000	10,000,000	10,000,000	-	-	30,000,000
<b>Military Base Line Change</b>						
FRA Grant	5,000,000	15,000,000	5,000,000			25,000,000
Project Cost	5,000,000	15,000,000	5,000,000			25,000,000
<b>Seward Dock Program</b>						
FRA Grant	230,000					230,000
City of Seward	300,000					300,000
FHWA Funding	3,876,270					3,876,270
Required ARRC Funding	1,876,287					1,876,287
Total Funding	6,282,557	-	-	-	-	6,282,557
Freight Dock Costs	2,410,000					2,410,000
Passenger Dock Costs	3,872,557					3,872,557
Total Seward Dock Program	6,282,557	-	-	-	-	6,282,557
<b>Anchorage Airport Expansion</b>						
FRA Grant	24,000,000					24,000,000
Required ARRC Funding		8,000,000				8,000,000
Total Funding	24,000,000	8,000,000	-	-	-	32,000,000
Construction	24,000,000					24,000,000
Commuter Equipment		8,000,000				8,000,000
Total Anchorage Airport Expansion	24,000,000	8,000,000	-	-	-	32,000,000
<b>Portage Icing Control</b>						
FRA Grant	118,146					118,146
Required ARRC Funding	96,854					96,854
	215,000	-	-	-	-	215,000
Project Cost	215,000					215,000

	2000	2001	2002	2003	2004	Total
<b>FTA Program</b>						
FTA Funding	12,072,312	280,000				12,352,312
Required ARRC Funding	3,018,078	70,000				3,088,078
<b>Total Funding</b>	<b>15,090,390</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,440,390</b>
<b>Proposed Projects</b>						
Anchorage Depot & Annex Improvements	258,750					258,750
Denali Depot: Phase II: Construction	4,571,90					4,576,890
Denali Business Car Additional Upgrades		150,000				150,000
Girdwood Preliminary Design & Environmental	250,000					250,000
South Leg Airport Wye	200,000					200,000
Self-Propelled Passenger Coaches	1,736,000					1,736,000
Convert Locomotive 1503 to Power Car		200,000				200,000
Wasilla Intermodal Facility	1,250,000					1,250,000
Ship Creek Passenger Intermodal	5,375,000					5,375,000
Whittier Pedestrian Overpass	1,443,750					1,443,750
<b>Total of Proposed Projects</b>	<b>15,090,390</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,440,390</b>
<b>FTA New Start Program</b>						
FTA Grant	10,000,000					10,000,000
ARRC Funds	2,500,000					2,500,000
<b>Total Funding</b>	<b>12,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,500,000</b>
Line Change - N. Anchorage to Wasilla	12,500,000					12,500,000
<b>Vehicle Program</b>						
Vehicle Borrowing	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Light Vehicle Purchase	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
<b>Locomotive Rebuild Program</b>						
Rebuild / Overhaul Existing Fleet (send out Fall 2000)	900,000	1,600,000				2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2001)		1,000,000	1,500,000			2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2002)			1,000,000	1,500,000		2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2003)				1,000,000	1,500,000	2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2004)					1,000,000	1,000,000
<b>Total Locomotive Rebuild Program</b>	<b>900,000</b>	<b>2,600,000</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>11,000,000</b>
<b>Locomotive Program</b>						
SD-70 Mac Tools	50,000	50,000	25,000	25,000	25,000	175,000
Anchor Upgrade Program	300,000	300,000	300,000	300,000	300,000	1,500,000
Misc. Expenses	150,000					150,000
<b>Total Locomotive Program</b>	<b>500,000</b>	<b>350,000</b>	<b>325,000</b>	<b>325,000</b>	<b>325,000</b>	<b>1,825,000</b>

	Rank	2000	2001	2002	2003	2004	Total
<b>Engineering Projects</b>							
Electrical Upgrades (Anch, Fbks, Whittier)	1	300,000	225,000	225,000	225,000	225,000	1,200,000
Bridge Rehabilitation	2	1,100,000	1,400,000	1,400,000	1,400,000	1,400,000	6,700,000
Rail Replacoment (non-grant)	3	1,175,000	1,200,000	1,200,000	1,200,000	1,200,000	5,975,000
Ballast/Surfacing (non-grant)	4	1,550,000	1,800,000	1,800,000	1,800,000	2,500,000	9,450,000
Whittier Barge Slip	5	250,000					250,000
MOW / B&B Mechanized Tools	6	60,000	60,000	60,000	60,000	60,000	300,000
Section Facilities Upgrades	7	40,000	80,000	30,000	30,000	30,000	210,000
Anchorage Shop Roof Replacemnts	8	50,000	50,000	50,000	50,000	50,000	250,000
Anchorage Shop Heating Systems	9	120,000					120,000
Spot Tie Replacement (non-grant)	10	225,000	900,000	900,000	900,000		2,925,000
Subtotal		-1,870,000	5,715,000	5,665,000	5,665,000	5,465,000	27,380,000
Rip Rap Placement			150,000	150,000	150,000	150,000	600,000
Pile Driver Assembly			225,000				225,000
Yard Rehabilitation, Anchorage & Fairbanks			400,000	400,000	400,000	400,000	1,600,000
Bridge Upgrades (Timber to Concrete)			300,000	300,000	300,000	300,000	1,200,000
Whittier Switches & Yard Tracks			100,000	100,000	100,000	100,000	400,000
Locomotive Crane Rebullds			750,000	500,000	500,000		1,750,000
On-Track Equipment (Tampor, Regulator, Spikor)			500,000	500,000	700,000	900,000	2,600,000
Fivo-Ton Hy-Rail Truck (Tundra Express)			160,000				160,000
Avalancho Control Improvements			102,000				102,000
Fencing (Trespass Deterrence)			50,000	50,000	50,000	50,000	200,000
Anchorage Shop Pits Light Fixtures (safoty)			100,000	100,000			200,000
Anchorage Shop Sprinklers			75,000	25,000	75,000	25,000	200,000
Uility Enhancements			200,000	200,000	200,000	200,000	800,000
Cold Air Switch Blower (ono per year)			25,000	25,000	25,000	25,000	100,000
Undercutter Program					200,000	200,000	400,000
Subtotal		-	3,137,000	2,350,000	2,700,000	2,350,000	10,537,000
CWR Program			1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Hoaly Canyon Slide Zone Stabilization / Line Changes			500,000	500,000	500,000	500,000	2,000,000
Crossings			75,000	75,000	75,000	75,000	300,000
Graphical Information System - Engineering / Bridges			40,000				40,000
Tie Replacement (40,000 ties, non-grant)					4,000,000	4,000,000	8,000,000
Off-Track Equipment (Dozers, Loaders, Graders)			900,000	900,000	900,000	900,000	3,600,000
D6 Dozer, Wide Pad with Tractor / Trailer			450,000				450,000
Snow Blower Package for Loader			150,000				150,000
Anchorage Yard Paving			100,000	50,000	50,000	100,000	300,000
Anch Depot/Annox Water Line			60,000				60,000
Anchorage Shop Water Meters			50,000				50,000
Anchorage Roof Drains Replumbing			30,000	30,000			60,000
AEI Roaders / Tags					150,000		150,000
Signal Department Trencher			80,000				80,000
Subtotal		-	3,435,000	2,555,000	6,675,000	6,575,000	19,240,000
<b>Total Engineering Projects</b>		<b>4,870,000</b>	<b>12,287,000</b>	<b>10,570,000</b>	<b>15,040,000</b>	<b>14,390,000</b>	<b>57,157,000</b>

	Rank	2000	2001	2002	2003	2004	Total
<b>Mechanical Projects</b>							
Annual Overhead Crane Improvements (OSHA Reg)	1	150,000	100,000	75,000	50,000	50,000	425,000
Fall Protection Equipment - Mech Shops (OSHA Reg)	2	160,000	125,000				285,000
Purchase 3 Passenger Air Wagons (FRA Regulations)	3	20,000					20,000
Coach Track Upgrade for Seward Cruslo Train	4	200,000					200,000
Tollet Dumping System for Locomotivos	5	50,000	100,000				150,000
Purchase 2 sets of Electric Tower Jacks (FRA)	6	200,000					200,000
Replace Obsolete Tools	7	20,000	20,000	20,000	20,000	20,000	100,000
Purchase 6 sets of Rear-End Devices (FRA)	8	55,000	20,000	20,000	20,000	20,000	135,000
Purchase Load Coll for Hoadond Power Equipment	9	30,000					30,000
Purchase Tractor/Honey Wagon for Pass Train Tollets	10	15,000					15,000
Response Equipment	11	300,000					300,000
Subtotal		1,200,000	365,000	115,000	90,000	90,000	1,560,000
Replaco Electrical Heating Room			150,000				150,000
Replacement Forklifts			50,000				50,000
Double-Ended Wheel Press			600,000				600,000
Install new Passenger Watering System			150,000	50,000	20,000		220,000
Build New Loro Fuel & Service Area (Anchorage)			3,000,000	3,000,000			6,000,000
Construct Car Shop for new Passenger Equipment			20,000,000	1,000,000			21,000,000
Subtotal		-	23,950,000	4,050,000	20,000	-	28,020,000
Total Mechanical		1,200,000	24,315,000	4,165,000	110,000	90,000	29,580,000
<b>Total Maintenance &amp; Engineering</b>		<b>6,070,000</b>	<b>36,602,000</b>	<b>14,735,000</b>	<b>15,150,000</b>	<b>14,480,000</b>	<b>86,737,000</b>

	Rank	2000	2001	2002	2003	2004	Total
<b>Transportation Services</b>							
Whittier Terminal Fill/New Ground	1	2,000,000					2,000,000
Whittier Flexible Side Ramp (500K-1M)	2	500,000					500,000
Gato House/Security Whittier			500,000				500,000
Siding at MP 458.9 to MP 459.6 (6,000')			600,000				600,000
10 Main Track Power Switch (Anc-W/as) Wishbone			1,500,000	3,000,000			4,500,000
Hurricane siding (up to 3,562')			355,000				355,000
Electric/Spring/Heated Switch Program (Two sloings per year-4 switches @\$150K each) (Willow, Malanuska, Holdcreek, Windy, Honolulu)			600,000	600,000	600,000	600,000	2,400,000
Lighting Upgrades Anc, Fbks			40,000	20,000	20,000	20,000	100,000
15 Ton Fork Lift, FBKS			210,000				210,000
Rehabilitate Core Yard (WCG)			200,000	300,000	500,000		1,000,000
Whittier Equipment Storage Facility			500,000				500,000
Whittier switches, yard tracks, & WYE			250,000	250,000	250,000		750,000
Steel Hopper Acquisition			700,000				700,000
Portable Radios (20 per year)			15,000	15,000			30,000
Steel Stakes replacement & Twist locks			49,000				49,000
<b>Total Priority Projects</b>		<b>2,500,000</b>	<b>5,519,000</b>	<b>4,185,000</b>	<b>1,370,000</b>	<b>620,000</b>	<b>14,194,000</b>
<b>Mainline Track Improvements:</b>							
Wasilla Siding (relocate 6,000' to MP 166)			600,000				600,000
Dunbar Siding (1,740')			174,000				174,000
Clear Silo Siding (1,984')			198,400	198,400			396,800
Manley (1,500')			150,000				150,000
Ferry (5,000')			500,000				500,000
Brown (4,000')			400,000				400,000
Chapados (2,000')				200,000			200,000
Denali Park/Toam Track/Wye MP 345			700,000				700,000
Double Track Fairbanks to Happy			250,000	250,000	250,000	250,000	1,000,000
Siding Upgrade Program			250,000	250,000	250,000	250,000	1,000,000
Slide Zone Removal Program			100,000	100,000	100,000	100,000	400,000
Signal System from Portage-Whittier & Anch-Wasilla			11,000,000				11,000,000
Double Track Whitney to Eagle River (WCG)			100,000	200,000	500,000	700,000	1,500,000
Double Track Anchorage to Klatt Road (WCG)			200,000	500,000	700,000	800,000	2,200,000
Double Track Whitney to Wasilla (@\$40 m)			5,000,000	5,000,000	5,000,000	5,000,000	20,000,000
<b>Total Mainline Track Improvements</b>		<b>-</b>	<b>19,622,400</b>	<b>6,698,400</b>	<b>6,800,000</b>	<b>7,100,000</b>	<b>40,220,800</b>
<b>Anchorage Terminal (Woodside):</b>							
Phase I of Yard Track Revisions			600,000	600,000	700,000	500,000	2,400,000
Yard Paving			50,000	50,000	50,000	50,000	200,000
Improve Drainage at Switch Locations			30,000	30,000	30,000	30,000	120,000
Automatic Low Banner Yard Switching Program			20,000	20,000	20,000	20,000	80,000
Automatic Static Scale Track			10,000				10,000
New Intermodal Yard, Office, Toam Area				200,000	1,000,000	2,000,000	3,200,000
<b>Total Anchorage Yard</b>		<b>-</b>	<b>710,000</b>	<b>900,000</b>	<b>1,800,000</b>	<b>2,600,000</b>	<b>6,010,000</b>

