

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
4801 HLAB HB 47

375

ALASKA RAILROAD CORPORATION
 1986 EXPENSE BUDGET ANALYSIS
 (THOUSANDS OF DOLLARS)

<u>DEPARTMENT</u>	<u>1986 BUDGET</u>	<u>1985</u>		
		<u>BUDGET</u>	<u>YTD THRU OCT</u>	<u>LATEST ESTIMATE</u>
TRANSPORTATION	16,359	25,560	17,921	20,800
ENGINEERING	16,140	12,810	12,801	10,870
MP&E	15,076	11,960	10,265	12,000
SPECIAL AGENTS	2,869	500	356	440
ADMINISTRATION	670	900	635	760
PERSONNEL	2,050	800	473	580
FINANCE	5,873	5,320	4,613	6,000
MARKETING	3,007	1,920	1,077	1,580
LEGAL	856	500	462	562
OTHER	<u>515</u>	<u>4,910</u>	<u>3,668</u>	<u>5,228</u>
SUB TOTAL	63,415	65,480	52,271	58,820
INTEREST EXPENSE	1,018	0	379	480
DEPRECIATION	<u>1,800</u>	<u>4,800</u>	<u>1,064</u>	<u>1,300</u>
SUB TOTAL	2,818	4,800	1,443	1,780
TOTAL EXPENSE	66,233	70,280	53,714	60,600

ALASKA RAILROAD CORPORATION
 REVENUES BY COMMODITY
 1986 BUDGET ANALYSIS
 (IN THOUSANDS OF DOLLARS)

<u>COMMODITY</u>	<u>1986 BUDGET</u>	<u>1985 STATUS</u>		
		<u>BUDGET</u>	<u>YTD THRU OCI</u>	<u>LATEST ESTIMATE</u>
PIPE	3,044	3,780	2,619	3,000
COAL: LOCAL	5,763	6,170	3,557	4,100
EXPORT	5,113	6,612	4,521	5,340
PETROLEUM	11,311	9,681	9,605	11,500
TOFC/COFC	8,239	10,548	5,998	7,000
INTERLINE	12,786	10,514	9,194	10,800
MISCELLANEOUS LOCAL	9,291	12,366	10,028	11,630
TOTAL FREIGHT	55,547	59,671	45,522	55,370
PASSENGER: NORTH	2,890	3,300	2,693	2,900
SOUTH	84	645	979	1,030
OTHER	1,436	575	213	300
TOTAL PASSENGER	4,410	4,520	3,885	4,230
REAL ESTATE	5,100	4,080	4,071	4,971
ALL OTHER	6,000	4,920	5,708	6,429
TOTAL OTHER	11,100	9,000	9,779	11,400
TOTAL REVENUE	71,057	73,191	59,186	69,000

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR		SECOND QTR		THIRD QTR		FOURTH QTR	
	1986	1985	1986	1985	1986	1985	1986	1985
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	<u>37</u>	<u>18</u>	<u>50</u>	<u>17</u>	<u>50</u>	<u>27</u>	<u>37</u>	<u>26</u>
TOTAL	<u>656</u>	<u>634</u>	<u>816</u>	<u>814</u>	<u>747</u>	<u>755</u>	<u>645</u>	<u>634</u>

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	<u>FIRST QTR</u>		<u>SECOND QTR</u>		<u>THIRD QTR</u>		<u>FOURTH QTR</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
(1) CHIEF EXECUTIVE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	515	532	650	711	629	635	504	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	<u>37</u>	<u>18</u>	<u>50</u>	<u>17</u>	<u>50</u>	<u>27</u>	<u>37</u>	<u>26</u>
TOTAL	<u>661</u>	<u>634</u>	<u>809</u>	<u>814</u>	<u>790</u>	<u>755</u>	<u>650</u>	<u>634</u>

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOUSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS

SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u>		
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>	<u>%</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	<u>1,017</u>	<u>364</u>	<u>653</u>	<u>179</u>
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	<u>1,100</u>	<u>415</u>	<u>685</u>	<u>165</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- ° MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- ° RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- ° INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AND PROVISION FOR CASUALTY CLAIMS.
- ° OTHER INCREASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- ° DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 DEPARTMENT ANALYSIS

SUMMARY

	<u>1986 BUDGET</u>	<u>LATEST ESTIMATE</u>	<u>1985</u>	
			<u>VARIANCE</u>	<u>%</u>
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	<u>765</u>	<u>740</u>	<u>25</u>	<u>3</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.
- ° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.
- ° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.
- ° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION STRUCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME ADDITIONAL STAFF.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>CONTRACTUAL SERVICES</u>	<u>1986 BUDGET</u>	<u>1985 LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
MARKETING	920	433	487
HUMAN RESOURCES	805	50	755
ADMINISTRATION	<u>76</u>	<u>26</u>	<u>50</u>
TOTAL	<u>5,936</u>	<u>4,670</u>	<u>1,266</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.
- ° MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.
- ° HUMAN RESOURCES REFLECTS REALIGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>MATERIALS & SUPPLIES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
FINANCE	214	408	(194)
MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	<u>55</u>	<u>86</u>	<u>(31)</u>
TOTAL	<u>10,095</u>	<u>11,321</u>	<u>(1,226)</u>

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>RENTALS & UTILITIES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	4	2	2
OPERATIONS	1,011	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	<u>174</u>	<u>243</u>	<u>(69)</u>
TOTAL	<u>2,763</u>	<u>3,703</u>	<u>(940)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.
- ° INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>INSURANCE, CASUALTY EXPENSES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,271</u>	<u>1,117</u>	<u>1,154</u>

EXPLANATION OF MAJOR VARIANCES:

° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

<u>OTHER</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,117</u>	<u>779</u>	<u>1,338</u>

EXPLANATION OF MAJOR VARIANCES:

- ° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).
- ° MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986		1985 LATEST ESTIMATE	
	DOLLARS	PERSONNEL*	DOLLARS	PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,186	21	725	16
ADMINISTRATION	<u>460</u>	<u>8</u>	<u>385</u>	<u>7</u>
TOTAL	<u>39,984</u>	<u>727</u>	<u>36,827</u>	<u>713</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.
- ° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.
- ° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.
- ° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

