



100 years of Delivering for Alaska – The Alaska Railroad Past, Present, and Future

Bill O’Leary, President and CEO, Alaska Railroad Corporation

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PAST





➤ Alaska Engineering Commission

- 1914: Congress empowered President Woodrow Wilson to locate, construct, and operate a railroad in Alaska
 - Purpose: open Alaska Territory for economic development
- 1915: Federal Government purchased Northern Railway for \$1.2 million
- 1917: Federal Government purchased Tanana Valley Railroad, a narrow gauge northwest of Fairbanks, for \$300,000
- 1923: President Harding drove the golden spike when northern and southern ends of the railroad joined in Nenana
 - Railroad linked tidewater to the interior
 - Estimated cost of construction \$35 million



➤ Anchorage established as Railroad headquarters



Terminal buildings and first office buildings in Anchorage



Railroad camp on Turnagain Arm near Anchorage

Quick Facts

Organization (following State purchase)

- Independent corporation owned by State
- Managed by a seven-member board of directors appointed by Governor
- Mandated to be self-sustaining, responsible for financial and legal obligations

Operating Data

- 656 total miles of track
- 682 freight revenue railcars
- 45 passenger cars
- 51 locomotives + 2 power cars
- Rail Yards: Anchorage, Fairbanks, Seward and Whittier

Operating Statistics

- ~Half a million passengers
- 3.7 million tons of freight (2022)

Employees

- 609 full time year-round employees
- 90+% resident hire
- 71% are members of 5 unions



In 1985, the State of Alaska bought the Alaska Railroad for \$22 million, becoming the railroad's official owner, and remaining so to this day.

PRESENT



➤ We're on a mission

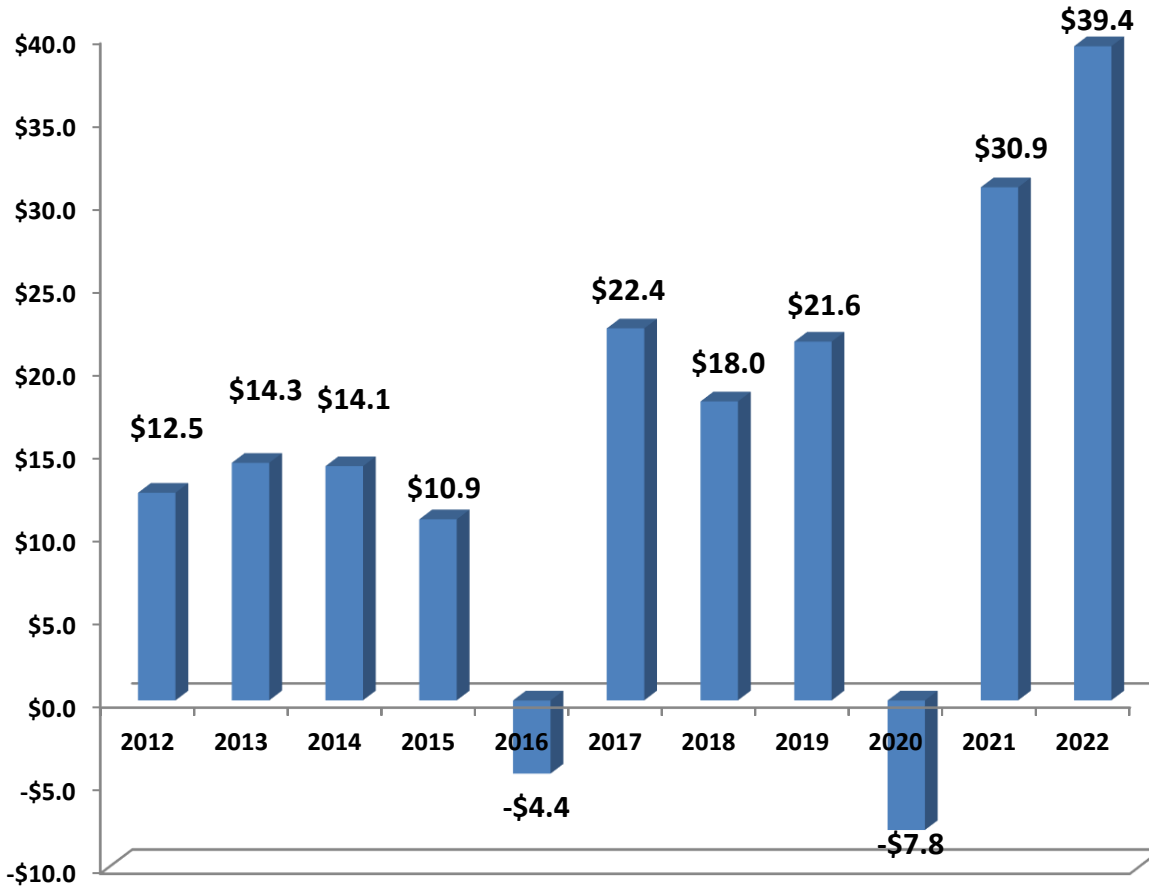
Through excellent customer service and sound business management practices, provide safe, efficient, and economical transportation and real estate services that support and grow economic development opportunities for the State of Alaska.