	2000	2001	2002	2003	2004	Total
<b>Fairbanks Terminal (Woodside):</b>						
North/South Ladders Rebuild Program		100,000	100,000			200,000
Relay Track #4, #3, & #2 Heavy Rail Rehab.			100,000	100,000	100,000	300,000
Elelson Branch Upgrade			250,000	250,000	250,000	750,000
Yard Paving		50,000	50,000	50,000	50,000	200,000
Electric Switch @ Noyes Slough		30,000				30,000
Penta Radio Controller		7,000				7,000
Automatic Static Scale Track		10,000				10,000
New Roof on Freight House & Round House		200,000				200,000
Pipe Loadout Facility/Shelter		100,000				100,000
Equipment Storage Shelter		250,000				250,000
<b>Total Fairbanks Yard</b>	-	<b>747,000</b>	<b>500,000</b>	<b>400,000</b>	<b>400,000</b>	<b>2,047,000</b>
<b>Freight Services, Fleet and Equipment Related</b>						
56 - Aluminum Hopper Acquisition (Wishbono)		4,536,000				4,536,000
Steel Hopper Acquisition - TNM replacement				5,440,000		5,440,000
15 new DIFCO Side Dumps (Wishbono)		1,875,000				1,875,000
50 Container Flats (COFC)		500,000	500,000			1,000,000
Chain Equipped Tie Down Flats			318,000			318,000
Reefer Box Cars			945,000	9,450,000		18,900,000
Iron Highway (TOFC/COFC)				1,200,000	1,200,000	2,400,000
30 Ton Fork Lift, FBKS			400,000			400,000
Piggy Packers, Restackers			750,000	750,000		1,500,000
Hostler/Yard Tractors		120,000	120,000	240,000		480,000
<b>Total Freight Services</b>	-	<b>7,031,000</b>	<b>11,538,000</b>	<b>17,080,000</b>	<b>1,200,000</b>	<b>36,849,000</b>
<b>Other</b>						
Video Conferencing		25,000				25,000
<b>Total Other</b>	-	<b>25,000</b>	-	-	-	<b>25,000</b>
<b>Total Transportation Services</b>	<b>2,500,000</b>	<b>33,654,400</b>	<b>23,821,400</b>	<b>27,450,000</b>	<b>11,920,000</b>	<b>99,345,800</b>

	Rank	2000	2001	2002	2003	2004	Total
<b>Passenger Services</b>							
Anchorage Pass. Station Yard & Facility (WCG)			900,000	500,000	500,000	500,000	1,900,000
Fbks New Intermodal Facility and Balloon Track (WCG)			5,000,000	5,000,000			10,000,000
Fbks Track Respace and Rehab. (WCG)			500,000	500,000	1,000,000	1,300,000	2,000,000
North Pole wye/Support Tracks			320,000		1,000,000	3,000,000	1,320,000
Commuter Facility Wasilla			700,000				700,000
Commuter Facility Malibu			300,000				300,000
Commuter Facility Girdwood			170,000				170,000
Dimond Ave Platform Improvements			60,000				60,000
Commuter Rolling Stock			1,000,000		9,000,000		10,000,000
<b>Total Passenger Services</b>		-	8,950,000	6,000,000	11,500,000	4,800,000	26,450,000
<b>Information Services</b>							
<b>Corporate Projects</b>							
Sparo spectrum radio	1	8,000					
Radio multiplexing	2	50,000					50,000
Network Server Upgrades	3	35,000	50,000	50,000	20,000	50,000	205,000
Test Equipment	4	15,000		20,000	20,000		55,000
Network color printer	5	8,500					
Web Deployment of Database Applications	6	40,000					40,000
Passenger Svcs Internet Ticket Sales	7	150,000					150,000
Replaco Yard & Radio Telephone			25,000	50,000	50,000		125,000
Expand Radio Lab			50,000				50,000
Phone Switch Upgrade			50,000				50,000
Information Services Projects			50,000	200,000	300,000	300,000	850,000
Digital Wide Area Network Upgrade			20,000			20,000	40,000
Battery Plant Replacement Program			20,000	20,000	20,000		60,000
Local Area Network			15,000	25,000	25,000	25,000	90,000
Online Gift shop and POS Applications			28,000				28,000
<b>Total Corporate Projects</b>		306,500	308,000	365,000	435,000	395,000	1,793,000
<b>Individual Department Projects</b>							
Financial System Processor Upgrade (Accounting)						100,000	100,000
OIS System Processor Upgrade (Transportation)						100,000	100,000
<b>Total Individual Department Projects</b>		-	-	-	-	200,000	200,000
<b>Total Information Services</b>		306,500	308,000	365,000	435,000	595,000	1,993,000
<b>Environmental:</b>							
Whittier Storage Tank Upgrade			50,000				50,000
Graphical Information System - Environmental			35,000				35,000
SPCC Tank Upgrades			50,000	50,000	50,000	50,000	200,000
<b>Total Environmental</b>		-	135,000	50,000	50,000	50,000	285,000
<b>Safety Improvements:</b>		250,000					
<b>Real Estate</b>							
Ship Crook Point Improvements				500,000	500,000		1,000,000
Corps of Engineer Crook Match			125,000	125,000	125,000	125,000	500,000
Anchorage Depot & GOB Landscaping			5,000	5,000	5,000	5,000	20,000
Graphical Information System - Mapping		30,000					30,000
Misc Leasehold Improvements		300,000	250,000	250,000	250,000	250,000	1,300,000
<b>Total Real Estate</b>		330,000	380,000	880,000	880,000	380,000	2,850,000

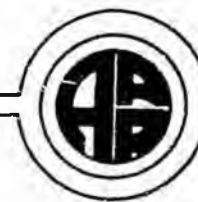
SUMMARY OF CAPITAL PROJECTS

	2000	2001	2002	2003	2004	Total
FRA Program	43,524,416					43,524,416
FTA Grants	22,072,312					22,072,312
ARRC Matchos	7,491,219					7,491,219
Loan Proceeds	1,000,000					1,000,000
ARRC Funds	10,856,500					10,856,500
<b>Total Funds</b>	<b>84,944,447</b>	-	-	-	-	<b>84,944,447</b>
			19,347,719			
FRA Track Program	10,000,000	10,000,000	10,000,000	-	-	30,000,000
Military Base Line Change	5,000,000	15,000,000	5,000,000	-	-	25,000,000
Seward Dock Program	6,282,557	-	-	-	-	6,282,557
Anchorage Airport Expansion	24,000,000	8,000,000	-	-	-	32,000,000
Portage Icing Control	215,000	-	-	-	-	215,000
FTA Program	15,090,390	350,000	-	-	-	15,440,390
FTA New Start Program	12,500,000	-	-	-	-	12,500,000
Vehicle Program	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Locomotive Rebuild Program	900,000	2,600,000	2,500,000	2,500,000	2,500,000	11,000,000
Locomotive Program	500,000	350,000	325,000	325,000	325,000	1,825,000
Engineering Projects	4,870,000	5,715,000	5,665,000	5,665,000	5,465,000	27,380,000
Mechanical Projects	1,200,000	365,000	115,000	90,000	90,000	1,860,000
Transportation Services	2,500,000	5,519,000	4,185,000	1,370,000	620,000	14,194,000
Passenger Services	-	8,950,000	6,000,000	11,500,000	4,800,000	31,250,000
Information Services	306,500	308,000	365,000	435,000	395,000	1,809,500
Environmental	-	135,000	50,000	50,000	50,000	285,000
Safety Improvoment	250,000					
Real Estate	330,000	380,000	880,000	880,000	380,000	2,850,000
<b>Total Capital Projects</b>	<b>84,944,447</b>	<b>58,672,000</b>	<b>36,085,000</b>	<b>23,815,000</b>	<b>15,625,000</b>	<b>218,891,447</b>

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# Alaska Railroad Corporation

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## Corporate Contributions January 2000

### Cash and "in-kind" Donations

In 1999, the Alaska Railroad Corporation contributed over \$351,000 in cash donations and \$160,000 in "in-kind" donations to various organizations, communities and charitable fund events along the railbelt. Those groups and organizations include but are not limited to various sponsorships for monetary support of their activities and events. They include:

School Business Partnerships  
Alaska Run for Women  
Alaska State Chamber  
Alliance  
Resource Development Council  
Seward Sea Life Center  
University of Alaska Fairbanks Museum  
Alaska Native Heritage Center  
Boys & Girls Club  
Commonwealth North  
Chamber of Commerce - Anchorage  
Fairbanks  
Seward  
Soldotna  
Eagle River  
Talkeetna  
Whittier  
Anchorage Economic Development Corporation  
Alaska Public Radio Network  
Bean's Café  
Fairbanks Summer Arts Festival  
Armed Services YMCA  
Special Olympics  
Fairbanks Pop Warner Youth Group  
Fairbanks Amateur Hockey Assoc.  
Koahnic Broadcasting  
World Trade Center  
University of Alaska Grant Writing Program  
Alaska Health Fair  
Alaska Peace Officer's Assoc.

Other contributions were provided in the form of an "in-kind" gift such as operating a free train for Government Hill Elementary School, Headstart School students at Christmas, Alaska Federation of Natives, and Children's Hospital at Providence. This amounts to over \$35,000.

### **School Business Partnerships**

The Railroad has been a charter sponsor for developing School Business Partnerships. The "Tour Guide" program is just one example of such a program that was developed by the Railroad in the 1980's to develop a source of employment for high school students and provide a benefit to those passengers that ride the train.

The program has been one of the most successful within the tour industry. Many of the students that are not selected by the Railroad are hired by other tour companies for summer employment. The success of the program is demonstrated by the amount of complimentary correspondence we have received from passengers who have taken a train trip. Many say they enjoyed their trip on the Alaska Railroad because the tour guide made the excursion so much more interesting.

### **Land Contributions**

The statute which the Alaska Railroad comes under mandates that all of its leased lands be leased at "fair market value" (FMV). This is required except for local governmental entities.

As a result, the Railroad has always been a good corporate citizen by leasing a portion of its properties to government entities for parks, bike trails and other high public interest uses at less than fair market value.

For example, the coastal bike trail that traverses the waterfront along Anchorage's shoreline is leased to the Municipality of Anchorage at an administration fee of \$200 per year. If leased at fair market value, the annual fee would be \$136,000 per year based on a \$1.7 million value.

The Railroad, in its effort to assist the City of Whittier develop a master plan for its community, provided 160 acres of Railroad lands to the City for a nominal amount, wherein the City can begin to plan, zone and lease the land to develop a tax base for future income.

Lands in Anchorage, Fairbanks and Healy have been provided to those respective communities for use as parks, and bike trails and other similar uses because of their need to improve the quality of life for the residents of their district.

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# Alaska Railroad Corporation

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## Employee Information January 2000

### Number of employees

The Alaska Railroad Corporation (ARRC) has approximately 650 employees as of January 2000. Summer employment, however, is predicted to increase that number by approximately one hundred employees due to additional need for summer track maintenance and passenger service requirements.

### Union and non-union representation

One hundred twelve employees are non-represented.

The remaining employees are represented by five separate labor unions. These include:

- Alaska Railroad Workers Local 183 (ARW/AFGE) representing both White and Blue Collar employees.  
262 employees
- The American Train Dispatchers' Department/International Brotherhood of Locomotive Engineers (ATDD) representing the train dispatchers.  
8 employees
- International Association of Machinists Local 1735 (IAM) representing the locomotive machinists.  
61 employees
- The Transportation Communication International Union Far North Lodge 6067 (TCU) representing the carmen trade.  
40 employees
- United Transportation Union Local 1626 (UTU) representing the engineers, conductors, and brakemen.  
166 employees

Each union has a separate negotiated agreement with the ARRC, though there are many similarities in the contracts. As an example, holidays, health benefits, and insurance coverage are currently identical.

As a condition of the Alaska Railroad Transfer Act (P.L. 97-463) railroad employees that transferred from the federally-owned railroad remain in the Federal Civil Service Retirement System (CSRS) when they retire. Of the total employee population, 161 are covered by CSRS.

Employees hired after date of transfer (January 5, 1985) are subject to the Alaska Railroad's corporate retirement system. That retirement system, along with the health benefit, leave benefit system, etc. are all funded by the earnings generated by the Alaska Railroad Corporation and not the State of Alaska. Alaska Railroad Corporation employees are not paid for by the state's payroll and they are not covered by the state's Public Employees Retirement and Benefits System.

### Annual payroll

The 1999 Alaska Railroad Corporation wages and benefits impact was \$36.2 million. This represents a substantial flow of money into the Alaska economy. And, because the Alaska Railroad, by law, is exclusively responsible for the management of the financial and legal obligations of the Corporation, the Alaska Railroad payroll is not a drain on the state's annual budget.

# Alaska Railroad Corporation



## ARRC Transportation Services January 2000

### Transportation Business Trends

The freight business has grown by 24% in carloads over the past 5 years with most of the growth coming from petroleum and gravel customers which together make up 68% of the freight tonnage moved in 1999 compared to 62% of the tonnage moved in 1995. More significantly, petroleum and gravel combined represented roughly 42% of the freight revenue in 1995, compared to 58% of the freight revenue in 1999. We have added a new segment of business with the modification of the ARMs barge operation adding 6,700 carloads a year of containers and break bulk. The remainder of the freight business has been constant or down the past five years which includes, interline carloads, export coal, local coal, local movements. The strategic traffic estimate for overall freight growth over the next 30 years is a modest 18 to 20 %.

	<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>1999</u>
Freight tonnage	6,407,000	5,986,000	5,979,000	7,321,000
<i>Tonnage, major segments:</i>				
<i>Petroleum</i>	550,000	1,210,000	1,483,000	2,019,000
<i>Gravel</i>	3,938,000	2,750,000	2,669,000	3,662,000
<i>Coal (local and export)</i>	1,176,000	1,400,000	1,438,000	1,167,000
<i>Interline</i>	317	300	301	237
<i>Intermodal (TOFC)</i>	291	259	25	115
<i>Breakbulk/containers</i>	0	0	0	109
<i>Misc local, logs, pipe. . .</i>	135	67	63	12

### Advantages of Rail

Each mode of transportation has its own niche markets. Trucks can bring goods to your front door. Air freight and steamship operators can go where there are no roads. And rail can carry certain loads efficiently and cost effectively.