* AVERAGE QUARTERLY TOTAL

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 CORPORATE OFFICE
 SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>50</u>	<u>0</u>	<u>50</u>
TOTAL	1,579	1,191	394
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,579</u>	<u>1,191</u>	<u>394</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.
- ° CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ADMINISTRATION
SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u> <u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	765	740	25
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>765</u>	<u>740</u>	<u>25</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 HUMAN RESOURCES
 SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u> <u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,186	725	461
CONTRACTUAL SERVICES	805	50	755
MATERIALS & SUPPLIES	54	29	25
RENTALS, UTILITIES	9	3	6
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>19</u>	<u>0</u>	<u>19</u>
TOTAL	2,074	807	1,267
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>2,074</u>	<u>807</u>	<u>1,267</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS REFLECT FULL YEAR EFFECT OF NEW ORGANIZATIONAL STRUCTURE TO INCLUDE INCREASE OF 3 NEW POSITIONS FOR APRIL-JUNE TIME FRAME.
- ° CONTRACTUAL SERVICES INCREASE DUE TO ACQUIRING RESPONSIBILITY FOR ALL TRAINING REQUIREMENTS, SAFETY EQUIPMENT PROGRAM, RELOCATION EXPENSES, AND SALARY ADMINISTRATION PROGRAM.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
OPERATIONS
SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u> <u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	32,073	30,333	1,740
CONTRACTUAL SERVICES	2,625	2,555	70
MATERIALS & SUPPLIES	9,611	10,480	(869)
RENTALS, UTILITIES	1,941	2,685	(744)
INSURANCE, CASUALTY, TAXES	2,266	1,117	1,149
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	48,516	47,170	1,346
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>48,516</u>	<u>47,170</u>	<u>1,346</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL INCREASE REFLECTS FULL YEAR MANNING LEVELS IN ALL DEPARTMENTS.
- ° MATERIALS AND SUPPLIES REDUCTION BASED ON INVENTORY REVALUATIONS.
- ° RENTALS AND UTILITIES PROJECTED SAVINGS RESULTING FROM NEW HEATING SYSTEMS.
- ° INSURANCE, CASUALTY, TAXES INCREASE DUE TO INSURANCE PREMIUMS AND CASUALTY LOSS CLAIMS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
MARKETING
SUMMARY

	<u>1986 BUDGET</u>	<u>1985 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,060	1,772	288
CONTRACTUAL SERVICES	920	433	587
MATERIALS & SUPPLIES	145	285	(140)
RENTALS, UTILITIES	140	19	121
INSURANCE, CASUALTY, TAXES	5	0	5
OTHER	<u>149</u>	<u>0</u>	<u>149</u>
TOTAL	3,417	2,509	908
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>3,417</u>	<u>2,509</u>	<u>908</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP DUE TO INCREASED SALES FORCE IN ANCHORAGE AND SEATTLE, PASSENGER SERVICES EXPANSION AND TRANSFER FROM TRANSPORTATION DEPARTMENT.
- ° CONTRACTUAL SERVICES UP 117% FOR FULL-SCALE MARKETING/ADVERTISING PROGRAM.
- ° UTILITIES INCREASE DUE TO MARKETING DEPARTMENT RELOCATING TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
CORPORATE COMMUNICATIONS
SUMMARY

	<u>1986 BUDGET</u>	<u>LATEST ESTIMATE</u>	<u>1985 VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	84	64	20
CONTRACTUAL SERVICES	148	55	93
MATERIALS & SUPPLIES	5	3	2
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	237	122	115
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>237</u>	<u>122</u>	<u>115</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL USAGES INCREASE DUE TO FULL YEAR OPERATIONS OF DIVISION.
- ° CONTRACTUAL SERVICES INCREASE DUE TO NEW PROGRAMS FOR SAFETY, RAILROAD POSTERS, ANNUAL REPORTS.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 CHIEF COUNSEL
 SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u> LATEST ESTIMATE	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	490	242	248
CONTRACTUAL SERVICES	514	567	(53)
MATERIALS & SUPPLIES	9	26	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	1,017	837	180
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,017</u>	<u>837</u>	<u>180</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP 102% DUE TO INCREASED STAFF TO INCLUDE ADDITIONAL ATTORNEYS FOR FULL YEAR, PARALEGAL ASSISTANCE, AND CLERICAL ASSISTANCE.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	<u>36,827</u>
VARIANCE	3,157

EXPLANATION OF VARIANCE:

		<u>%</u>
◦ WAGE ADJUSTMENT	\$1,000	32
◦ CURRENT WORK FORCE FULL YEAR MANNING	875	28
◦ ADDITIONAL STAFF*	750	23
◦ PENSION PLAN CONTRIBUTION	125	4
◦ ANTICIPATED HEALTH BENEFIT INCREASE	200	7
◦ STATE OF ALASKA UNEMPLOYMENT COMPENSATION	<u>200</u>	<u>6</u>
TOTAL	<u>\$3,150</u>	<u>100</u>

* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 DEPARTMENT ANALYSIS

SUMM .Y

	<u>1986 BUDGET</u>	<u>1985</u>		
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>	<u>%</u>
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	<u>765</u>	<u>740</u>	<u>25</u>	<u>3</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.
- ° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.
- ° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.
- ° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION STRUCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME ADDITIONAL STAFF.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS

SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u>		
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>	<u>%</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	<u>1,017</u>	<u>364</u>	<u>653</u>	<u>179</u>
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	<u>1,100</u>	<u>415</u>	<u>685</u>	<u>165</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- ° MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- ° RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- ° INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AND PROVISION FOR CASUALTY CLAIMS.
- ° OTHER INCREASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- ° DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	<u>36,827</u>
VARIANCE	3,157

EXPLANATION OF VARIANCE:

		<u>%</u>
◦ WAGE ADJUSTMENT	\$1,000	32
◦ CURRENT WORK FORCE FULL YEAR MANNING	875	28
◦ ADDITIONAL STAFF*	750	23
◦ PENSION PLAN CONTRIBUTION	125	4
◦ ANTICIPATED HEALTH BENEFIT INCREASE	200	7
◦ STATE OF ALASKA UNEMPLOYMENT COMPENSATION	<u>200</u>	<u>6</u>
TOTAL	<u>\$3,150</u>	<u>100</u>

* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 DETAIL ACCOUNT ANALYSIS

CONTRACTUAL SERVICES

1986 BUDGET	5,936
1985 ESTIMATE	<u>4,670</u>
VARIANCE	1,266

EXPLANATION OF VARIANCE:

		<u>%</u>
° MARKETING PLAN	\$ 500	40
° RELOCATION EXPENSES	150	12
° HOME SALES ASSISTANCE	100	8
° SALARY ADMINISTRATION PROGRAM	60	5
° DONATION	50	5
° TRAINING BUDGET	250	20
° MISCELLANEOUS	<u>150</u>	<u>10</u>
TOTAL	<u>\$1,260</u>	<u>100</u>

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 DETAIL ACCOUNT ANALYSIS
 INSURANCE, CASUALTY, TAXES

1986 BUDGET	2,271
1985 ESTIMATE	<u>1,117</u>
VARIANCE	1,154

EXPLANATION OF VARIANCE:

		<u>%</u>
° CASUALTY, PROPERTY, BOILER, ETC.	\$ 850	74
° LOSS & DAMAGE CLAIMS	200	17
° WORKERS COMPENSATION	<u>100</u>	<u>9</u>
TOTAL	<u>\$1,150</u>	<u>100</u>

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 CORPORATE OFFICE
 SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>50</u>	<u>0</u>	<u>50</u>
TOTAL	1,579	1,191	394
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,579</u>	<u>1,191</u>	<u>394</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.
- ° CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
FINANCE
SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	3,454	3,128	326
CONTRACTUAL SERVICES	753	934	(181)
MATERIALS & SUPPLIES	214	408	(194)
RENTALS, UTILITIES	495	751	(256)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>799</u>	<u>364</u>	<u>435</u>
TOTAL	5,715	5,585	130
DEBT SERVICE	<u>1,100</u>	<u>415</u>	<u>685</u>
GRAND TOTAL	<u>6,815</u>	<u>6,000</u>	<u>815</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL INCREASE DUE TO FULL MANNING LEVELS FOR 12 MONTHS AS A RESULT OF REORGANIZATION, FILLING VACANT POSITION, TAKEOVER OF CONTRACT WORK IN SYSTEMS.
- ° OTHER REFLECTS CONSOLIDATION OF FREIGHT EXPENDITURES UNDER THE PROCUREMENT AND SUPPLY DIVISIONS.
- ° DEBT SERVICE IS THE FULL YEAR EFFECT OF OUR 1985 LEVERAGED FINANCING PLUS 1985 PLANNED CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ADMINISTRATION
SUMMARY

	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	765	740	25
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>765</u>	<u>740</u>	<u>25</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION
 1986 OPERATING BUDGET SUMMARY
 (THOUSANDS OF DOLLARS)

	1986 <u>BUDGET</u>	1985 LATEST <u>ESTIMATE</u>	<u>VARIANCE</u>	
			<u>DOLLARS</u>	<u>%</u>
REVENUE	71,057	69,000	2,057	3
EXPENSE	<u>63,166</u>	<u>60,600</u>	(2,566)	(4)
SURPLUS (DEFICIT)	7,891	8,400	(509)	(6)
DEPRECIATION	<u>1,800</u>	<u>1,300</u>	<u>500</u>	38
NET INCOME (LOSS)	<u>6,091</u>	<u>7,100</u>	<u>(1,009)</u>	(14)

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	<u>FIRST QTR</u>		<u>SECOND QTR</u>		<u>THIRD QTR</u>		<u>FOURTH QTR</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	<u>37</u>	<u>18</u>	<u>50</u>	<u>17</u>	<u>50</u>	<u>27</u>	<u>37</u>	<u>26</u>
TOTAL	<u>656</u>	<u>634</u>	<u>816</u>	<u>814</u>	<u>747</u>	<u>755</u>	<u>645</u>	<u>634</u>

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOUSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986		1985 LATEST ESTIMATE	
	DOLLARS	PERSONNEL*	DOLLARS	PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,185	21	725	16
ADMINISTRATION	460	8	385	7
TOTAL	<u>39,984</u>	<u>727</u>	<u>36,827</u>	<u>713</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.
- ° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.
- ° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.
- ° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

* AVERAGE QUARTERLY TOTAL

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>CONTRACTUAL SERVICES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
MARKETING	920	433	487
HUMAN RESOURCES	805	50	755
ADMINISTRATION	<u>76</u>	<u>26</u>	<u>50</u>
TOTAL	<u>5,936</u>	<u>4,670</u>	<u>1,266</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.
- ° MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.
- ° HUMAN RESOURCES REFLECTS REALIGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>MATERIALS & SUPPLIES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
FINANCE	214	408	(194)
MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	<u>55</u>	<u>86</u>	<u>(31)</u>
TOTAL	<u>10,095</u>	<u>11,321</u>	<u>(1,226)</u>

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

<u>RENTALS & UTILITIES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	4	2	2
OPERATIONS	1,941	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	<u>174</u>	<u>243</u>	<u>(69)</u>
TOTAL	<u>2,763</u>	<u>3,703</u>	<u>(940)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.
- ° INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>INSURANCE, CASUALTY EXPENSES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,271</u>	<u>1,117</u>	<u>1,154</u>

EXPLANATION OF MAJOR VARIANCES:

- ° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAILROAD CORPORATION
 1986 SPENDING PLAN
 ACCOUNT ANALYSIS
 SUMMARY

<u>OTHER</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,117</u>	<u>779</u>	<u>1,338</u>

EXPLANATION OF MAJOR VARIANCES:

- ° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).
- ° MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION



**1987
APPROVED
OPERATING
AND
CAPITAL BUDGET**



EXHIBIT J

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OPERATING AND CAPITAL BUDGET SUMMARY