ARRC is the nation's longest regional and short-line railroad

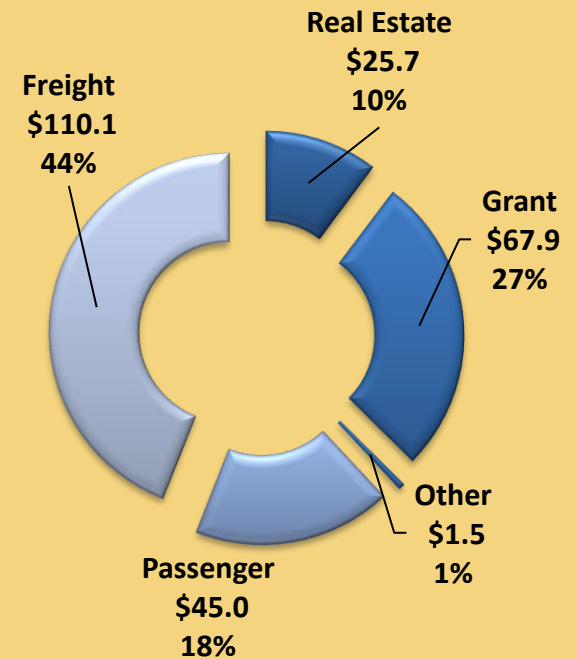
Net Income and Revenue Sources

ARRC Net Income

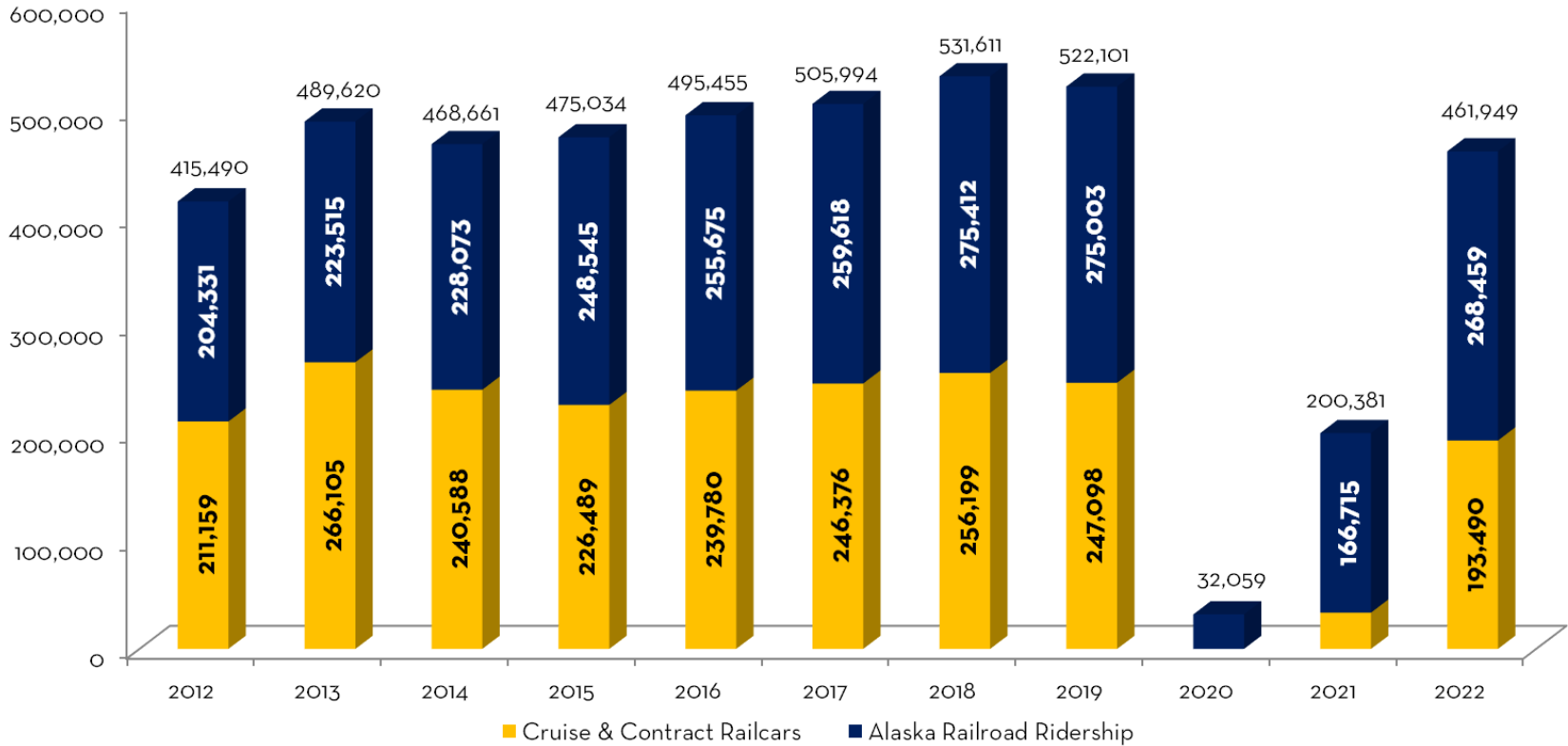


2022 Revenue Sources

(in millions of dollars)