Railcars are best suited to heavy, dense freight that has a low value compared to its size or weight. These commodities include chemicals, steel, grain, cement, pipe or raw resources such as coal, gravel or bulk fuel. These types of heavy freight loads damage roads but not rails.

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# Alaska Railroad Corporation

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## Passenger Services January 2000

For visitors and residents alike, the popular passenger trains are indeed the "face" of the Alaska Railroad.

From mid-May to mid-September, our summer service offers daily express trains between Anchorage and Fairbanks with stops at Talkeetna and Denali National Park. We offer several daily trips between Portage and Whittier (which will cease with the opening of the road to Whittier), and daily service between Anchorage-Seward and Anchorage-Whittier. A popular summer service is our four day a week service on the Talkeetna-Hurricane local "flag stop" train.

In the winter our service includes a week-end "flag stop" train between Anchorage and Fairbanks and return, several daily trips between Portage and Whittier, and a once monthly round-trip "flag stop" service between Anchorage and Hurricane.

The passenger business is experiencing significant growth:

- 1999 - 671,967 passengers; a 9% increase in ridership, resulting in a 8% increase in revenue
- 1998 - 614,236 passengers; a 3% increase in ridership, resulting in a 11% increase in revenue
- 1997 - 612,450 passengers; a 17% increase in ridership, resulting in a 14% increase in revenue
- 1996 - 520,931 passengers; a 6% increase in ridership, resulting in a 9% increase in revenue, and
- 1995 - 492,528 passengers; a 10% increase in ridership, resulting in a 8% increase in revenue

Passenger travel on the Alaska Railroad is an increasingly popular element of the Alaska visitor experience as these numbers reveal. With tourism increasing yearly, coupled with the ever-increasing number of cruise ships coming across the Gulf of Alaska to berth in Southcentral, demand for passenger train travel will continue to climb.

The Alaska Railroad's passenger operation provides significant economic growth and opportunity for businesses, both large and small, along the railbelt. Our passenger service produces a vital "feeder" system of customers for many of these important enterprises. These industries include river rafting, day cruise operators, bicycle and hiking tours, bed and breakfast facilities, cafes and restaurants, gift shops and a host of other tourism related businesses.

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## Project Summary January 2000

### Background

The Alaska Railroad is in the midst of an aggressive growth phase that includes new projects along the entire railbelt from Seward to Fairbanks with vision toward expansion.

These projects, in large part, are made possible through the efforts of Alaska's Congressional delegation -- Senators Ted Stevens and Frank Murkowski and Representative Don Young. For the years 1998, 1999 and 2000 the ARRC has received \$132.74 million in federal grants

Congress provides these grants to inter-city rail passenger transit systems throughout the nation. As a result, the grants that are awarded to the Alaska Railroad are earmarked for specific passenger related projects and must be obligated for those programs. Each grant is administered by different federal agencies such as Federal Railroad Administration (FRA), Federal Transit Administration (FTA) and Federal Highway Administration (FHWA). Congress decides through its administrative process which agency administers which grant.

As a state-owned corporation that offers rail passenger service, the Alaska Railroad will continue to experience success in qualifying for federal grants.

Twenty-one different projects and studies are listed below along with a summary, status report, cost breakdown and target completion date.

### Projects and Studies

#### **1. Airport Rail Station - \$28,000,000 - FRA funded**

This project will construct a new rail station located at the Anchorage International Airport. This includes construction of a Rail Station facility, an underground tunnel to connect the Rail Station to the Airport facility and an elevated track structure leading to the Rail Station.

**Status:** Tunnel Shell under construction and expected to be completed by Spring 2000. Tunnel Interior, elevated structure and station facility in design schematic revision stage. Construction expected to begin in Fall 2000

**Completion:** May, 2002

**2. Denali Depot - \$6,226,900 - FTA funded**

This project consists of rehabilitation, or replacement, of the Denali Depot facility in Denali National Park. Design and construction schedules will be in conjunction with the National Park Service Front Country reconstruction program.

**Status:** Preliminary programming and design of facility completed. Environmental process moving forward in cooperation with National Park Service, expected to be completed by mid-January 2000. New road design completed. Schematic design of facility under way. Construction scheduling being developed.

**Completion:** May, 2002

**3. Seward Dock - \$11,500,000 - FRA, FHWA & ARRC funded**

This project consists of multiple phases. Phase 1, rebuild of the east side dock fendering system, is completed. Second phase will construct a new freight dock, convert the existing dock to passenger only service, accommodate the Alaska Marine Highway Ferry and rehabilitate, or rebuild, the existing transit facility to better meet passenger needs.

**Status:** Environmental compliance issues settled. Construction of open-cell freight dock will begin Spring 2000. Passenger dock rehabilitation programming and design scope being developed.

**Completion:** Freight dock will be completed by December 2000, passenger dock by Spring 2002

**4. Whittier Pedestrian Safety Access - \$2,318,750 - FTA**

This project is in response to the expected increase in car and pedestrian traffic in Whittier after the rail tunnel for vehicular traffic opens in June 2000. The current concept calls for an underpass (tunnel) underneath the ARRC railyards offering safe pedestrian access connecting the primary parking area near the boat harbor with the townsite area on the opposite side of the yard tracks.

**Status:** Preliminary engineering, concept design and technical investigation completed. Awaiting determination from FTA on change in project scope.

**Completion:** June 2000

**5. Whittier Intermodal Development Concept and Design \$512,500 - FTA**

Whittier Dock improvement work will include plan and design improvements to the ARRC Marginal Wharf, DeLong Dock, and a new Intermodal Depot to accommodate both the Alaska Marine Highway and ARRC

**Status:** Preliminary design underway; appropriate permit applications have been submitted.

**Completion:** Spring 2003

**6. Anchorage - Wasilla Line Changes**

**Anchorage to Eagle River - \$10,000,000 DOD funded**

**Eagle River to Wasilla - \$ 1,080,000 Amtrak funded**

This project is a realignment effort between Anchorage and Wasilla to eliminate or reduce selected curves. DOD is funding the portion between Anchorage and Eagle River as our ROW is on both Elmendorf and Fort Richardson. The balance of the project is being funded with Amtrak Taxpayer Relief and Federal Transit Administration funds.

**Status:** Necessary land acquisition negotiations underway; work which is solely within ARRC's right of way has been on-going since 1999. Additional work will proceed as land becomes available and engineering and environmental studies completed.

**Completion:** On-going, majority of work is expected to be completed by Fall 2003

**7. Fairbanks Intermodal Facility - \$5,000,000 - FTA, ARRC funded**

This project will integrate bus, train and taxi services within the city of Fairbanks. The purpose is to provide the city of Fairbanks residents, and visitors, improvements in the passenger intermodal services offered.

**Status:** Preliminary environmental review completed. Final environmental study and design RFP is out for public bid.

**Completion:** Spring 2002

**8. Girdwood Transportation Study - \$33,000 study - Amtrak funded**

Municipality of Anchorage sponsored project to develop a Master Commercial and Transportation Plan for Girdwood. This study will recommend appropriate transportation improvements within the Girdwood bowl area to create a viable infrastructure in support of public needs and increased commercial activity. Since rail is a potential service provider, ARRC agreed to participate in funding the rail portion of the study.

**Status:** Master Plan is completed and MOA is conducting public review meetings and plans for public hearings in the Spring of 2000 are underway.

**Completion:** Plan is expected to be presented to the Anchorage Assembly in late Spring 2000

**9. Anchorage/Fairbanks Railyard Terminal and Strategic Planning Study - \$430,130 - FTA, ARRC funded**

This study is to identify the future needs of our freight customers. This will link to operational plans, yard designs, passenger services and land use plans for the future.

**Status:** Final report delivered to ARRC Board of Directors in December 1999. Management team prioritizing recommended projects.

**Completion:** Report completed; recommend projects cover ten year and longer development plan.

**10. Upgrade of On-Board Communications system - \$135,875 - FTA, ARRC funded**

This project is to upgrade the communications system on board the passenger trains for giving information and safety instruction to the passengers.

**Status:** All equipment has been received

**11. Sidewalk & Landscaping to Anchorage Depot - \$207,075- FTA, ARRC funded**

We will construct a sidewalk, with landscaping, to connect ARRC headquarters long-term parking on Ship Creek Avenue with the Anchorage Depot on First Avenue

**Status:** Final design completed, environmental review underway and nearly completed; cooperative procurement effort between Alaska Department of Fish and Game, Municipality of Anchorage Public Works and ARRC being reviewed (ADF&G and MOA are constructing public restrooms and fish cleaning facilities nearby)

**Completion:** Spring 2000 (ARRC portion)

**12. Acquire and Remodel 3 Amtrak Dome Cars - \$1,984,922 - FTA funded**

Amtrak has 3 domes available to us at a good price.

**Status:** Equipment acquired and being remodeled

**Completion:** Spring 2000 (prior to start of Summer passenger service)

**13. Remodel 2 Diners - \$1,021,867, AMTRAK and FTA funded**

Part of the original acquisition of the Amtrak Domes, this portion of the program has been separated and alternate railcars acquired at a lesser price

**Status:** Equipment is currently being remodeled

**Completion:** Spring 2000 (prior to start of Summer passenger service)

**14. Remodel railcar Denali - \$160,000, \$100,000 - FTA, \$60,000 Amtrak**

Remodel the railcar Denali to meet current passenger safety standards.

Due to heavy use of the Denali, this project will not start until after 1/3/00

**Status:** Engineering work completed; manufacturer shipped defective glass which has delayed project. Additional glass is being sent to us by the manufacturer.

**Completion:** as soon as possible

**15. Rehabilitate 2 Rail Diesel Cars - \$1,600,000 - FTA funded (Contract amount is \$1,345,000)**

Rehabilitate 2 RDCs to improve their major component functions (ie; electrical) and make them ADA compliant.

**Status:** Equipment is currently being remodeled

**Completion:** Spring 2000

**16. Passenger Locomotive Rebuilds (3) - \$1,500,000 - FTA funded**

To complete rebuilds on 3 passenger locomotive units.

**Status:** Equipment is being rebuilt

**Completion:** Spring 2000

**17. Rail Diesel Car 701 - \$30,675 - FTA Funded**

This project will bring this piece of equipment used on the Hurricane Turn into compliance with ADA regulations.

**Status:** Equipment received

**Completion:** Spring 2000

**18. International Airport Road Rail/Road Corridor Improvement Study - \$256,250 - FTA**

This joint project between ADOTPF and ARRC will study and plan for improvements to road and rail interface along this important intermodal corridor.

**Status:** RFP for reconnaissance report ready for public bid; waiting for FTA approval to proceed

**Completion:** Fall 2000

**19. Anchorage Rail Passenger Depot - \$374,830 - FTA**

This project will plan passenger improvements to the historic Anchorage Rail Depot, including roof repairs, electrical upgrades, baggage handling systems, administrative office spaces and connections to new planned intermodal facility.

**Status:** Preliminary engineering completed, baggage handling study completed, interior design underway.

**Completion:** Fall 2000

**20. Program Management Services - ARRC funded**

This project will bring contract resources to ARRC for assistance in accounting, planning, scheduling, auditing, and control federal grant programs.

**Status:** Contractor on-board and services being provided

**Completion:** on-going

**21. Cruise Train purchase and Remodel - \$4,472,133 - AMTRAK**

This project purchased a nine passenger car consist in a bankruptcy hearing.

**Status:** Purchase is complete and the cars are being remodeled to meet ARRC specifications.

**Completion:** Spring 2000

**20. Ship Creek Intermodal Facility - \$4,300,000 - FTA (Municipality of Anchorage allocation)**

This project will design and construct a new intermodal facility next to the current Anchorage passenger depot. This project is funded by a Municipality of Anchorage ("MOA") FTA allocation of \$4.3 million. ARRC will administer the funds on behalf of the MOA. ARRC will contribute lease value of land required for the facility as a contributing match.

**Status:** ARRC and MOA working on a cooperative agreement to administer funds. Preliminary engineering and environmental work expected to begin Spring 2000

**Completion:** Spring 2002

**21. North Anchorage - Girdwood Commuter Rail Project - \$10,000,000 - FTA**

FY00 funded project to enhance rail commuter service between North Anchorage (Wasilla) and Girdwood. The following projects will be funded through this program:

- a. South Anchorage Double Track
- b. Wasilla Line Changes
- c. Identify and support 2001 Special Olympics rail transportation needs at Girdwood

**Status:** In process

**Completion:** a. Spring 2001

b. 2004

c. Fall 2000

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# Alaska Railroad Corporation

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## Master Rail Operational Studies January 2000

### Background

The Alaska Railroad was designed and constructed in the early 1900's. With changing times come new customer and real estate demands, new equipment and technology and the necessity for a new way of doing business.

In 1999, the Alaska Railroad Corporation contracted with the Woodside Consulting Group, a railroad industry consulting company, to assist management in evaluating what the Alaska Railroad's future capital improvements needs are for the next 30 years. This study suggests how the Alaska Railroad can change in order to operate more efficiently and better compete in the 21<sup>st</sup> century.

In particular, the study examined the Alaska Railroad's real estate in terms of its operations. It focused primarily on the Anchorage rail yard and was expanded to include the mainline and the Fairbanks yard, Eielson AFB Branch, Whittier and Palmer Branches, and the Seward and Whittier yards

As a result of the Woodside study, railroad management will be able to make decisions today with consideration for the railroad's operational needs in the future.