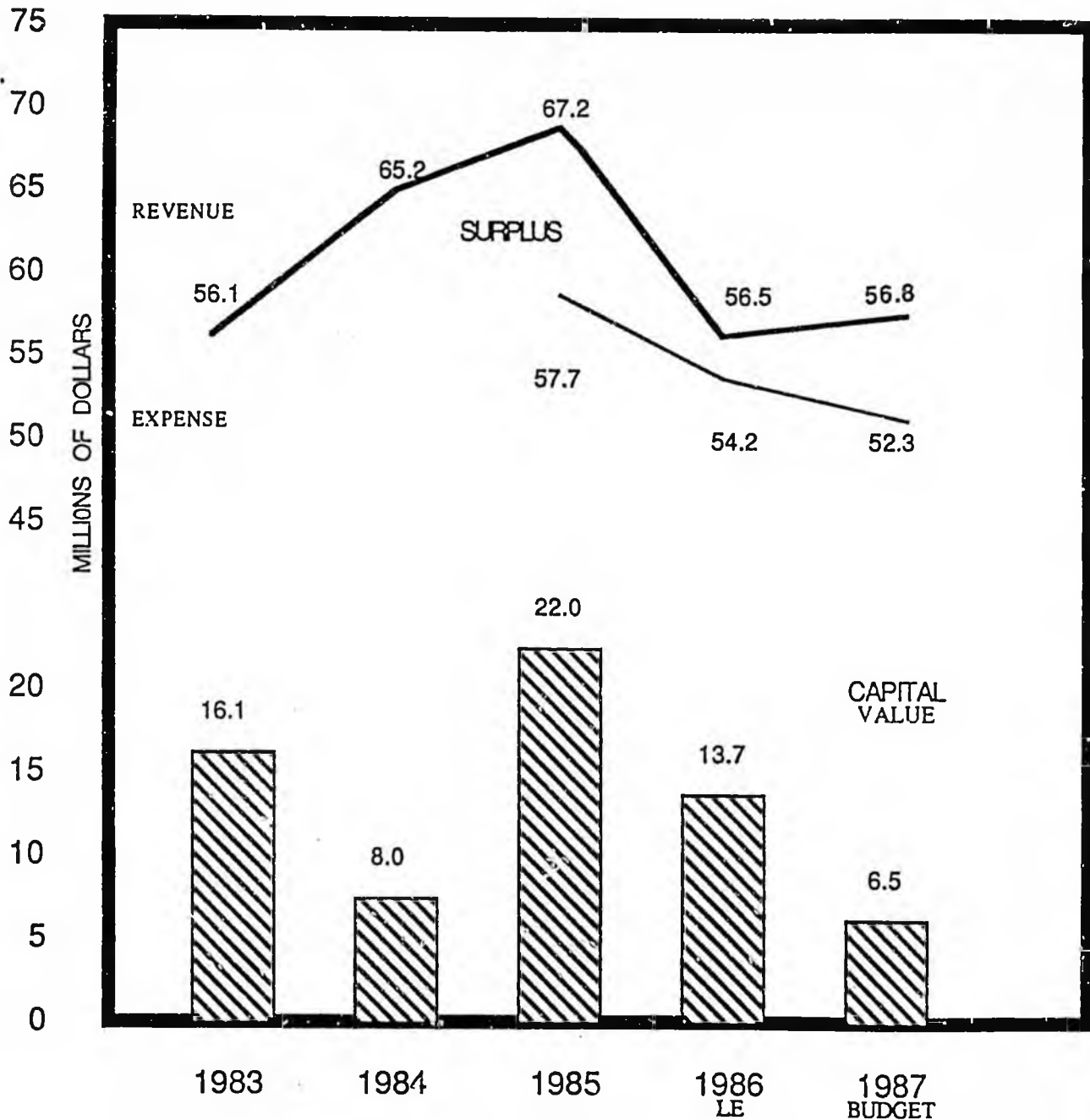
ALASKA RAILROAD CORPORATION
1987 OPERATING AND CAPITAL BUDGET SUMMARY

(\$ 000's)

REVENUE	\$ 56,760
EXPENSE	56,406
<u>NET INCOME (LOSS) FROM OPERATIONS</u>	<u>354</u>
ADD BACK NON-CASH ITEMS	<u>4,620</u>
CASH GENERATED FROM OPERATIONS	4,974
CAPITAL BUDGET CASH REQUIREMENTS	<u>4,620</u>
<u>CASH SURPLUS/DEFICIT. 1987</u>	<u>354</u>

ALASKA RAILROAD CORPORATION

REVENUE, EXPENSE, & CAPITAL



NOTE; Excludes Depr. & Bad
Debt Reserves

ALASKA RAILROAD CORPORATION
 1987 Projected Income Statement
 (\$ 000's)

	<u>1987 Budget</u>	<u>1986 Latest Estimate</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percentage</u>
<u>REVENUES:</u>				
Railroad	45,600	45,200	400	0.9
Other	11,160	11,300	(140)	(1.2)
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TOTAL	56,760	56,500	260	0.4
<u>COST AND EXPENSES</u>				
Railroad	39,580	42,524	(2,944)	(6.9)
Other	12,746	10,976	1,770	16.1
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	52,326	53,500	(1,174)	(2.1)
Bad Debt Reserve	480	600	(120)	(20.0)
Depreciation	3,600	2,400	1,200	50.0
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSE	56,406	56,500	(94)	(0.1)
<u>NET INCOME (LOSS)</u>	<u>354</u>	<u>0</u>	<u>354</u>	N/A

December 18, 1986

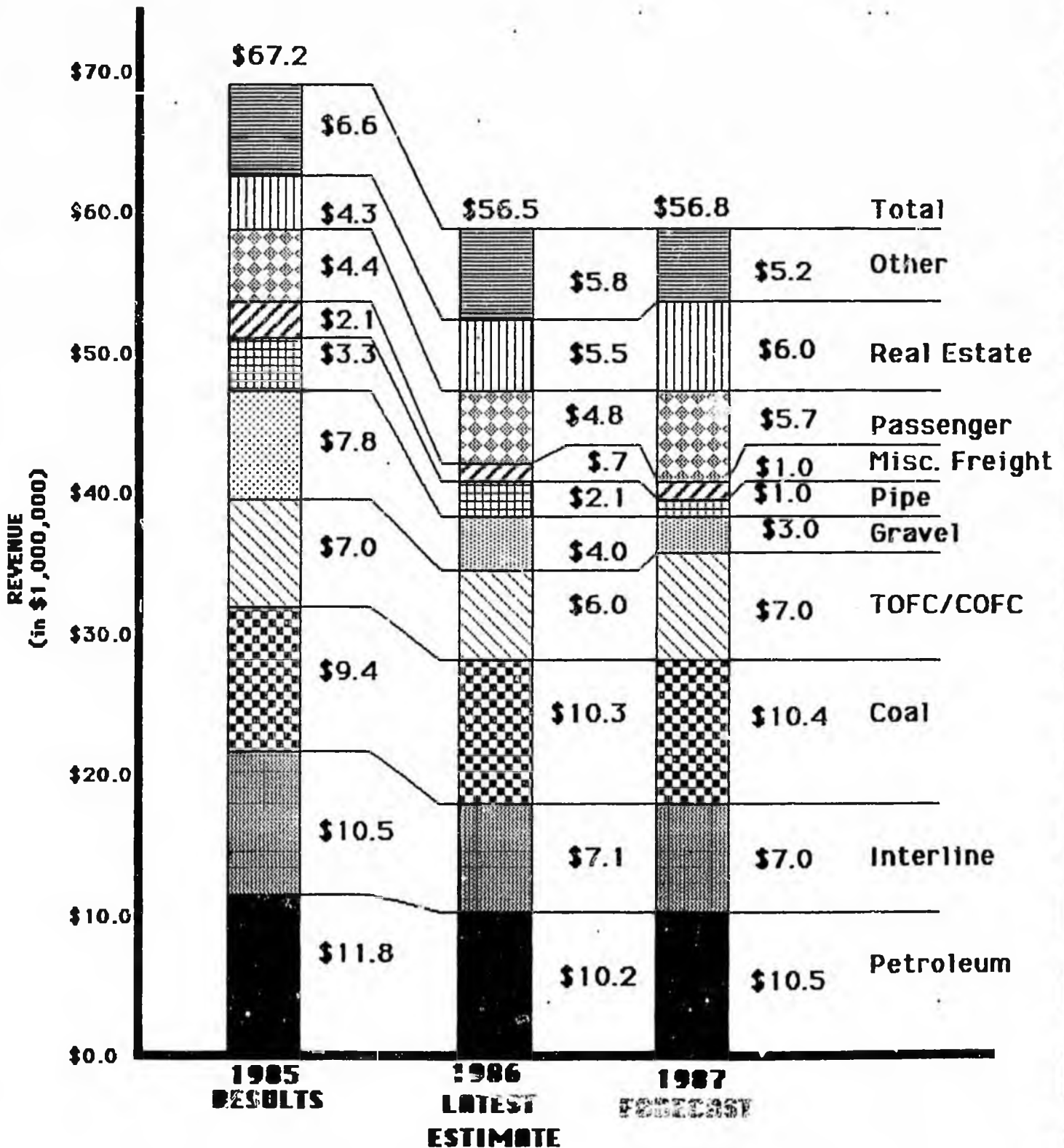
INCOME, REVENUE AND EXPENSE STATEMENTS

ALASKA RAILROAD CORPORATION
 Revenues By Commodity
 1987 Revenue Budget
 (000's)