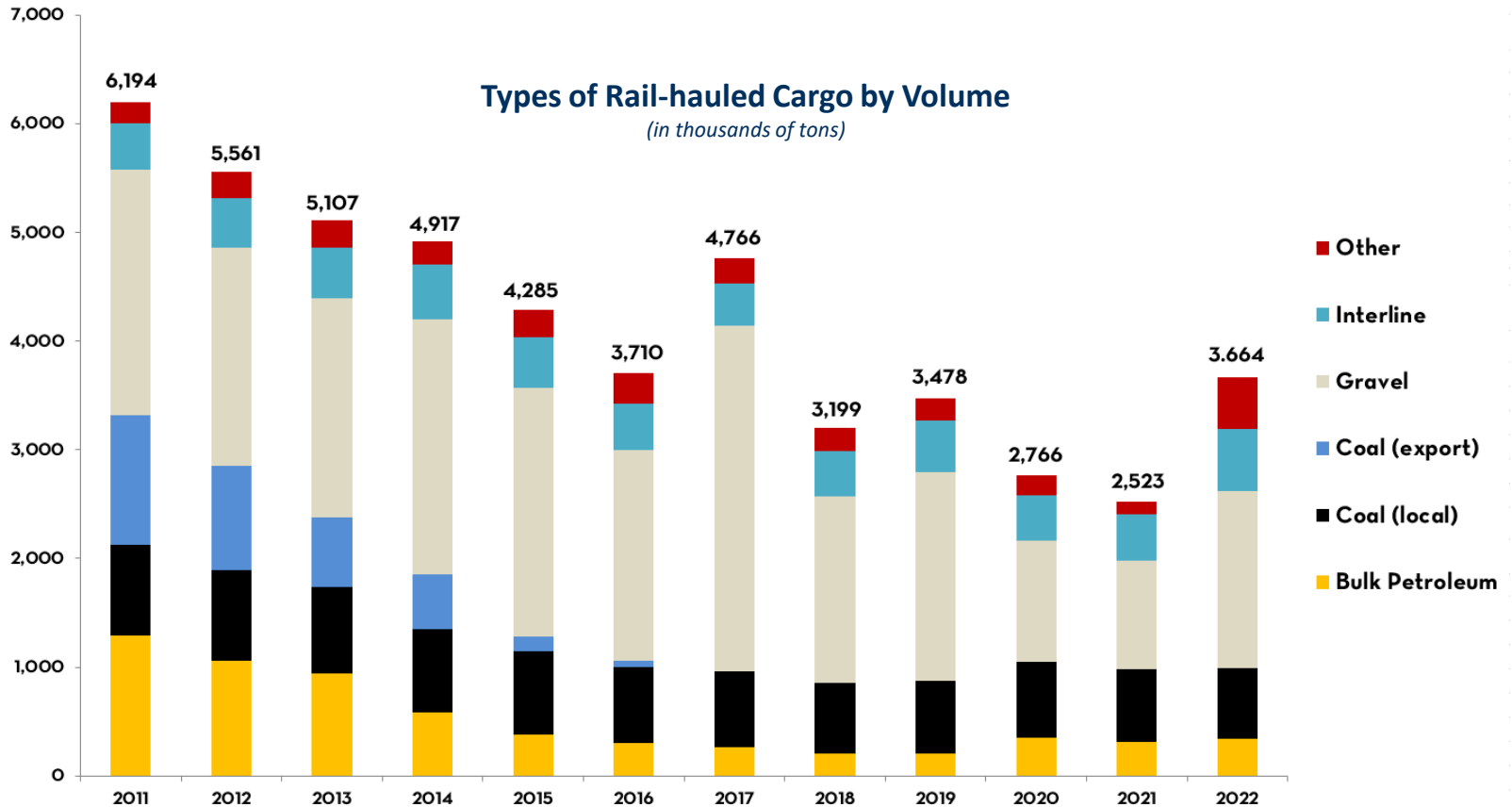


➤ Passenger Operations





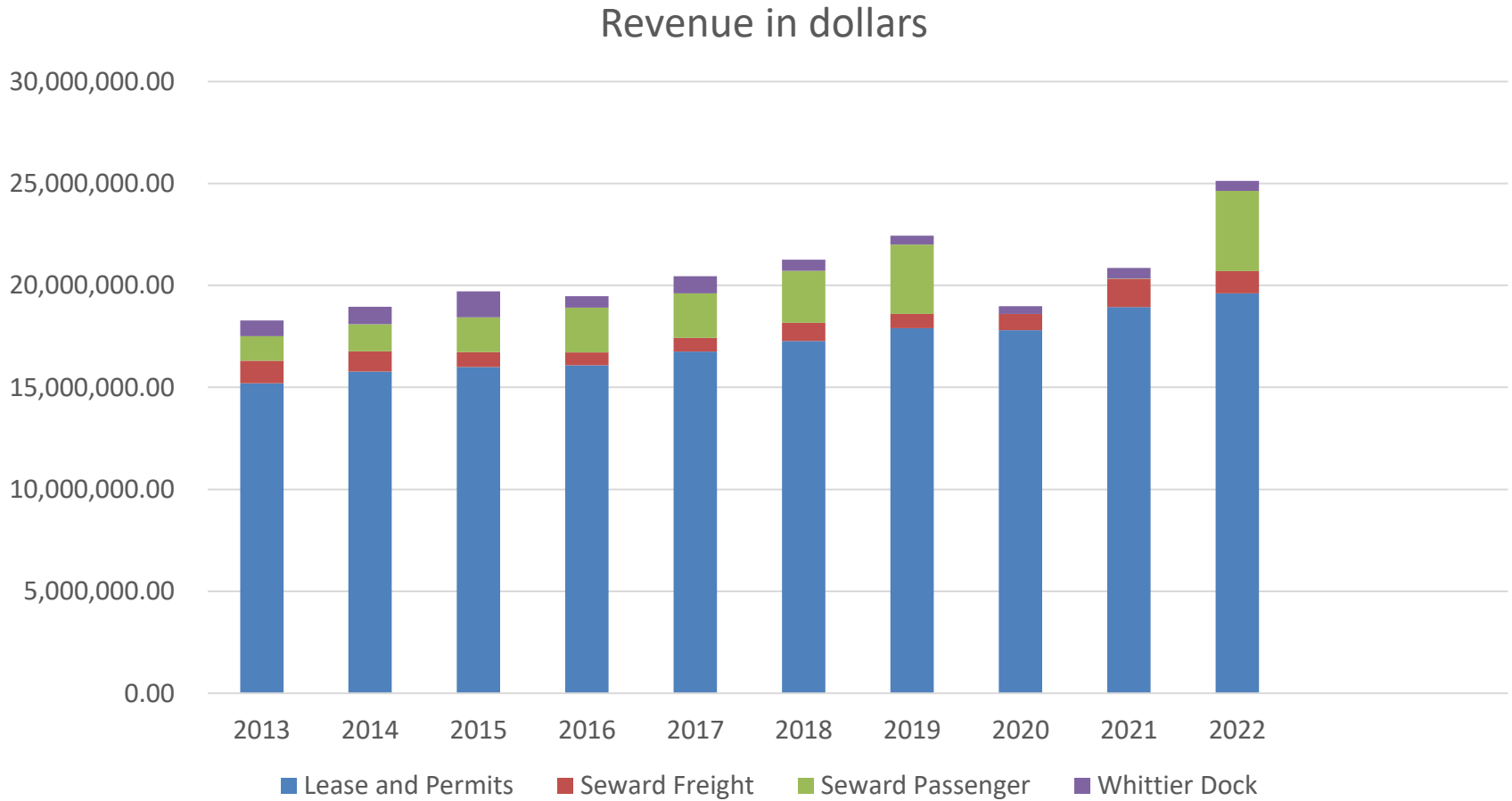
Freight Operations

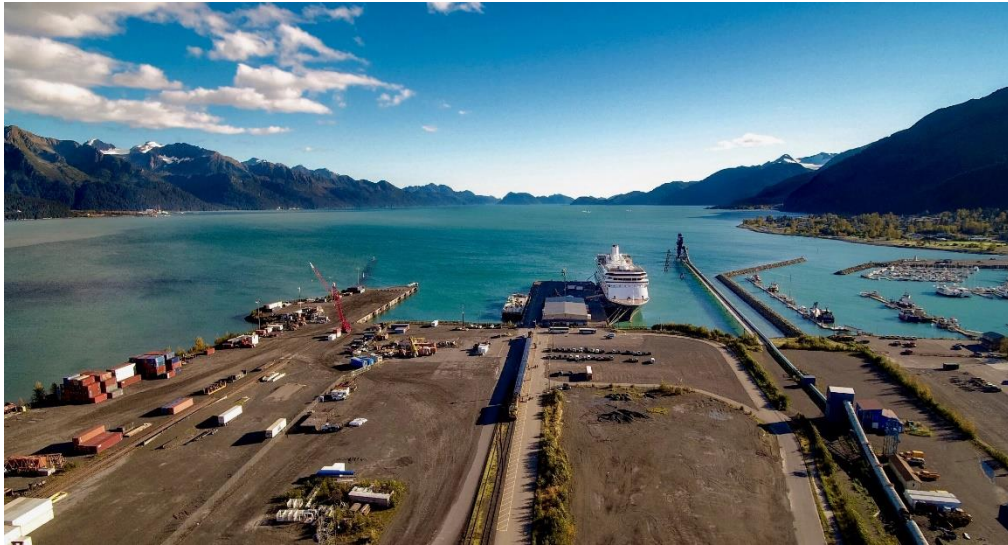






➤ Real Estate Revenue





➤ Robust 5-Year Capital Investment Plan

- Supports railroad facilities, infrastructure, community developments and interactions
- Will use internal forces, along with contractors and suppliers
- Nearly \$74 million for 2023; half-billion dollars invested over 5 years
 - May add funding sources as competitive federal grants, partnerships, and other financial opportunities become available for large projects
 - May add debt financing for needs such as replacing vehicles, equipment and railcars

Funding (millions)	2023	2024	2025	2026	2027	5-Year Total
FTA Formula Grants	\$38.70	\$94.06	\$51.67	\$52.78	\$53.91	\$291.13
ARRC Internal Funds	\$30.34	\$37.96	\$40.17	\$42.36	\$45.67	\$196.50
Debt-Funded	\$4.90					\$4.90
Total Capital Budget	\$73.94	\$132.02	\$91.84	\$95.14	\$99.58	\$492.53