### Strategic Traffic Estimate

Realizing that knowledge of the size of the business in future years was required in order to develop facility needs, Woodside was asked to first develop an estimate of the railroad's likely traffic growth by commodity group, over the 30 year planning horizon. Included was an estimate of passenger traffic growth. Annual freight growth was estimated at one percent and annual passenger traffic was estimated to grow at a rate of three percent. Passenger growth, however, is not uniform over the years. A larger increment will take place between 2000 and 2002 with the addition of new services already being planned.

### The Mainline

Woodside was requested to assist management in determining where new passing tracks and other mainline improvements would be needed to meet the anticipated growth.

To accomplish this task, Woodside and the railroad built a detailed computer model. The model simulates train traffic over the system and factors in grades, curves, sidings, bridges, speed restrictions and other operating parameters. "What if" scenarios were then developed with the model.

The result of these exercises was the revelation that the railroad mainline is on the edge of maximum capacity right now. Without capacity enhancing improvements between now and 2002, the railroad would be unable to handle the anticipated business at acceptable customer service levels. The result is a series of capital improvement recommendations, including some that were already planned, to improve capacity through double tracking critical sections, speed increases through curve re-alignments, new and longer passing tracks, and modern traffic control systems.

### **Anchorage Yard**

A major question posed to the study team was, "Is the real estate footprint of the existing Anchorage rail yard adequate for the future or should we seek an alternative?" The answer turned out to be "Yes, it is of adequate size, but it will not work in its present form."

The consultants proceeded to redesign the Anchorage yard and modernize it for the future. Included were 6,000 foot long inbound and departure tracks on wide centers, new locomotive service centers and shops, a whole new passenger train facility, new intermodal freight facilities, paved road access, new yard control center, electric power switches, new passenger train arrival and departure facilities, a new freight mainline bypassing the yard tracks and a host of other recommended improvements.

### **Fairbanks Yard**

Fairbanks proved to be less of a challenge. Its size is clearly adequate, but it too needs modernization for better efficiency and capacity. Like Anchorage, longer tracks on wider centers are needed. New locomotive shop facilities are needed. The location of the new intermodal passenger facility as proposed by the railroad was validated and improvements in the trackage accessing the station and serving it were made by the study team. A new operations control center for Fairbanks was also recommended and incorporated into the new intermodal facility location.

### **Branch Lines and Other Terminals**

No major changes other than those improvements already contemplated by the Alaska Railroad were identified for Seward, Whittier or Palmer. The Eielson branch, however, needs significant re-alignment to eliminate an awkward, inefficient track access to the North Pole Refinery and to eliminate numerous street/railroad at grade crossings that are becoming increasingly unsafe as automobile and pedestrian traffic grows.

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**Ship Creek Master Plan  
January 2000**

The Alaska Railroad Corporation initiated its current master planning effort in 1998. An RFP was issued for master planning efforts throughout the railbelt including Ship Creek. A contract was executed with Land Design North to develop a master plan for the Ship Creek area. The final draft master plan was approved by the Board of Directors at the June 9, 1999, ARRC Board Meeting.

The master planning effort for the Ship Creek area builds on the previous work completed by the Ship Creek Task Force appointed by Mayor Mystem and the Anchorage Economic Development Corporation Waterfront Committee. The draft master plan was the result of a broad public process and a number of public work sessions and open houses, and incorporated railroad, public and agency review and comments.

The plan provides for the broad redevelopment of Ship Creek over the next twenty years and provides for both long-term infrastructure investment with targeted redevelopment as well as a set of short term achievable and implementable tasks.

The plan was developed around four major components:

1. Public Access
2. Transportation
3. Environmental
4. Development of area based on land use districts for specific development types

The final Master Plan is pending completion of the Ship Creek Access Transportation Plan currently being done by the Municipality of Anchorage, and the Alaska Railroad Yard study recently completed by the Woodside Group. Other studies to be integrated in the Ship Creek Master Plan include: Corps of Engineers Ship Creek Watershed Plan, Port of Anchorage Master Plan, and the Central Business District Master Plan. Final recommendations will be formalized once the above studies have been completed.

In the interim, some initial construction projects will be taking place this summer. The Alaska Railroad will be constructing pedestrian and rail passenger walkways and landscaping to connect long-term parking to the depot. Fish and Game has approximately \$185,000 to build fish cleaning tables and public restrooms, and the Municipality of Anchorage has approximately \$200,000 for stream bank improvements, fishing access and signage.

While these projects provide only an initial investment, they will also provide for some immediate construction activities on the most critical elements of Ship Creek—public safety and access.

The Master Plan provides a road map for potential development of the area based on targeted land uses for each development district, specific development guidelines including streetscapes, lighting, landscaping, signs, and construction standards. The document will be a living document and modified as circumstances warrant.

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## Real Estate Public Entity Leases and Permits January 2000

### ARRC Real Estate

When transferred to state ownership, the Alaska Railroad Corporation (ARRC) received title to 36,000 acres of land. Of that, 14,000 acres are right-of-way and 2,000 acres are used in operations. About 12,000 of the remaining acres are unused and situated primarily in rural areas with little economic value at this time. The remaining 2,300 acres are leased for commercial, industrial or residential uses.

### Land Management Policies

Many ARRC land management policies are dictated by statute. For example, ARRC is prohibited from selling, exchanging, or otherwise conveying its land unless the legislature approves the action. However, ARRC may lease land but only for a period of 35 years or less. Leases or disposals of land to a party other than the State of Alaska and local government entities must be made at fair market value as established by a qualified appraiser or by competitive bid.

ARRC may lease, or grant easements to, lands in a utility corridor for transportation, communication and transmission purposes. Utility corridor land can also be leased for commercial purposes if the use does not restrict other parallel uses of the utility corridor. Public notice is required in the lease of ARRC lands.

### Public Permits and Leases

ARRC has always been a good corporate citizen by leasing a portion of its properties to government entities at under fair market value for public interest land use.

ARRC currently has over twenty contracts to public entities for various land uses which cover more than 575 acres of land. This total does not include permits to State DOT and the various local communities for roads, crossings, and a multitude of utilities.

The Railroad received one-time payments valued at 50% of the fair market value (FMV) for three contracts and is receiving annual payments based on 50% of the FMV for two additional contracts. An administrative fee is paid for ten contracts and no fee for the remaining contracts.

## Examples of Public Entity Leases

- **Municipality of Anchorage**
  - Tony Knowles Coastal Trail, 2.18 acres, land value of \$1.7 million (\$200 administrative fee)
  - Tidelands lease in Port area, 103 acres, total land value \$2.9 million, no fee
  - Ship Creek Point boat launch, 5.45 acres, \$235,000 value, no fee
  - Greenbelt lease, 30 acres, value \$29,000, no fee
  - Residential lease lot, <1 acre for two original ARRC houses donated to MOA, Approximately \$70,000, no fee
- **City of Whittier** - 160 acres, \$1.00 (revenue sharing agreement for subleases executed by City of Whittier)
- **City of Palmer** - City Park and depot site, 3.5 acres (Depot building donated to City under separate agreement) (\$200 administrative fee)
- **City of Wasilla** - Depot site, .5 acres (Depot building donated to City under separate agreement) (\$200 administrative fee)
- **Matanuska Susitna Borough**
  - Parking lot and town square, 1.5 acres in Talkeetna (\$200 administrative fee)
  - Flood control project, 20.12 acres (\$200 administrative fee)
  - Chase Trail, no fee
- **Denali Borough**
  - Otto Lake Park, 13 acres (\$200 administrative fee)
- **City of Nenana** - 200 plus acres along the Tanana River for river marine transportation activity (Less than FMV). ARRC depot building, section house and other buildings donated to city.
- **Department of Natural Resources**
  - Tri Valley Cemetery in Healy, 6 acres (no fee)
  - Talkeetna for boat launch, 10 acres (\$200 administrative fee)
  - Ball field and trail, 4.5 acres in Anchorage (\$200 administrative fee)
  - Potter Historic Site (\$300 administrative fee)
- **DOT/PF**
  - Whittier, Healy, Seward Airports, approximately 85 acres total, 50% FMV
  - Whittier Alaska Marine Highway Terminal, 3.3 acres (\$200 administrative fee)
  - Fairbanks Geist Road Project, approximately 50 acres total, no fee for 45 acres, prepaid at 50% FMV on remaining land

Estimated value for all land leased or permitted to the various communities is in excess of \$10 million. At our standard 8% lease rate, the rental for this property would exceed \$800,000 annually. As noted above, ARRC did receive prepaid fees for four contracts and currently receives approximately \$40,000 annually for the other contracts.

However, we recognize that not all the land involved in these leases would or could be leased at fair market value. The above numbers do provide an overview of the impact the ARRC has on various communities. Railroad land allows each community to meet the unique needs of their residents. Although most public entity leases do not affect ARRC's operations, there are some which do pose operational considerations and

costs related to the use of ARRC land by the various communities. Specifically, those within the right-of-way or adjacent to the right-of-way, especially trails pose safety and security concerns. Should rail realignments become necessary, costs are incurred as a result of these permitted uses.

### **Alaska Department of Transportation Permits**

ARRC has issued approximately 30 permits to DOT/PF for roads and crossings. Other permits are issued to the Departments of Natural Resources and Fish and Game.

### **Federal Permits**

In addition to the above, ARRC also has over twenty permits with a number of federal agencies which also provide for various public uses. Permits are issued to the U. S. Army, U. S. Coast Guard, U. S. Postal Service, U. S. Corps of Engineers, and the National Park Service. All these permits with the exception of one are at no fee or an administrative fee of \$100 to \$500 annually.

# Distribution of ARRC Lands

14,000

8,000



14,300

Operating

ROW

Non Opr.

1/17/00

Total Lands = 36,300 Acres

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**Legal Report  
Comfort Inn Status  
January 2000**

In the fall of 1991, ARRC entered into a partnership called Inn-Vestment Associates of Alaska (IAA). This partnership included four groups of husband and wife investors from Spokane, Washington for the purpose of constructing and operating a 100 room Comfort Inn hotel on a site adjacent to Ship Creek owned by ARRC.

In return for providing a thirty-five-year ground lease of approximately 1.6 acres upon which the hotel was constructed, ARRC received a 40% interest in the IAA partnership. The hotel opened for business during the summer of 1992. During the past seven years, ARRC received \$450,000 in partnership distributions as a result of its 40% equity interest in the hotel.

In 1999, ARRC advised its partners that it would entertain offers for the purchase of its interest in the hotel. Subsequently, Bill and Carol Lawson, one of the original group of investors in IAA, approached ARRC with an offer to purchase ARRC's 40% interest in IAA. After lengthy negotiations, ARRC agreed to sell its equity interest in the Anchorage Comfort Inn for the sum of \$600,000 payable as follows: \$100,000 cash down payment with the balance of \$500,000, together with interest at the rate of 9% per annum, to be paid in 120 consecutive monthly installments of \$6,333.79 each.

The sale closed on November 12, 1999 and as of that date, ARRC no longer owns an equity interest in the Anchorage Comfort Inn. At the present time, ARRC's only relationship with IAA or the Comfort Inn is that of a lessor under the ground lease for the hotel site. We are currently receiving monthly payments from Mr. and Mrs. Lawson in the amount of \$6,333.79 for the balance of the purchase price and the Comfort Inn is now paying ground rent to ARRC in the amount of \$5,000 per month.



**Legal Report  
Ship Creek Development, Depot, RV Park  
January 2000**

**Ship Creek Development**

In 1992, after an arduous RFP process, ARRC attempted to jump start development in the Ship Creek Basin by awarding a master development ground lease to a Michigan firm named LoPatin & Associates. LoPatin formed a corporation known as Ship Creek Crossings Developers, Inc. to pursue the development. Unfortunately, no significant progress was made by the time the first performance benchmark date arrived in 1997. A dispute arose between ARRC and LoPatin regarding the benchmark, and it was necessary to file litigation to resolve the matter. In early January 1998, a settlement was finalized that removed LoPatin from any future role in developing Ship Creek.

**ARRC Depot**

Another LoPatin entity, Trade Center Associates, had separately leased the second and third floors of ARRC's old headquarters building in Anchorage, as an adjunct to the development plans. At the time (1993), ARRC had little or no capital available for the necessary remodeling and upgrading of the vacant upper floors. Leasing to a third party who could undertake such efforts seemed the only viable way to return the building to a productive state. This lease, being separate, continued after the termination of LoPatin's master development lease. With the master lease ended, ARRC chafed at having so little control over a building that figured so prominently in the railroad's history and the future development of the Ship Creek area.

In the fall of 1999, ARRC negotiated a buyout with LoPatin that terminated this lease and returned control of the entire building to ARRC. Eliminating any further LoPatin presence was consistent with the recommendations of the Legislative Audit Division's most recent review and assessment of the situation, which had noted that little significant income was likely to be derived over the life of the lease. Now that the building has returned to ARRC control, we are extending the terms of some existing tenants and negotiating a new lease for most of the third floor of the building.

**RV Park**

A third and final property involving a LoPatin entity was the Ship Creek Crossings Downtown RV Park lease at the foot of Ingra Street in Anchorage. That facility was purchased from an existing ARRC tenant, improvements were made, and it was operated for several years by this LoPatin affiliate. However, business declined and ultimately LoPatin's lender foreclosed on its loan and took over the lease. The bank has proposed a new tenant for the property and we look forward to working with this successor in the future.



**Legal Report  
Eklutna Rock Quarry  
January 2000**

ARRC has operated a rock quarry in Eklutna, just north of Anchorage, for many decades beginning well before Statehood. ARRC uses the rock for railroad purposes as well as third party contracts.