<u>Commodity</u>	<u>1987 Budget</u>	<u>1986 Latest Estimate</u>	<u>Variance</u>	
			<u>Dollar</u>	<u>%</u>
Pipe	1,000	2,125	(1,125)	(52.9)
Coal: Local	4,800	4,575	225	4.9
Export	5,600	5,700	(100)	(1.8)
Petroleum	10,500	10,200	300	2.9
Gravel	3,000	4,050	(1,050)	(25.9)
TOFC/COFC	7,000	6,000	1,000	16.6
Interline	7,000	7,050	(50)	(0.7)
Miscellaneous	1,000	700	300	42.9
TOTAL FREIGHT	39,900	40,400	(500)	(1.2)
Passenger:				
North Bound	3,300	2,700	600	22.2
South Bound	2,200	1,900	300	15.8
Charters, etc	200	200	0	0.0
TOTAL PASSENGER	5,700	4,800	900	18.8
Real Estate	6,000	5,500	500	9.1
Freight Related	662	540	122	22.6
All Other	4,498	5,260	(762)	(14.5)
TOTAL OTHER	11,160	11,300	(140)	(1.2)
TOTAL REVENUE	56,760	56,500	260	0.4

December 18, 1986

ALASKA RAILROAD CORPORATION REVENUE SOURCES



DECEMBER 16, 1986

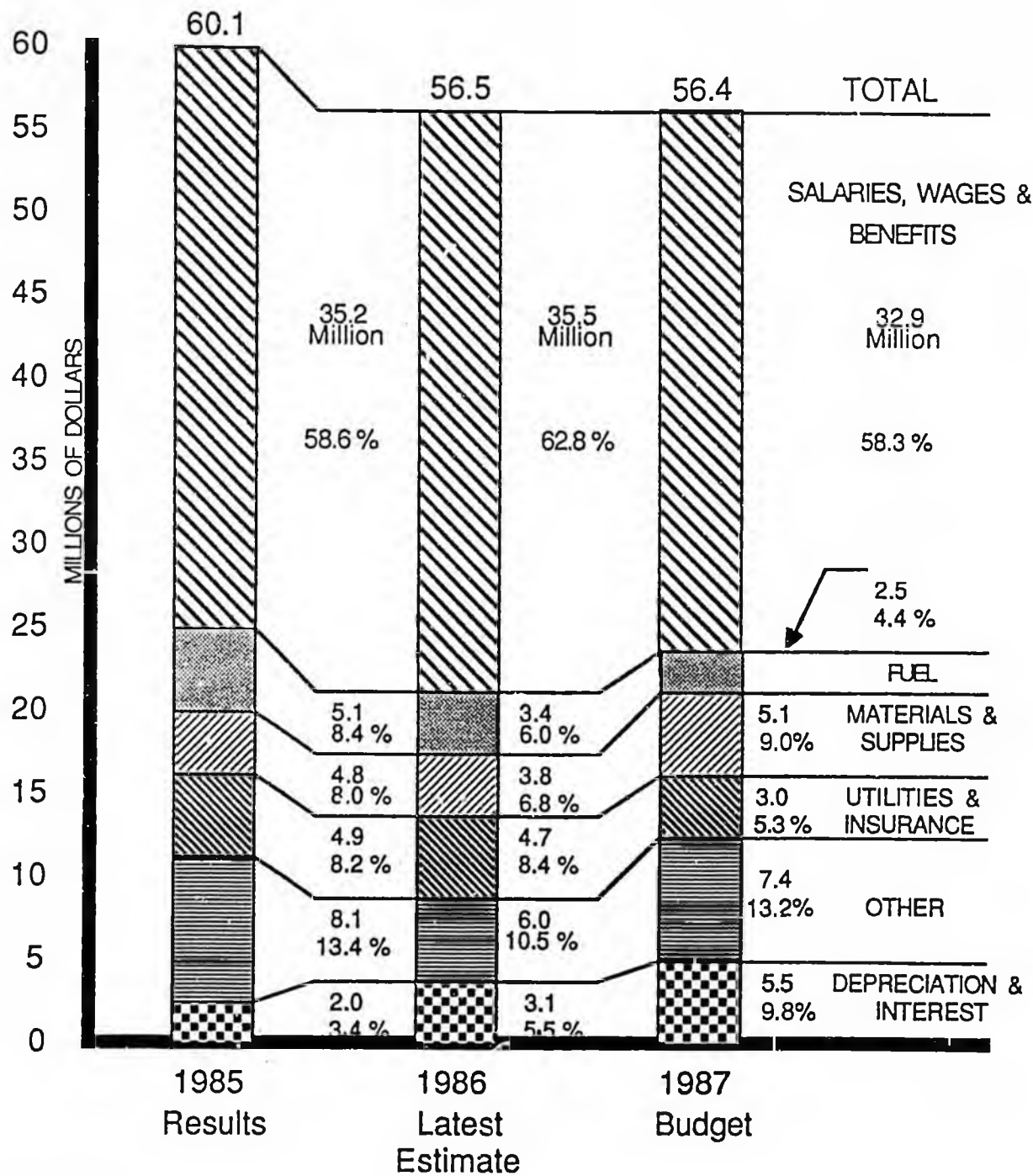
ALASKA RAILROAD CORPORATION
 1987 Expense Budget Performance Analysis
 (\$ 000 's)

<u>DEPARTMENT</u>	<u>1987 BUDGET</u>	<u>1986 Latest Estimate</u>	<u>Dollar Variance</u>	<u>Percentage</u>
<u>Railroad</u>				
Transportation	13,990	15,200	(1,210)	(8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	(51)	(0.4)
Operations Staff	2,701	2,774	(73)	(2.6)
TOTAL RAILROAD	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>	<u>(6.5)</u>
<u>General & Administrative</u>				
Corporate Office	525	625	(100)	(16.0)
Finance	4,599	5,120	(521)	(10.2)
Marketing	2,704	3,000	(296)	(10.0)
Administration	625	686	(61)	(8.9)
Human Resources	1,203	1,500	(297)	(19.8)
General Counsel	855	919	(64)	(7.0)
TOTAL G & A	<u>10,511</u>	<u>11,850</u>	<u>(1,339)</u>	<u>(11.3)</u>
<u>Corporate Overhead</u>				
Bad Debt Reserve	480	600	(120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	<u>6,315</u>	<u>2,126</u>	<u>4,189</u>	<u>197.0</u>
<u>TOTAL</u>	<u>56,406</u>	<u>56,500</u>	<u>(94)</u>	<u>(0.1)</u>