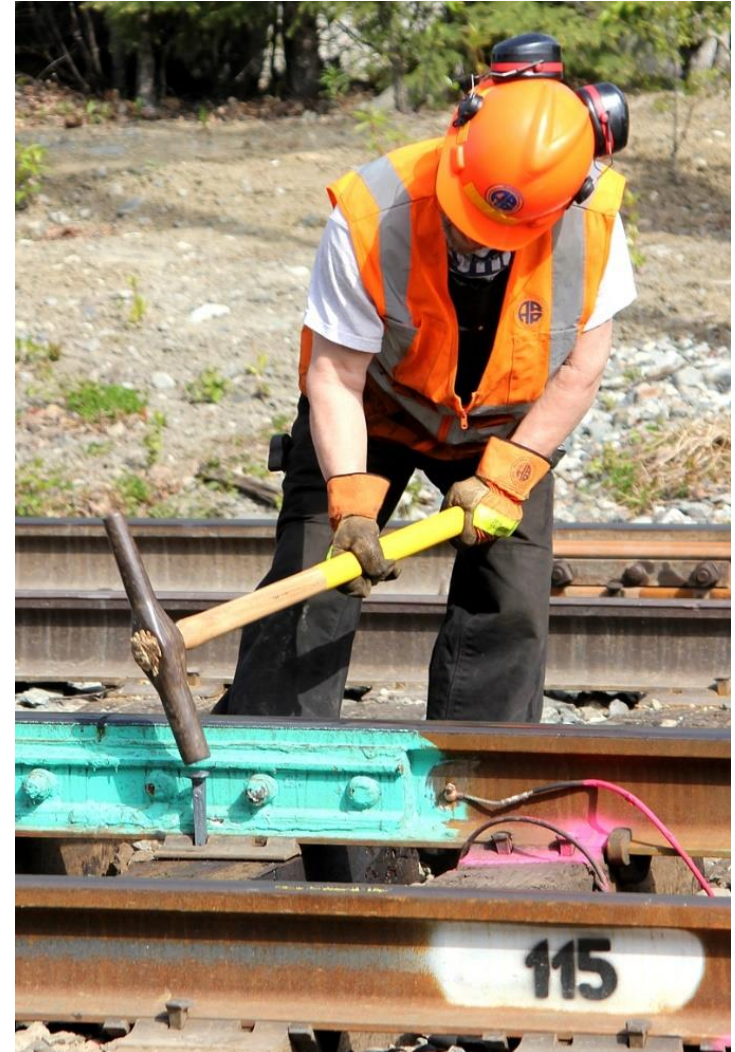
➤ Major Focus on Bridges

- 175 bridges and large culverts (10+ feet diameter).
- 10-year Program: Replace or rehab 70 bridges
 - Accomplished by internal forces and contractors