In the spring of 1995, ARRC licensed the right to quarry the rock to Damco, Inc. for sales to ARRC and to third parties. In April 1997, the Village of Eklutna and two individual residents of the village sued Damco directly for a ruling that Damco did not enjoy the legal right to operate the quarry as a licensee. In December 1997, the superior court ruled that Damco did not enjoy any sort of sovereign immunity as ARRC's licensee. However, issues remained as to whether Damco (through ARRC) had either nonconforming rights or de facto conditional use rights. ARRC was added to the case as a third party defendant in August 1998. ARRC brought the Municipality of Anchorage into the case in order to determine and bind the municipality on these questions of zoning law.

On a motion for summary judgment filed in late April 1999, ARRC asserted that Damco's use as ARRC's licensee was a grandfathered or "de facto" conditional use since it arose prior to the date zoning applied to the area. The issue was made more complex by the federal ownership of the quarry during a period in which municipal ordinances provided for gradual elimination of such quarries within municipal boundaries (1977-78). Of course, the federal railroad was not subject to that ordinance, and the ordinance expired before the state purchased the railroad, creating an issue as to the ordinance's effect on current operations at the Eklutna quarry.

The superior court ruled against ARRC on the motion and ARRC has appealed that decision to the state supreme court. The case is currently being briefed by the parties; a final decision is not expected for at least a year. In the meantime, while Damco is no longer a licensee in the quarry, ARRC expects to continue its own operations there on an as-needed basis.



## Legal Report Exposure of the State for ARRC Liabilities January 2000

The drafters of the Alaska Railroad Corporation Act crafted several provisions of the statute to protect the State against liability for the railroad's activities. In the 15-year operating history as a state-owned railroad, these efforts have been successful—the State has never had to answer to claims against the railroad, except where the responsibility might have been expressly assumed under a contract, as for example at a road crossing. The pertinent statutes are:

- AS 42.40.900(a)—all claims and lawsuits involving activities of the railroad are specifically required to be brought against the Alaska Railroad Corporation and not against the State of Alaska.
- AS 42.40.500—any liabilities of the railroad must be satisfied exclusively from corporate assets and revenues and no person has a right of action against the state because of a railroad debt or liability.
- AS 42.40.520—the corporation is directed to purchase insurance or provide self-insurance retentions to protect its assets and to cover potential claims that may arise from corporate activities.

As directed by the statute, ARRC has acquired certain insurance and purchased lines of credit to address its potential liabilities. Specifically, for the current insurance year (which begins on July 1 annually for most coverages), ARRC has insurance in the following amounts:

- Casualty (third party personal injury and property damage):
  - \$5 million self-insured retention (in effect, a deductible); \$25 million in coverage above the deductible.
- Property (ARRC-owned property):
  - \$10 million deductible; \$65 million coverage above the deductible.
- Workers Compensation:
  - Self insured to statutory limits, with auditor-monitored and approved reserves set aside for this purpose.
- Fiduciary Liability:
  - \$1,000 deductible; \$1 million coverage above the deductible.
- Directors & Officers Liability:
  - \$50,000 deductible; \$5 million coverage above the deductible.

Boiler & Machinery Coverage:

- \$2,500 deductible; \$10 million coverage above the deductible.

Finally, to cover the "deductibles" on each of these policies, ARRC procures a \$10 million self insurance line-of-credit annually. Adequate funds are thus always "on standby" if claims arise during a time when cash reserves are low. ARRC pays a minimal fee for the line-of-credit until the money is actually withdrawn, and the interest rate varies from year to year but is always a favorable one. There is a \$1 million minimum draw required under the line-of-credit, which intentionally limits the use of these funds to catastrophic events.

The ARRC also maintains a \$10 million operating line of credit which can be drawn against for operating needs in addition to the self insurance line-of-credit.

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# Alaska Railroad Corporation

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## Collision Avoidance System January 2000

### Mission

The Alaska Railroad Corporation (ARRC) has undertaken a program to design, develop and implement a computer-based asset management and communication system. This system will ensure an environment where ARRC trains can operate safely and efficiently in non-signalized territory. In Fiscal Year 1997, the Federal Railroad Administration (FRA) provided ARRC with a total of \$4 million for computer-aided dispatch and converting the existing analog microwave system to a digital system to increase capacity and reliability of the system, as part of a 4-phase collision avoidance system. Additionally, in FY 1999 a \$3 million FRA grant was provided for Phase 3 to implement a 4 locomotive positive train separation validation project and in FY2000 a \$4 million FRA grant is to be provided to complete the project.

### History

The ARRC currently has no wayside signal system to authorize and protect on-track movements. On-track equipment and train movements are currently controlled and authorized by voice radio communications through track warrants. There is 100% reliance on crews and train dispatchers to keep proper separation between on-track movements. The proposed system envisions using the global positioning system which will provide on-track location and track movements to a central safety computer. The system will use technology that is readily available. This technology will have a positive affect on ARRC's operating safety and improve operations efficiency.

### Project Summary

The approach of the Alaska Railroad Corporation with respect to the acquisition and implementation of a "collision avoidance system" will be accomplished in a series of phases. During the three years estimated to complete the project, the Alaska Railroad communications infrastructure will be upgraded as well as integrating today's existing hardware technologies and custom developed software. The acquisition and implementation of the required software and hardware will be done in an incremental process.

### Phase 1

Implement GE Harris Railway Electronics "Computer Aided Dispatch System" to include track warrants, track bulletins and train sheets for trains and workers. The goal will be to eliminate the possibility of a train dispatcher erroneously authorizing a conflict on the track. The system will provide a graphical display of the main track occupancy and produce a track warrant. The location of trains and workers will be provided by voice communications over the radio system. While GE-Harris is developing an integrated "Computer Aided Dispatch System", an interim conflict checking system for Track Warrants will be installed. This system is from the Iowa Interstate Railroad. This phase is to be completed in January, 2000.

### Phase 2

While phase 1 is progressing, the Alaska Railroad Corporation communications infrastructure will be upgraded. The present analog microwave system will be converted to a digital system to increase the amount of traffic and reliability of the system. While the microwave upgrade is being implemented, additional voice radios will be installed. These enhancements to the existing system will allow the ARRC to comply with the new "Railroad Communications 1998" regulation. In addition, the upgraded microwave system will provide the infrastructure necessary to implement the data radio network needed to transfer data to and from trains and track vehicles for phases 3 and 4. The communications infrastructure upgrades have been completed as part of the State of Alaska Telecommunication System (SATS) digital microwave upgrades to the Parks Highway and Richardson Highway in 1998 and 1999.

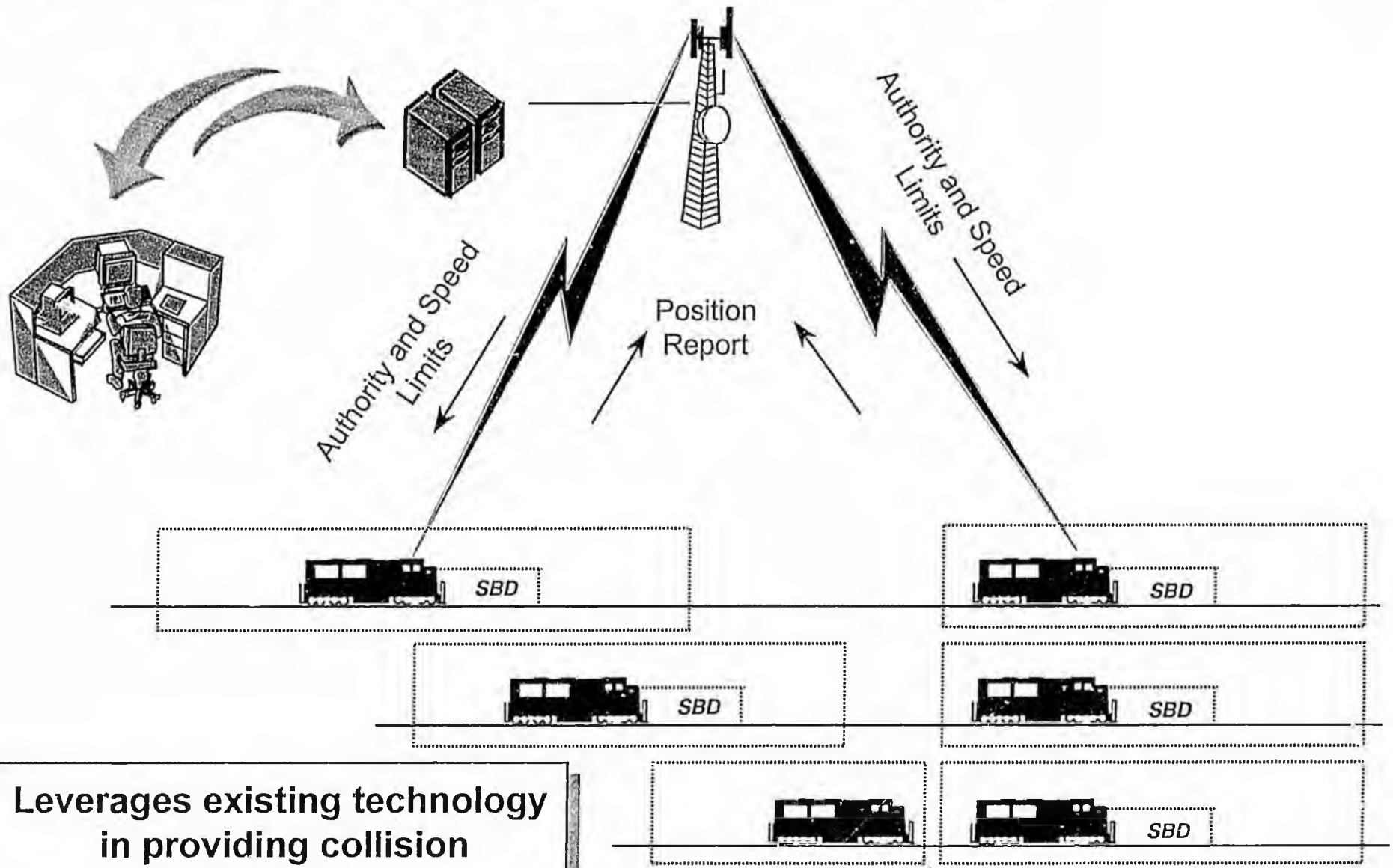
### Phase 3

Implement a two locomotive Positive Train Separation demonstration project. The Computer Aided Dispatch System developed in Phase I will be used to authorize a track warrant. A two-way data communication system will transmit a movement authority via a data radio on the locomotive to the locomotive's on-board computer. If a locomotive safe braking distance is calculated and the time to correct will allow a violation of speed or movement authority, a warning is given to the locomotive engineer. If the locomotive engineer does not take the appropriate actions, the locomotive's on-board computer will automatically apply the brakes. This system will be a safety overlay to prevent trains and vehicles from colliding. At the conclusion of this phase, the ARRC can add equipment to trains and Maintenance of Way on track equipment and have a fully functional Positive Train Separation System. Testing on the track will begin in March 2000.

### Phase 4

Integrate Meet/Pass Planning algorithms with Computer Aided Dispatch System to provide for a Precision Train Control System in authorizing track movements to achieve the economic benefits of moving traffic more timely and efficiently over the track.