December 18, 1986

ALASKA RAILROAD CORPORATION

EXPENSE CATEGORIES



12-10-86

MANPOWER BUDGET

ALASKA RAILROAD CORPORATION
MANNING VARIANCE ANALYSIS
1984 - 1987

<u>Division</u>	<u>1984 Average Manning</u>	<u>1985 Average Manning</u>	<u>1986 Average Manning</u>	<u>1987 Average Manning</u>
President & CEO	9	6	4	2
Chief Counsel	4	3	7	6
Operations	586	606	564	483
Administration	7	8	8	8
Human Resources	11	12	19	15
Finance	69	67	64	62
Marketing	14	18	30	34
	—	—	—	—
TOTAL	<u>700</u>	<u>720</u>	<u>696</u>	<u>610</u>

12-2-86

DEPARTMENTAL BUDGETS

ALASKA RAILROAD CORPORATION
 1987 OPERATING BUDGET SUMMARY
 (THOUSANDS OF DOLLARS)

	1987 PROPOSED <u>BUDGET</u>	1986 LATEST <u>ESTIMATE</u>	<u>VARIANCE</u>	
			<u>DOLLARS</u>	<u>%</u>
REVENUE	56,760	56,500	260	0.4
EXPENSE	<u>52,326</u>	<u>53,500</u>	<u>(1,174)</u>	<u>(2.1)</u>
SURPLUS (DEFICIT)	4,434	3,000	1,434	47.8
BAD DEBT RESERVE	480	600	(120)	(20.0)
DEPRECIATION	<u>3,600</u>	<u>2,400</u>	<u>1,200</u>	<u>50.0</u>
NET INCOME (LOSS)	<u>354</u>	<u>0</u>	<u>354</u>	<u>N/A</u>

ALASKA RAILROAD CORPORATION
1987 SPENDING BUDGET

SUMMARY
(\$000'S)

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE	
			DOLLARS	%
CORPORATE OFFICE	525	625	(100)	(16.0)
OPERATIONS	39,580	42,524	(2,944)	(6.5)
FINANCE	4,599	5,120	(521)	(10.2)
MARKETING	2,704	3,000	(296)	(10.0)
ADMINISTRATION	625	686	(61)	(8.9)
HUMAN RESOURCES	1,203	1,500	(297)	(19.8)
GENERAL COUNSEL	855	919	(64)	(7.0)
CORPORATE OVERHEAD				
BAD DEBT RESERVE	480	600	(120)	(20.0)
DEPRECIATION	3,600	2,400	1,200	50.0
INTEREST EXPENSE	1,920	726	1,194	164.5
MISCELLANEOUS	<u>315</u>	<u>(1,600)</u>	<u>1,915</u>	<u>N/A</u>
TOTAL	<u>56,406</u>	<u>56,500</u>	<u>(94)</u>	<u>(0.1)</u>

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ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	264	349	(85)
CONTRACTUAL SERVICES	235	237	(2)
MATERIALS & SUPPLIES	11	11	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>15</u>	<u>28</u>	<u>(13)</u>
TOTAL	525	625	(100)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>525</u>	<u>625</u>	<u>(100)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTION REFLECTS RE-ASSIGNMENT OF SECRETARIAL SUPPORT FROM CEO TO ADMINISTRATION.
- OTHER EXPENSES REFLECT REDUCED FUNDING FOR CONTRIBUTIONS.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

CORPORATE OFFICE DECREASE IS DUE TO REASSIGNMENT OF SECRETARIAL ASSISTANTS TO THE ADMINISTRATION DEPARTMENT. FURTHER DECREASES ARE BUDGETED IN AREAS OF TRAVEL, PARTICULARLY OVERSEAS SINCE COAL CONTRACT NEGOTIATIONS WITH SUNEEL HAS NOW BEEN COMPLETED. ADDITIONALLY, SUPPORT OF THE UNITED WAY CAMPAIGN FOR 1987 IS BUDGETED AT \$15,000 WHICH IS A REDUCTION OF \$5,000 FROM THE 1986 SUPPORT LEVEL.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	264	349	(85)
CONTRACTUAL SERVICES	235	237	(2)
MATERIALS & SUPPLIES	11	11	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>15</u>	<u>28</u>	<u>(13)</u>
TOTAL	525	625	(100)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>525</u>	<u>625</u>	<u>(100)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTION REFLECTS RE-ASSIGNMENT OF SECRETARIAL SUPPORT FROM CEO TO ADMINISTRATION.
- OTHER EXPENSES REFLECT REDUCED FUNDING FOR CONTRIBUTIONS.

OPERATIONS DIVISION
1987 OPERATING BUDGET

THE OPERATIONS DIVISION HAS BUDGETED FUNDS TO PROVIDE A COMPLETE RANGE OF SERVICES BASED ON THE 1987 REVENUE FORECAST. THE DIVISION IS COM-
PRISED OF THE TRANSPORTATION, MP&E, ENGINEERING DEPARTMENTS, AND THE
VICE PRESIDENT OF OPERATION'S STAFF.

THE DIVISION'S BUDGETED AVERAGE MONTHLY MANPOWER IS 483 WHICH IS A
REDUCTION OF AN AVERAGE OF 80 EMPLOYEES PER MONTH FROM 1986. THIS RE-
DUCTION ALONG WITH OTHER COST CUTTING MEASURES HAS RESULTED IN A PRO-
POSED 1987 OPERATING BUDGET OF \$39,580,000. THIS BUDGET REPRESENTS
AN ESTIMATED REDUCTION OF \$2,944,000 FROM 1986 ACTUAL EXPENDITURES.
THE 1986 ACTUAL EXPENDITURES HAVE BEEN ADJUSTED FOR THE EXTRAORDINARY
EXPENSE RELATED TO THE OCTOBER FLOOD. HIGHLIGHTS OF THE BUDGET ARE
AS FOLLOWS:

	PROPOSED 1987	ESTIMATED 1986
V.P OF OPERATIONS STAFF	\$ 2,700,000	\$2,774,000
TRANSPORTATION DEPT.	\$13,990,000	\$15,211,000
MP& E DEPT.	\$10,890,00	\$12,474,000
ENGINEERING DEPT.	\$12,000,000	\$12,065,000

A DETAIL ACCOUNT OF THE PROPOSED 1987 OPERATING BUDGET IS PROVIDED
FOR EACH DEPARTMENT WITHIN THE OPERATIONS DIVISION.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
OPERATIONS
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE*</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	26,582	29,013	(2,431)
CONTRACTUAL SERVICES	2,879	3,117	(238)
MATERIALS & SUPPLIES	6,723	6,824	(101)
RENTALS, UTILITIES	1,588	1,584	4
INSURANCE, CASUALTY	1,808	1,986	(178)
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	39,580	42,524	(2,944)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL REDUCTION REFLECTS REDUCED MANPOWER.
- ° CASUALTY LOSSES ARE EXPECTED TO BE LOWER IN 1987.
- ° MATERIAL AND SUPPLIES REFLECT A SMALLER SUMMER WORK PROGRAM.