# Basic PTC Safety Operation



**Leverages existing technology  
in providing collision  
avoidance system**

For the exclusive in-company  
use of the Alaska Railroad Corporation

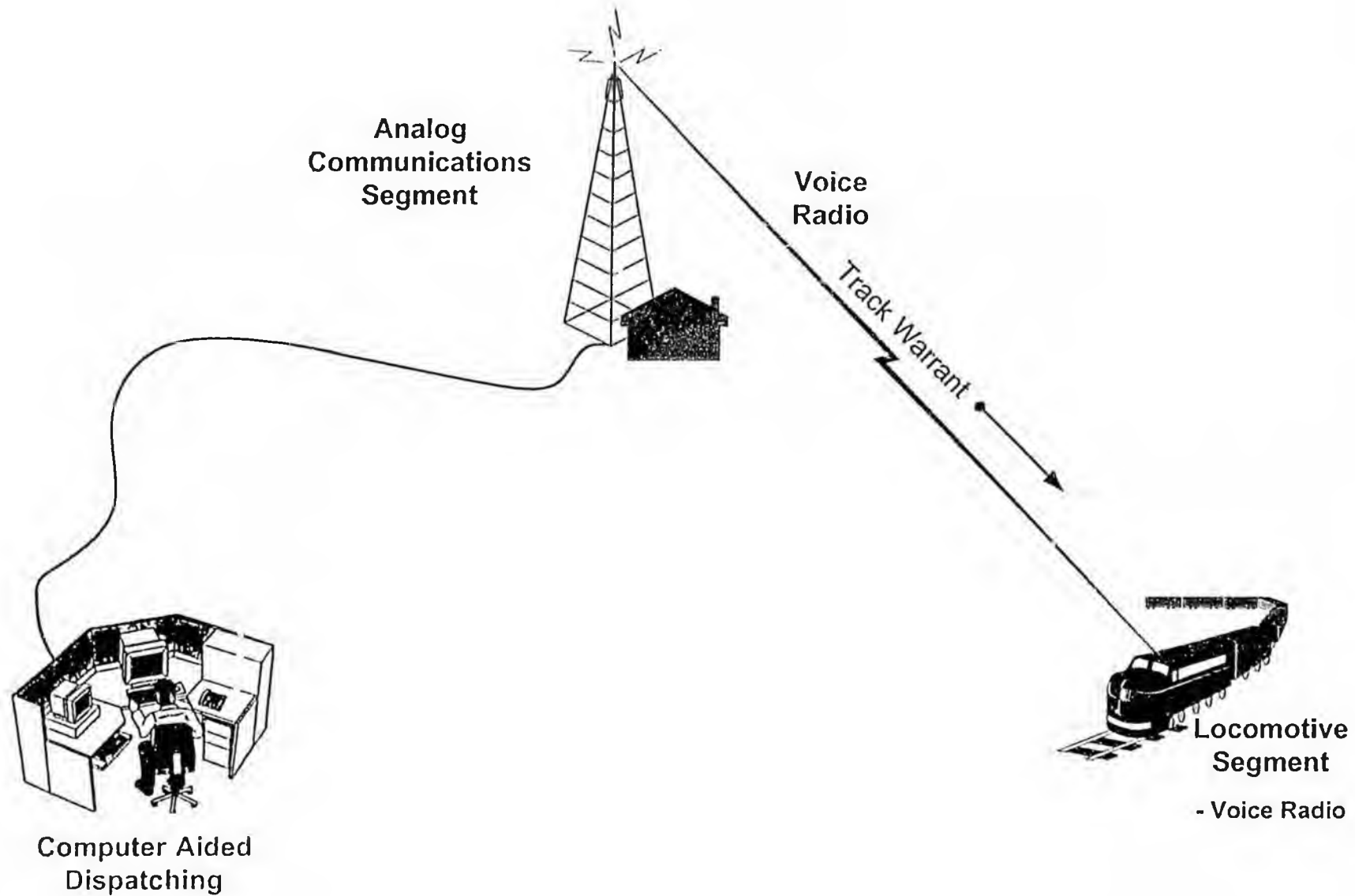
SBD: Safe Braking Distance

Movement authority limits not  
allowed to overlap

p/farson/Alaska

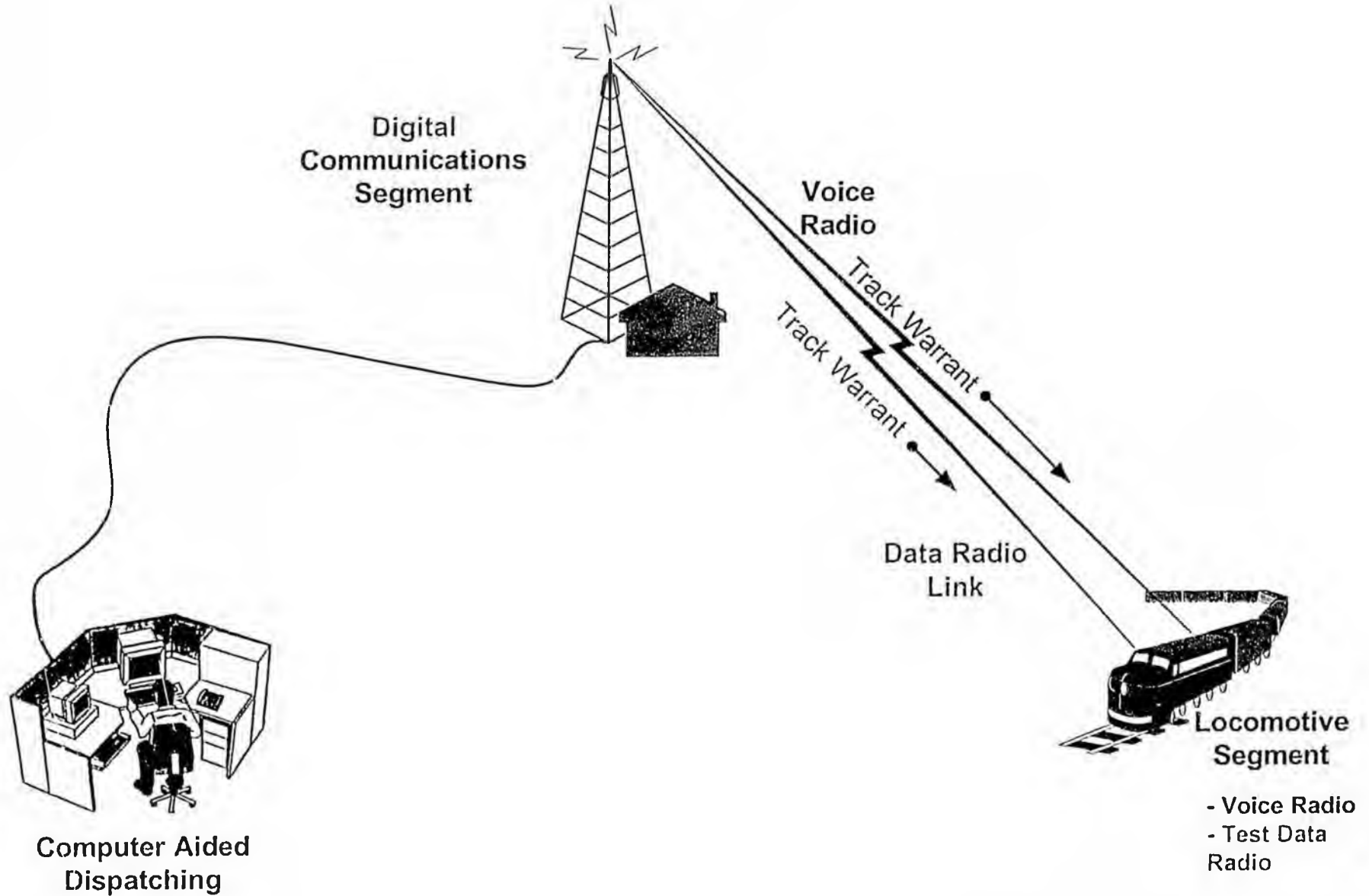


# Collision Avoidance System - Phase 1



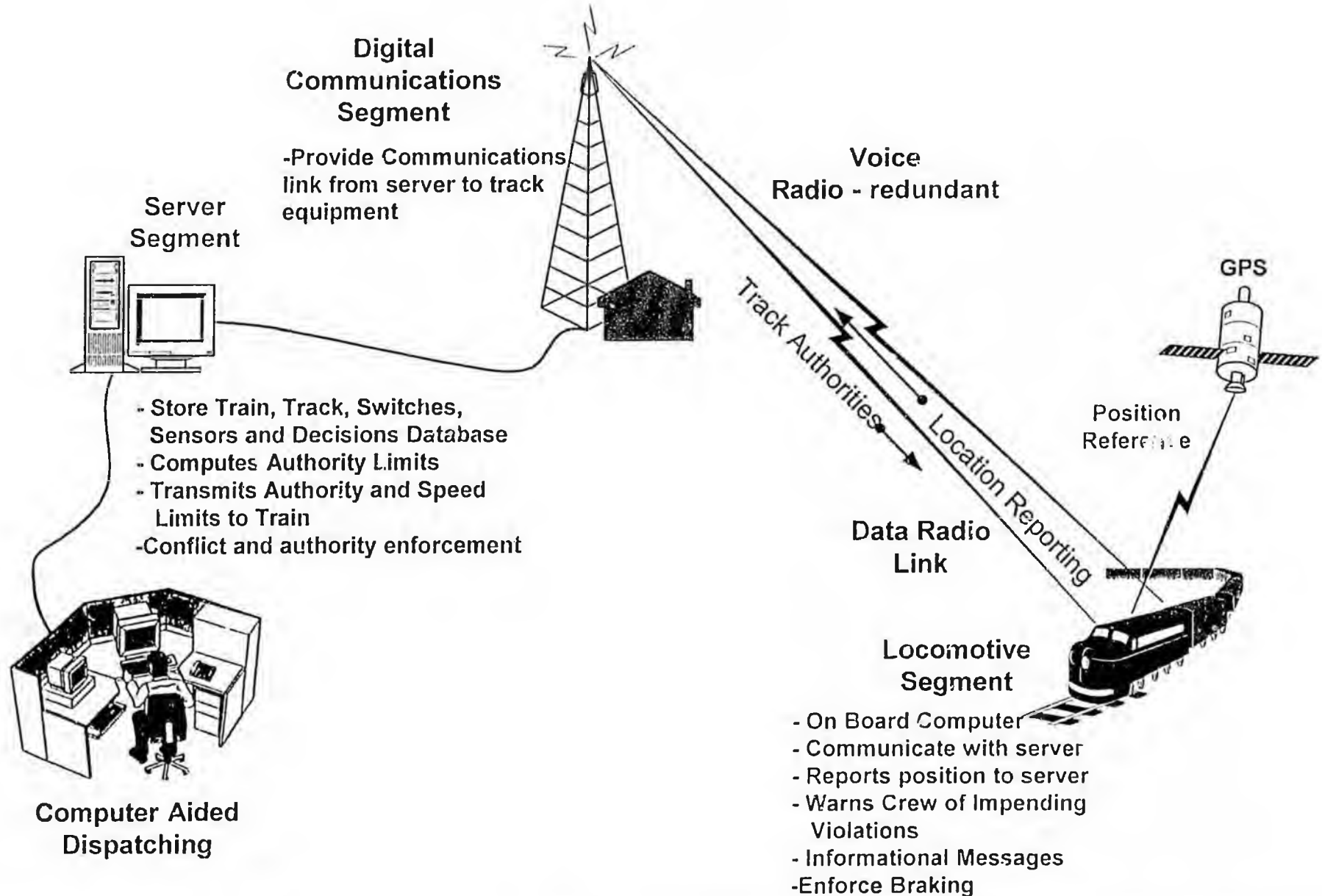


# Collision Avoidance System - Phase 2



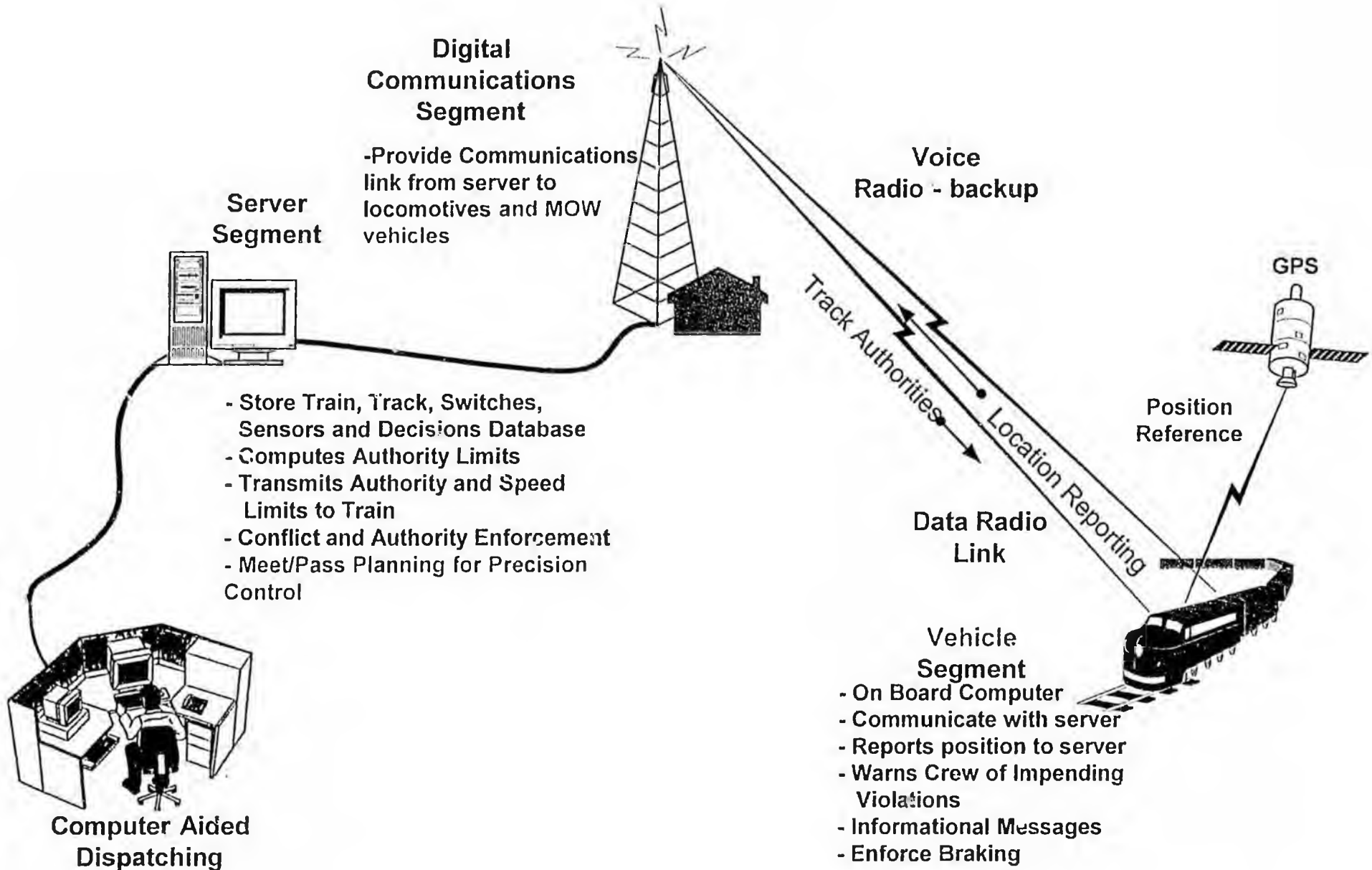


# Collision Avoidance System - Phase 3





# Collision Avoidance System - Phase 4





# Project Economics Collision Avoidance System

- Provide Protection for Roadway Workers and their On-Track Equipment
  
- Improved Equipment Utilization to Reduce Capital Expenditures
  
- Fuel Consumption and Labor Reductions
  
- Potentially Eliminate the Need for New Sidings for meets
  
- Provide upgrade path to control electric switches to support train capacity increases
  
- SAFETY
  - \* Collision Prevention
  - \* Speed Control
  - \* Protection of Roadway workers
  - \* Assure switch alignment

Sources:

U.S. Department of Transportation, FRA. *Railroad Communications and Train Control*. Report to Congress, July 1994.  
Railroad Accident Report -- *Head-on Collision and Derailment of BN Freight Train with UP Freight* NTSB PB94-916302  
Railroad Accident Report -- *Collision and Derailment Involving 3 BN Freight Trains near Thedford, NE* NTSB PB93-916303

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**Safety Report  
January 2000**

While the top railroads in the country have made dramatic improvements over the last six to seven years in worker safety, the Alaska Railroad and many other regional and short lines have struggled to bring down both the frequency and severity of worker injuries. Based on the advice of the ARRC's management consulting firm, the company in 1999 brought in DuPont Corporation's safety system experts to revamp the ARRC's safety program.

The ARRC also elevated the responsibility and accountability of the executive in charge of safety, consolidating environmental and safety into a single department, as have most of Alaska's major industrial companies.

In the first six months of 1999, the ARRC was on the way to one of its worst-ever years for safety. On June 30, the company's frequency of reportable injuries per 200,000 manhours was 11.12, more than four times the average of the nation's top railroads. In the six months from July 1 through the end of 1999, the ARRC achieved a frequency of 5.34, lowering its 1999 rate to 7.77 overall. While still higher than acceptable, the 1999 figure halted an alarming three-year trend, and its second-half performance is an encouraging sign that the new system can work.

**ARRC Reportable Injury Frequency, by year**

<b>Year</b>	<b>Frequency per 200,000 Manhours</b>
1993	7.50
1994	7.24
1995	7.58
1996	8.66
1997	11.63
1998	8.93
1999	7.77

DuPont, which is the leader in safety consulting nationwide, uses a "behavior based" system that incorporates frequent worker-manager audits of the workplace, complete accident and incident investigation according to root cause, and management accountability for safety of workers.

The ARRC has set a goal of reaching 4.0 per 200,000 man hours in the year 2000, and is shooting for 1.0 in 2001. The top railroads in the country have rates of 0.93 to 3.0. The Department of Health, Safety, and Environment has also set goals for targeted reduction in costs due to lost time and worker compensation in year 2000.

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**Derailment Report  
January 2000**

**Canyon Derailment**

The Alaska Railroad train 2802 South derailed shortly after 1 a.m., October 31, 1999, at MP 268, adjacent to Canyon siding. This train was made up of four locomotives and 46 loaded tank cars (holding roughly 1 million gallons of refined product).

**Cause**

Rail Sciences, Inc. the leading investigative and technical firm in the railroad industry, conducted the investigation. Work included review of tapes from the locomotives, computer simulations based on the data, and site investigation. The investigation concluded that the track was in good shape and that the train was being handled properly.

However, there were two yard switching engines being towed to Anchorage from Fairbanks. The switch engines were placed immediately behind the four working locomotives. The couplers on switch engines swing wider, side to side, than couplers on standard freight and road equipment. They are designed that way because these engines have to handle a variety of different cars in tight and varied track configurations of yards.

At track speeds, and with the usual forces of working locomotives in front of them and loaded cars behind them, the wider swing in the couplers of these yard locomotives generated strong lateral forces against the inside of the rails. This lateral force eventually spread the two rails apart. This began derailing equipment and rolled the rail over.

**Consequences**

Leaks from at least two cars caused a release of approximately 12,000 gallons of Jet-A aviation fuel. The fuel spilled into two small rivulets running on either side of the track. The fuel stayed primarily on the surface of the water (rather than spreading into streamside soils) because of the grade (about 2.5 percent) and strong constant water flow (probably from groundwater/spring sources). The fuel pooled behind a series of beaver dams on both sides of the track.

Water quality sampling that began on the second day of the response showed some dissolved benzene in the water column at the beaver ponds and at downstream sites. By Day 11, those levels had dropped below aquatic toxicity levels established by the

regulatory agencies. These data suggest the environmental impact was short-lived.

#### **Response actions**

The ARRC employed three contractors (Penco, CCI, CH2MHill). Technical assistance on response actions was guided by Rod Hoffman of CH2MHill, who came to the company from ARCO Alaska and Alaska CleanSeas. Lightering of the fuel was conducted with ARRC employees led by Jim Seeberger, the hazardous materials specialist for the corporation. Response efforts consisted of vacuum operations, hand scooping, skimming, and sorbent material placement. Dry streambank grasses that had absorbed fuel were burned with propane-fired torches.

Waterflow was diverted in two areas to minimize fuel migration and underflow dams were constructed to aid recovery and establish preventative structures before breakup.

Of 220,035 gallons of fuel in the 10 tank cars that derailed, the ARRC and contractors recovered 219,291 gallons through lightering and response efforts, leaving only 744 gallons total unaccounted for. Recovery amounts were gauged and verified by ARRC and state personnel, Williams Energy, and Alaska Pollution Control.

#### **Gold Creek Derailment**

Alaska Railroad train 130 South with four locomotives and 49 cars (41 loads of refined product and eight empty tank cars) derailed at Gold Creek siding, MP 262 of the Alaska Railroad, at 2 a.m. on December 22, 1999.

#### **Cause**

The train had been traveling southbound and went into Gold Creek siding to allow a northbound train to pass. Weather conditions at the time were extreme. Heavy, wet snow was turning to rain. Temperatures were at or near freezing. After the northbound train passed, the southbound returned to the main track and stopped so the switch controlling movement into the siding could be realigned. The 130 South then started again southbound on that main track. Shortly after it began moving southward, the rear, right wheel of the second locomotive in the consist climbed over the rail to the west of the rail. The train gradually began to pick up speed. At approximately 28 mph (12 mph slower than authorized track speed), the second locomotive derailed more forcefully, triggering the derailment and pile-up of 15 loaded tank cars.

Rail Sciences, Inc. was again called upon to investigate the accident. It found that excessive buildup of ice and snow in a short period of time caused the locomotive to derail.

#### **Current setting**

At least five tank cars were severely damaged during the wreck. Four lost all or nearly all of their loads. Estimated amount of fuel spilled is currently about 100,000 gallons of Jet-A aviation fuel.

On the west side of the track, the spilled fuel moved quickly through the snowpack (estimated at approximately 6-8 feet at the time). It does not appear to have spread laterally along the surface more than 60-75 feet from the track. It does appear to have saturated a small area of silty topsoil, then run relatively straight down, however, through well-drained gravel soils. Test pits and drilling results show that fuel has been soaked from the surface to the groundwater level of approximately 30 feet.

On the east side, the results were similar. A deeper drainage ditch did allow some spilled fuel to settle and freeze into a clearly defined layer near the bottom of the snowpack. However, as on the west side, the fuel quickly moved into the gravel soils and traveled to groundwater.

The area of the spill is a gravel terrace that was once the valley bottom. Trench cuts show gravel, sand, and rounded boulder/cobble layers that are typical of glacial outwash and streambeds all the way to current groundwater levels. The Susitna River itself is at approximately 465 feet above sea level. The spill site is approximately 500 above sea level, but groundwater is at or near current river level. This suggests a relatively flat gradient, which further suggests that fuel on top of groundwater is not on a rapid course towards the Susitna. There is free floating product in test wells ranging from 8 inches deep to a few inches deep.

#### **Response actions and plans**

The spill occurred immediately below the wrecked cars. To get at the contamination, crews transloaded fuel from 14 of the 15 cars (the 15<sup>th</sup> car was rerailed, full, and moved from the site). Approximately 200,000 to 220,000 gallons of fuel have been transloaded and removed from the site. The wrecked cars, each weighing 30 tons empty, were lifted or dragged off the contamination and set out for removal by wrecking crews at a later time.

Clean and contaminated snow was bulldozed and removed from the site using 50-yard hopper cars. A total of 48 carloads were taken to Alaska Pollution Control.

Two drilling rigs are working, drilling wells for recovery and doing borings to delineate lateral contamination from the wreck site. Ground penetrating radar has been used to get additional data on the location and possible movement of the fuel in the subsurface. Recovery is being conducted using a vacuum unit to pull fuel up from wells. Some soil will likely be removed; however, we are currently keeping the surface intact as much as possible so that we can effectively use heavy equipment and drilling rigs. Soil removal in the vicinity of the track itself will be subject to a detailed examination of roadbed stability by ARRC civil engineers.

Drilling and radar data will combine to produce a comprehensive map of groundwater flow in the area. Nothing in the data suggest rapid advancement to the Susitna. Water quality testing locations have been established at the Susitna itself and samples are currently being analyzed.

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# Alaska Railroad Corporation

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## Legislative Issues DeLong Dock in Whittier January 2000

### Historical Background

The Alaska Railroad was constructed and operated by the U.S. Government from its inception in 1914. In the 1940's, a railroad spur to Whittier was constructed in support of military logistics during World War II. Other Federal facilities constructed in Whittier for support of the war effort included the DeLong Dock, petroleum tank farm and other buildings for housing and administration.

Then in March 1964, Alaska suffered a severe earthquake that destroyed the military tank farm facilities. After the earthquake the U.S. Army exccessed the DeLong Dock and dock ownership was then transferred to the Alaska Railroad to be used in conjunction with Railroad's freight and barge operation.

In April 1973, the U.S. Army completed construction of a new fuel loading facility in Whittier to supply fuel to the south central military bases. At the request of the U.S. Army, the DeLong Dock was exccessed by Alaska Railroad and ownership of the dock facilities was transferred back to the U.S. Army at their request, to support the off-loading of fuel for the military bases in Alaska.

The Army abandoned those fuel facilities in November 1996, which eliminated their use of the DeLong Dock. The Army made it known that ownership of the dock was going to be relinquished and the Railroad and City of Whittier agreed that ownership of the dock should be maintained in some sort of public ownership. Both entities agreed that since the Railroad has the expertise in operating and maintaining docks, they should seek ownership.

Since the Railroad has had increased demand for dock space to accommodate both day-cruise operators and commercial fishing interests, it decided to pursue ownership of the dock to satisfy the new market demand.

### Agreement

The Alaska Railroad and the City of Whittier entered into a Memorandum of Understanding that the Railroad would pursue ownership of the dock and the City of Whittier would have ownership of the surrounding tidelands. The agreement further stipulates that the Railroad would lease one-half of the dock (shore side) to the City of Whittier for \$1.00 per year. The City of Whittier would lease the tidelands under the Railroad's half of the dock for \$1.00 per year.

### Legislative Action

ARRC must receive legislative approval to accept ownership of the DeLong Dock from the Federal government as outlined in Section 4, AS 42.40.285.

### Tunnel

In June 2000, the Anton Anderson tunnel into Whittier will be opened to both vehicular traffic and rail traffic. Whittier is the gateway to Prince William Sound and will become a popular water recreational location for sightseeing, boating and both recreational and commercial fishing because of its geographical proximity to Alaska's largest population center along the railbelt.

# Alaska Railroad Corporation

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## Track Upgrades and Realignment January 2000

### Mission

The Alaska Railroad Corporation (ARRC) seeks to improve safety and efficiency of its operations by upgrading and realigning its track to reduce approximately 70 sharp curves between Anchorage and Wasilla.

### Results

Realignment of the track to reduce curvature will decrease the current running time from 95 minutes to less than 55 minutes from Anchorage to Wasilla making future commuter service more viable. The realignment project will increase the average train speed from 35 mph to approximately 50 mph in this section of track.

Straighter track is inherently safer due to reduced track and equipment wear, consistency in train handling, increased sight distance, and reduced maintenance requirements – all leading to a reduced frequency of train derailments and lower operating costs.

Straighter track greatly enhances the Alaska Railroad's freight and passenger operations. But more important to the communities neighboring the Alaska Railroad, this project will build a safer rail corridor complete with upgraded rail crossings and pedestrian amenities.

### Legislative Goal

ARRC seeks legislative approval to convey the Corporation's entire interest in certain lands in exchange for equivalent valued land with Elmendorf Air Force Base, Fort Richardson Army Base, Eklutna, Inc. and other entities. Lands to be obtained in the exchange are necessary for the realignment project.

No funds will be exchanged between the parties in this land trade agreement.

### Projected Cost

\$45 to \$50 million (DOD, AMTRAK, ARRC)

The ARRC will use federal funding, designated for passenger rail line improvements, to help finance the track realignment project. The railroad will match these funds with its operating revenues.

### Target Completion Date

2003

## Project Summary

While crews have begun to straighten curves located within the current ARRC right-of-way, much of the work cannot be completed until the ARRC slightly adjusts its rail corridor. This requires land trades, purchases and easement acquisitions with other entities. All land trades require legislative approval according to Section 4, AS 42.40.285.

## Fort Richardson and Elmendorf Air Force Base

ARRC proposes to make track realignment improvements within an existing ten-mile section of mainline track just north of Anchorage. This section of track traverses through Elmendorf Air Force Base and Fort Richardson and contains 25 curves with a curvature of more than two degrees (ten curves are over eight degrees). To straighten these curves, the ARRC must gain state and federal approval to exchange approximately 229 ARRC acres for approximately 225 military acres.

## Eklutna, Inc.

The ARRC and Eklutna, Inc. have agreed to exchange certain parcels of land for equal value. Eklutna, Inc. would receive approximately 382 acres (Parcel "C"/Powder Reserve). The ARRC would receive six parcels (approximately 65 acres) for track realignment near mile posts 130, 133, 140, 142, 146, and 151, and enough land near the Birchwood Airport to create an equitable exchange. All land values are being determined by a contracted, third party appraiser.

## Chugach Alaska Corporation

The Department of Transportation and Public Facilities (DOT) has bid reconstruction of the Seward Highway from mile post 8 to 18. At approximately mile post 14, the Seward Highway crosses the Alaska Railroad. As part of the DOT's highway relocation project, DOT will grade separate this crossing so that the railroad will run underneath the highway. The grade separation involves a realignment of the Alaska Railroad onto Chugach Alaska Corporation land.