* EXPENSES ADJUSTED DOWNWARD TO REFLECT IMPACT OF FLOOD DISASTER.

FINANCE DEPARTMENT
1987 OPERATING BUDGET

THE FINANCE DEPARTMENT CONSISTS OF ACCOUNTING, MANAGEMENT INFORMATION SYSTEMS, REAL ESTATE, PROCUREMENT, SUPPLY AND CORPORATE PLANNING (FINANCIAL SERVICES). THE DEPARTMENT CONSISTS OF 62 PERSONNEL REFLECTING A FURTHER DECREASE OF 3 PROFESSIONAL STAFF POSITIONS FROM THE PREVIOUS YEAR.

IN THE PREVIOUS YEAR, THE DEPARTMENT IMPLEMENTED AND INSTALLED THE REMAINDER OF CRITICAL FINANCIAL MANAGEMENT INFORMATION SYSTEMS, DESIGNED AND BEGAN IMPLEMENTATION OF A CAR ACCOUNTING SYSTEM, DATA BASE MANAGEMENT SYSTEM AND PROVIDED STAFF AND TECHNICAL SUPPORT TO THE GROWING PERSONAL COMPUTER BASE AT ARRC. THESE PROGRAMS WILL CONTINUE WITH THE NEXT PHASE OF THE CAR ACCOUNTING SYSTEM AND CONTINUED EXPANSION OF THE DATA BASE INTEGRATION THROUGHOUT THE YEAR.

THE REAL ESTATE DIVISION IMPLEMENTED AN AUTOMATED LAND DATA BASE SYSTEM AND WILL CONTINUE TO UPGRADE THE INTEGRITY OF THIS SYSTEM IN THE COMING YEAR. ADDITIONALLY, 105 PARCELS OF REAL ESTATE WILL BE RE-APPRAISED UNDER THE NEW MASTER LEASE POLICY. THIS PROCESS WILL RESULT IN A HEALTHY INCREASE IN REAL ESTATE INCOME AS REFLECTED IN THE REVENUE BUDGET.

ACCOUNTING CONTINUED TO IMPLEMENT THE NECESSARY PROCEDURES AND POLICIES TO BRING THE RAILROAD IN COMPLIANCE WITH GAAP AND TO IMPLEMENT THE NEW, UPDATED VERSIONS OF THE ACCOUNTING SYSTEMS. AGGRESSIVE COLLECTION OF ALL ACCOUNTS RECEIVABLE WILL CONTINUE TO BE AN AREA OF EMPHASIS.

FINANCIAL SERVICES DISPOSED OF OVER \$1,000,000.00 OF SCRAP DURING THE PAST YEAR AND EXPECTS TO CONTINUE AT THIS PACE DURING THE BUDGETED YEAR. NEARLY \$7.0 MILLION IN EQUIPMENT WAS FINANCED AND OVER \$7.0 MILLION OF OPERATING FUNDS WAS PROVIDED. MAJOR CONTRACTS CONCLUDED DURING THE YEAR INCLUDED WESTOURS FOR OPERATION OF LUXURY PASSENGER SERVICES, REBUILD OF 6 GP-38/3 LOCOMOTIVES, EQUIPMENT CONTRACTS AND OTHER CONTRACTS OF A SIMILAR NATURE. PROCUREMENT EXPECTS TO FULLY IMPLEMENT THE NEW AUTOMATED PURCHASE ORDER MODULE OF MSA DURING THE COMING YEAR, BRING ARRC INTO COMPLIANCE WITH STATE LAW REGARDING PROCUREMENT PRACTICES AND STREAMLINE ITS ACTIVITIES.

ALASKA RAILROAD CORPORATION
 1987 SPENDING PLAN
 FINANCE
 SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,979	3,267	(288)
CONTRACTUAL SERVICES	980	1,224	(244)
MATERIALS & SUPPLIES	640	624	16
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>5</u>	<u>(5)</u>
TOTAL	4,599	5,120	(521)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>4,599</u>	<u>5,120</u>	<u>(521)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COST DECREASE REFLECTS FULL YEAR EFFECT OF ELIMINATION OF 3 PROFESSIONAL STAFF POSITIONS AND ASSOCIATED COSTS.
- ° CONTRACTUAL SERVICES REFLECTS WIND DOWN OF MSA ACCOUNTING SYSTEM INSTALLATION AND REMOVAL OF THE BURROUGH'S COMPUTER.

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ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
MARKETING
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,230	1,411	(181)
CONTRACTUAL SERVICES	1,352	1,429	(77)
MATERIALS & SUPPLIES	60	60	0
RENTALS, UTILITIES	62	100	(38)
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	2,704	3,000	(296)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>2,704</u>	<u>3,000</u>	<u>(296)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL REDUCTIONS REFLECT VACANT SALES POSITION.
- ° OUTSIDE SERVICES COMPRISED OF COMMISSION TICKET SALES, WHITTIER BUS RENTALS, COACH/CABOOSE CLEANING, CATERING; DECREASE DUE TO REDUCTION OF ADVERTISING CONTRACT.
- ° RENTALS DECREASE IS DUE TO RELOCATION OF THE MARKETING STAFF TO THE VACANT OFFICE SPACE IN THE GENERAL OFFICE BUILDING.

ADMINISTRATION DEPARTMENT
1987 OPERATING BUDGET

THE ADMINISTRATION DEPARTMENT BUDGET INCLUDES ALL COSTS ASSOCIATED WITH THE ARRC BOARD OF DIRECTORS, DEVELOPMENT OF ADMINISTRATIVE POLICIES, SUPPORT SERVICES PROVIDED TO THE EXECUTIVE OFFICES, AND ADMINISTRATIVE SERVICES PROVIDED TO THE CORPORATION. ADMINISTRATIVE SERVICES INCLUDES OPERATION OF THE PRINT SHOP FACILITY AS WELL AS DECENTRALIZED COPY EQUIPMENT, MAIL OPERATIONS CENTER, OFFICE AUTOMATION, AND MANAGEMENT OF THE VEHICLE FLEET. OTHER SERVICES INCLUDE RECORDS MANAGEMENT AND FORMS MANAGEMENT.