To realign its track for DOT's highway project and retain a 200 foot right-of-way, the ARRC will exchange land with Chugach Alaska Corporation. The ARRC will convey to Chugach Alaska Corporation 6.4 acres of railroad right-of-way (utility corridor) between railroad mileposts 14 and 15. Chugach Alaska Corporation will convey an equivalent interest in real property onto which the railroad right-of-way (utility corridor) may be relocated. Chugach Alaska Corporation will then grant DOT an easement in perpetuity so that DOT can reconstruct the Seward Highway.

### Mile Post 133

Of predominant interest to the residents of the Greater Eagle River area is the railroad curvature located near the mile post 133 vicinity -- better known as Beach Lake Park. To straighten these curves, the ARRC will need to gain fee simple title or an easement from the Municipality of Anchorage (MOA) for the proposed new right-of-way before construction can begin. The MOA and ARRC are currently researching the options.

Depending on what option is chosen, the ARRC may need to obtain legislative approval for a land exchange with the MOA. Should a decision be made prior to the 2000 legislative session, an amendment may be added to the track realignment legislation.

Reconstructing track in this area will mean ARRC can work with the MOA to ensure safer access across its tracks. A vehicular underpass and pedestrian underpass will be built as part of the realignment project.

The ARRC will work with the adjacent property owners at MP 133 to define use and ownership of the old railroad right-of-way. Once the Municipality of Anchorage determines the proper course of action for making the proposed new right-of-way available to ARRC, the ARRC will negotiate a reciprocal agreement with the adjacent private property owners.

Finally, the proposed project at this vicinity also includes obtaining enough land in the new right-of-way to allow Eklutna, Inc. access to its nearby property. Eklutna is proposing to build a gravel road from Beach Lake Road to their property. This road will run adjacent to the proposed new track alignment on the north side.

Looking at the big picture, the completion of this project will mean a more efficient, safer railroad for Alaskans, the ARRC and our military operations.

# Corporate Strategic Plan

<b>Organizational Chart</b>
<b>Mission</b>
<b>Services Provided</b>
<b>Goals &amp; Strategies</b>
<b>Key Issues</b>
<b>Prior Year's Major Accomplishment</b>
<b>Performance Measures</b>
<b>Partners in Achieving Results</b>
<b>Proposed Changes in Levels of Service</b>

## Mission

To Provide Alaskans access to safe, quality, affordable housing.

## Service Provided

- ☛ Provide, purchase, and/or participate in Mortgage Loan programs statewide:
  - ☛ Conventional Loan programs;
  - ☛ First-time Home Buyer program;
  - ☛ Veteran Loan programs;
  - ☛ Rural Loan programs;
  - ☛ Manage, operate, and maintain Public Housing and Rental Assistance Programs;
- ☛ Administer the State's Senior Housing programs;
- ☛ Administer the State's Weatherization programs;
- ☛ Administer the State Energy Program (SEP);
- ☛ Coordinate Alaska's Housing Strategy and Homeless programs;
- ☛ Administer State and Federal housing grants;
- ☛ Development and modernization of Public Housing;
- ☛ Administration of Low-income Tax Credits;
- ☛ Provide workshops and training (i.e. HomeChoice, Grant writing, Energy, etc);
- ☛ Access to low cost capital.

## Goals and Strategies

1. *Provide programs and services that are responsive to the diverse housing needs statewide:*

- ✓ Increase housing and finance options for rural areas;
- ✓ Define AHFC's role in meeting supporting infrastructure needs;
- ✓ Review and update existing regulations;
- ✓ Increase leveraging of housing-related grants and other resources from various federal sources;
- ✓ Expand and promote family self-sufficiency.

2. *Increase home ownership:*

- ✓ Identify needs (existing gaps) and educate public;
- ✓ Match needs to AHFC home ownership programs;
- ✓ Streamline loan application process;
- ✓ Identify supporting infrastructure needs in coordination with other housing professionals (inspectors, energy raters, etc.).

3. *Increase special needs housing:*

- ✓ Work cooperatively with consumers, advocates, and special needs service providers to identify and address needs;
- ✓ Work with Alaska Mental Health Trust Authority in addressing the housing need of Trust beneficiaries;
- ✓ Establish process and financing mechanisms to help address "reasonable accommodation" for persons with disabilities;

4. *Expand partnerships to strengthen program and service delivery:*

- ✓ Strengthen relationships with regional housing authorities and other housing delivery organizations;
- ✓ Plan and organize statewide housing conference;
- ✓ Network with other agencies and non-profits for assistance.

5. *Strengthen commitments to AHFC housing programs, functions and benefits:*

- ✓ Strengthen cooperative relationships with governmental constituencies;
- ✓ Strengthen cooperative relationships with public constituencies;
- ✓ Develop and implement a public relations plan;
- ✓ Promote jobs and employment in housing related fields.

6. *Promote operational excellence:*

- ✓ Strengthen staff knowledge and skills in addressing customer's special needs (environmental, cultural, economic, etc.);
- ✓ Identify and implement new or improved work processes that benefit operations;
- ✓ Utilize a mix of internal and external audit and feedback methodologies to measure and evaluate AHFC performance;
- ✓ Develop and implement affirmative action plan;

- ✓ Develop strategy to enhance customer service;
- ✓ Identify survey mechanism most suitable for Corporation purposes;
- ✓ Modernize and rehabilitate Corporate-owned and operated public housing in accordance with the 10-Year Plan.

7. *Manage assets to generate sufficient profit to meet AHFC's financial commitments:*

- ✓ Incorporate capital/grants budget levels into 6-year Plan;
- ✓ Develop strategy to meet existing commitment for transfers to and financing for benefit of the State.
- ✓ Implement capital project bonding for the State;
- ✓ Carry out AHFC's capital budget;
- ✓ Prioritize AHFC financial and program obligations and commitments;
- ✓ Formalize the process by which available and projected arbitrage is identified and allocated to specific programs.

### Key issues

It is essential for AHFC to maintain an equitable balance between AHFC's ability to meet its mission of ensuring quality and affordable housing opportunities for Alaskans, and to maintain levels of net income sufficient to meet our financial obligations to the State of Alaska. AHFC is recognized as one of the leading housing authorities in the nation for its strong management, innovative programs, excellent bond ratings, and financial strength. AHFC must be allowed to operate in a manner that both responds to the state's fiscal needs while meeting the requirements of the Corporation's mission. AHFC has played an active role in assisting the state with its deferred maintenance, capital construction, and other financing needs. To date, this has been done in a manner that preserves the physical assets and investment portfolio of the Corporation in order to ensure our ability to continue to attract investors through the issuance of debt.

AHFC's core business activity is to earn profits through the purchase of mortgage loans. To ensure consistent adequate profits, the Corporation's management and Board of Directors have taken measures to improve AHFC's mortgage loan activity with programs that are driven by market conditions and established through a process of working closely with the housing industry. These efforts will continue both as a way to increase business activity and to offer Alaskans access to affordable mortgage financing. For example, AHFC is continuing to develop a PC-based automated mortgage underwriting system to offer home buyers a faster closing process while at the same time maintaining strong underwriting standards.

Due to changes in federal housing programs, AHFC is able to take advantage of new program funding that becomes available. AHFC will bring two new housing programs on-line in FY2001: the Welfare to Work program voucher and the Section 8 Project-based Contract Administration program. Housing Operations cannot absorb the increase in expenses at the current budget levels. Increments using available federal funds have been requested to cover these expenses.

Senior Housing remains a concern to the Corporation. Housing needs for senior Alaskans continue to grow larger as the senior population increases faster than affordable housing can be provided. Developers, contractors, and non-profit agencies continue to work with the Corporation to leverage funds and bring affordable housing and services to Alaska's senior citizens. However, project development startup costs are high and providers are hesitant to go through the long expensive process only to see all their efforts dashed at the tail-end of proposals. By also working with the Alaska Commission on Aging, AHFC is working toward developing a program designed to target elderly Alaskan's with physical and mental disabilities.

AHFC continues the development of its Rural Outreach program, which includes other industry partners in the process of increasing housing and finance options for Alaska's rural areas. The needs for housing in rural areas remain high, with a corresponding level of obstacles in meeting those needs.

AHFC and the Mental Health Trust are combining their efforts in working toward finding and establishing the process and financing mechanisms to address "reasonable accommodation" for persons with disabilities. Housing needs remain high and conventional financing methods are not a solution for this target group. Working with the Alaska Commission on Aging, AHFC is working toward developing a program designed to target elderly Alaskan's with physical and mental disabilities.

### Prior Year's Major Accomplishments

- Received a One hundred percent score on HUD's 1999 Public Housing Management Assessment Program (PHMAP) for the fourth consecutive year. The score measures performance in eight areas of management of the 1365 public housing units owned by AHFC:
  - Vacancy Rate and Unit Turnaround Time;
  - Modernization;
  - Rents Uncollected & Tenants Account Receivable;
  - Work Orders;
  - Annual Inspection of Units and Systems;
  - Operating Reserves & Financial Management;
  - Resident Initiatives;
  - Security.
- Annual Award for Significant Achievement from the National Council of State Housing Agencies for *Homeownership: Encouraging New Production*, recognizing the Rural Initiative Housing Pilot Program;
- A STRONG ranking with STABLE outlook From *Standard & Poor's* Public Housing Authority Evaluation;
- Developed, published, and distributed agency-wide *Missions and Measures* for Results-oriented budgeting for the Corporation.
- Design award from the Pacific Northwest Regional Council and Award of Merit from the National Association of Housing & Redevelopment Officials for landscaping improvements and playground equipment installed on a special surface at Etolin Heights in Wrangell;
- National Recognition Award from the U.S. Department of Energy for outstanding contributions to the Weatherization Assistance Program;
- National Award of Merit for Project Design from the National Association of Housing & Redevelopment Officials for the Cedar Park Affordable Housing Program in Juneau;
- 1999 HUD Best Practice Award for the Cedar Park Affordable Housing in Juneau;
- 1999 HUD Best Practice Award for the Supplemental Housing Development Grant Program;
- Expanded our website to include more information and notices (programs, grants, jobs, workshops/classes, Y2K, etc.), applications (grants, jobs, etc.), and financials (balance sheets, bonds, etc.). The website received the highest possible rating (4\*) from *MuniNet Guide & Review*, an independent research company intended to help government users stay abreast of new and/or improving Internet sites;
- Reduced documentation required and streamlined procedures for loan commitments and purchases and worked toward implementing electronic submission of loan files;
- Provided property management for all AHFC-owned federally funded and subsidized housing in 14 locations across the state. Administers the Section 8 Voucher programs in 11 locations statewide;
- Provided HomeChoice, HomeOptions, and lender, Builder, Realtor workshops to ensure that consumers and members of the real estate finance industry are aware of the many programs AHFC has available. Conducted nearly 200 HomeChoice classes, five HomeOptions classes in very small rural communities, 16 builder workshops, 31 Realtor workshops, and 19 lender workshops. In total, 4,583 individuals attended these classes. Fifty percent of the people obtaining completion certificates (1,936) obtained AHFC commitments and received a waiver of up to \$250 on their

- loan. These loans totaled \$217,133,390, and the borrowers received fee waivers totaling \$484,000:
- Purchased 1,228 streamlined refinance loans, allowing borrowers to lower their mortgage payments with little documentation or cost;
- Provided \$612 million for 5,120 Alaskans to purchase homes, an increase of 18%;
- Contributed more than \$8.7 million in servicing fees to Alaskan lenders;
- Maintained a delinquency rate of less than 4%;
- Purchased 2,181 new First-Time Home Buyer loans totaling \$213.5 million, an increase of 150% ;
- Provided lower mortgage rates to 1,238 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program, a 41% increase;
- Increased mortgage loan activity by 31% in the urban loan programs;
- Purchased 1,228 Streamlined Refinance Loans, with an average monthly savings of \$207 per month;
- Purchased 76 multi-family loans totaling \$33.1 million, a 67% increase;
- Closed four senior housing loans in three communities, totaling \$4.5 million for 97 units;
- Completed planning and development of the Annual Action Plan for the Housing & Community Development Plan (HCD) and the Annual Performance Report (APR), bringing \$7 million HUD funds to Alaska;
- Held workshops for 90 attendees in six statewide locations on the rental housing development process for the COAL program.

### Performance Measures

***Maintain or Increase Net Income:***

Benchmark:	FY99 Net Income:	\$79,850,000
	FY98 Net Income:	\$95,916,000

***Increase the Loan Portfolio:***

Benchmark:	Loan Portfolio @6/30/1999:	#26,776 Loans	\$2,367,754,000
	Loan Portfolio @6/30/1998:	#26,159 Loans	\$2,119,516,000

***Increase number of Loan applications:***

Benchmark:	FY99 Loan Applications:	3,954 Loans	\$526,398,308 Urban / 825 Loans	\$128,060,289 Rural
	FY98 Loan Applications:	3,104 Loans	\$382,512,586 Urban / 995 Loans	\$150,633,546 Rural

***Increase in Mortgage Loan Purchases:***

Benchmark:	FY99 Mortgage Loan Purchases:	5,187 Loans	\$639,980,000
	FY98 Mortgage Loan Purchases:	3,503 Loans	\$431,440,000

***Maintain the rating of High Performer on the Public Housing Management Assessment Program (PHMAP) score:***

Benchmark:	FY99 PHMAP Score:	100%
	FY98 PHMAP Score:	100%

***Establish a High Performer rating on the Section Eight Management Assessment Program (SEMAP):***

Benchmark:	FY99 SEMAP Score:	Not Applicable
	FY98 SEMAP Score:	Not Applicable