THE ADMINISTRATION DEPARTMENT CONSISTS OF SEVEN EMPLOYEES WHICH IS A DECREASE OF TWO FROM THE 1986 MANNING LEVEL. BOARD OF DIRECTORS' EXPENSES ARE ESTIMATED AT \$48,000 FOR THE YEAR WHICH INCLUDES ALL COMPENSATION, TRAVEL AND PER DIEM, AND OTHER RELATED EXPENSES. GENERAL AND EXECUTIVE ADMINISTRATIVE SUPPORT EXPENSES WHICH INCLUDES BOARD SUPPORT ARE ESTIMATED AT \$392,000 WHILE PRINT SHOP EXPENSES SUPPORTED BY ONE OPERATOR ARE ESTIMATED AT \$106,000 AND MAIL OPERATIONS EXPENSES SUPPORTED BY ONE MESSENGER AND INCLUDES ALL POSTAGE EXPENSE FOR THE CORPORATION AT \$78,000. THE ACTIVITY LEVELS OF THE VARIOUS RAILROAD DEPARTMENTS AFFECTS THE ACTIVITY LEVEL FOR ADMINISTRATIVE SERVICES BECAUSE OF THE NATURE OF SERVICE PROVIDED.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
ADMINISTRATION
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	388	367	21
CONTRACTUAL SERVICES	209	272	(63)
MATERIALS & SUPPLIES	28	47	(19)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	625	686	(61)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>625</u>	<u>686</u>	<u>(61)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COST DECREASE REFLECTS RE-ASSIGNMENT OF SECRETARIAL POSITIONS FROM CEO TO ADMINISTRATION AND PERSONNEL CUTS.
- ° OUTSIDE SERVICES DECREASE REFLECTS MOVING RESPONSIBILITY FOR BUDGETING ALL COMPUTER TYPE EQUIPMENT FROM ADMINISTRATION TO INFORMATION SYSTEMS.
- ° MATERIALS AND SUPPLIES REFLECTS A DECREASE DUE TO A ONE TIME ONLY PROJECT COMPLETED IN 1986.

HUMAN RESOURCES DEPARTMENT
1987 OPERATING BUDGET

THE HUMAN RESOURCES DEPARTMENT IS STAFFED AND BUDGETS FUNDS TO PROVIDE A FULL RANGE OF HUMAN RESOURCE SERVICES INCLUDING RECRUITMENT, EMPLOYMENT, LABOR RELATIONS, AFFIRMATIVE ACTION, HEALTH, SAFETY AND ENVIRONMENT, AND ORGANIZATION, COMPENSATION AND BENEFITS TO THE PRESIDENT AND CEO AND HIS STAFF.

THE HUMAN RESOURCES STAFF IS COMPRISED OF 15 PEOPLE UNTIL 6/30/87 AT WHICH TIME IT WILL BE REDUCED TO 14 WHICH REPRESENTS A DECLINE OF SIX ACTUAL PERSONNEL FROM THE 1986 MANNING LEVEL. THE OPERATING BUDGET FOR 1987 IS \$1,201,000. HIGHLIGHTS OF THE BUDGET ARE AS FOLLOWS:

SALARIES AND BENEFITS AMOUNT TO 68% OF THE BUDGET. AN ESTIMATED 240 PERIODIC AND 150 SEASONAL PRE-EMPLOYMENT PHYSICALS WILL COST \$72,000. SUPERVISORY AND SAFETY TRAINING IS ESTIMATED AT \$41,000. THE SAFETY AWARDS PROGRAM IS BUDGETED FOR \$50,000. THIS REPRESENTS MERIT AND BRONZE AWARDS FOR A MAJORITY OF RAILROAD EMPLOYEES IN 1987. A MORE DETAILED ACCOUNT OF THE BUDGET IS SET OUT FOR EACH SECTION OF THE HUMAN RESOURCES DEPARTMENT.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
HUMAN RESOURCES
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	905	1,147	(242)
CONTRACTUAL SERVICES	212	220	(8)
MATERIALS & SUPPLIES	86	133	(47)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	1,203	1,500	(297)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,203</u>	<u>1,500</u>	<u>(297)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS ELIMINATION OF 6 POSITIONS.

GENERAL COUNSEL'S OFFICE
1987 OPERATING BUDGET

THE GENERAL COUNSEL'S OFFICE IS STAFFED AND BUDGETS FUNDS TO PROVIDE A FULL RANGE OF LEGAL SERVICES FOR THE CORPORATION THAT ARE NEEDED IN A MULTITUDE OF AREAS, INCLUDING COMMERCIAL, FINANCIAL, CORPORATE, REGULATORY, ENVIRONMENTAL, FEDERAL CONVEYANCING, NATIVE LAND CLAIMS, PERSONNEL, LABOR LAW, TRANSPORTATION, LEGISLATIVE INTERPRETATION AND IMPLEMENTATION, WORKERS COMPENSATION, FREIGHT CLAIMS, PERSONAL INJURY AND PROPERTY DAMAGE.

FOR FISCAL 1987 THE GENERAL COUNSEL'S OFFICE STAFF WILL BE COMPRISED OF 6 PEOPLE. THE OPERATING BUDGET FOR 1987 IS \$855,000.00. HIGHLIGHTS OF THE BUDGET ARE AS FOLLOWS:

SALARIES AND BENEFITS AMOUNT TO 41% OF THE BUDGET. AN ESTIMATED 53% OF THE BUDGET IS FOR CONTRACTUAL SERVICES, TRAVEL, LAW LIBRARY, SUPPLIES AND EDUCATION/TRAINING COMPRISES THE REMAINING 6% OF THE 1987 BUDGET. A MORE DETAILED ACCOUNT OF THE BUDGET IS SET OUT FOR EACH CATEGORY OF THE GENERAL COUNSEL'S OFFICE BUDGET.

ALASKA RAILROAD CORPORATION
 1987 SPENDING PLAN
 GENERAL COUNSEL
 SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	367	414	(47)
CONTRACTUAL SERVICES	484	501	(17)
MATERIALS & SUPPLIES	4	4	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	855	919	(64)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>855</u>	<u>919</u>	<u>(64)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECTS ELIMINATION OF GENERAL ATTORNEY POSITION.
- CONTRACTUAL SERVICES DECREASE REFLECTS REDUCED OUTSIDE ATTORNEY EXPENSES.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OVERHEAD
SUMMARY

CORPORATE OVERHEAD INCREASES ARE DUE TO LARGER DEBT SERVICE REQUIREMENTS
AND INCREASED ASSET BASE FOR DEPRECIATION.

CAPITAL BUDGETS