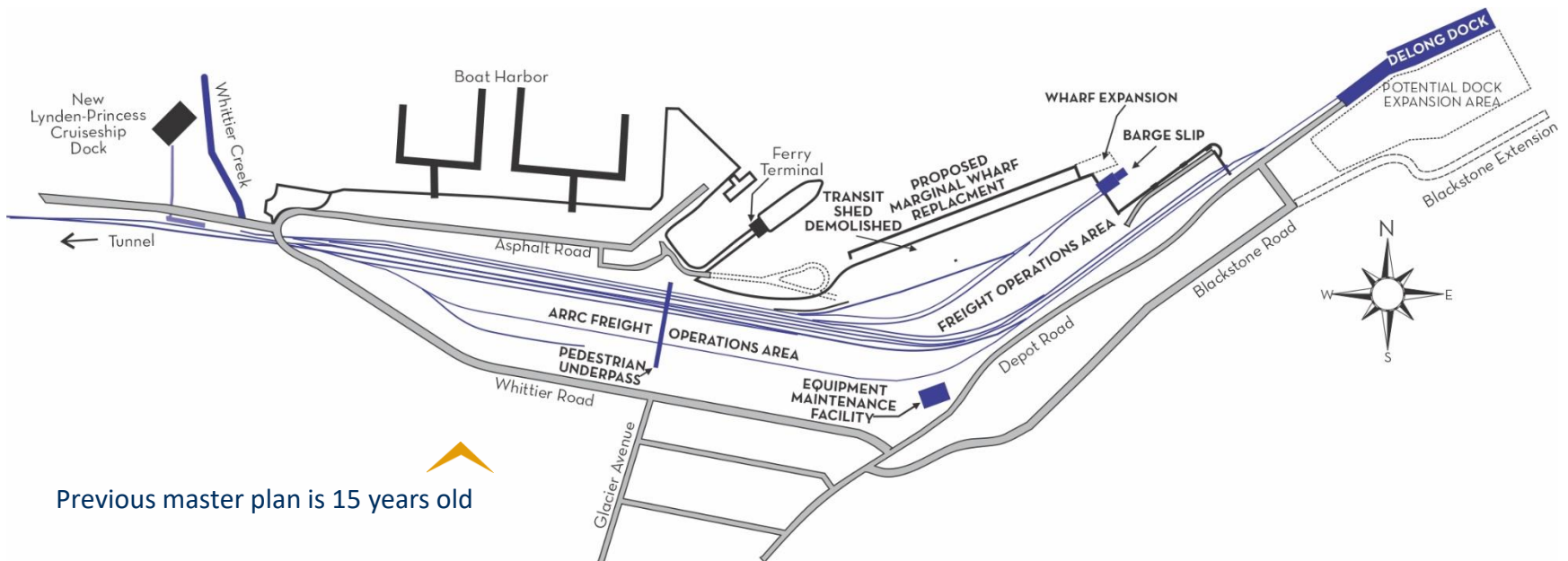
➤ Significant Focus on Track Rehab

- Nearly \$20 million budget for 2023
 - Ties, rail, track bed surfacing, rail gauging
 - Fortify embankment with rip-rap
 - Improve drainage, including small culvert replacement
- Anderson WILD Wheel Impact Load Detector



ARRC Whittier Terminal Master Planning

- **Update / re-develop terminal master plan** to prepare for future and ensure state of good repair
- **Purpose:**
 - A) Identify terminal rehab projects
 - B) Configure upland and yard track to support maintenance and ops
 - C) Determine efficiency, reliability, resiliency and sustainability improvements terminal-wide



Previous master plan is 15 years old

FUTURE



➤ What's Next – Passenger Service

- Ridership rebound continues:
 - 2022 received 85-90% of 2019 levels
 - 2023 cruise ships dockings anticipated to return to 2019 levels
- Specialty trains
 - FBX HooDoo Oktoberfest
 - ANC Holiday
 - ANC Ski
- Opportunities:
 - Expanded service to cruise industry
 - Expanded winter and spring service to FBX
 - Expected growth in day-trip trains:
 - *Glacier Discovery* – ANC to Spencer-Grandview
 - *Hurricane Turn* – flagstops from Talkeetna to Hurricane Gulch

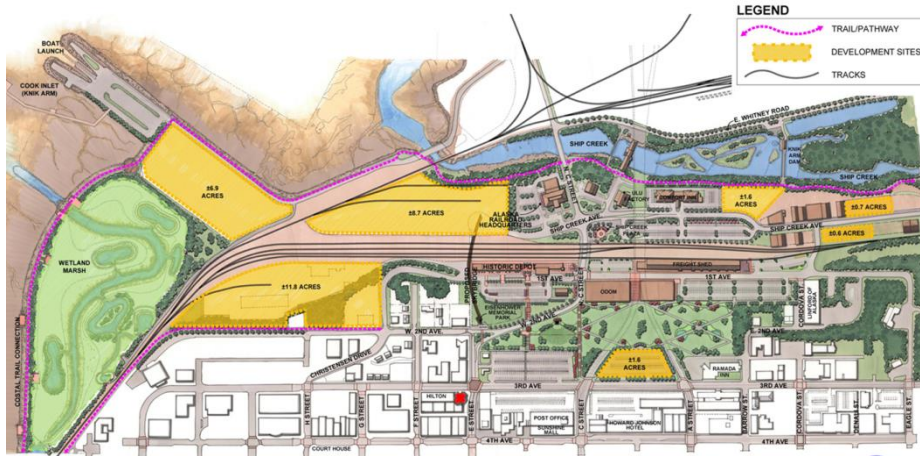


What's Next – Freight Service



- 2022 freight revenue was 42.1% over 2021
- LNG Opportunities
 - Reapplied for FRA approval
 - High oil prices could be catalyst
 - Need anchor tenant
- Interline barge service
 - Seattle to Whittier – extra barges above schedule
 - Willow & Pikka development could cause higher growth in supply demand
- Military opportunities
 - F-35s Eielson construction mostly done
 - Moving contaminated soils currently
- Natural Resources
 - Gravel haul could grow from federal Infrastructure bill projects over next few years
 - Future prospect: Ambler mine may use rail to move concentrates to Port of Alaska

What's Next - Real Estate



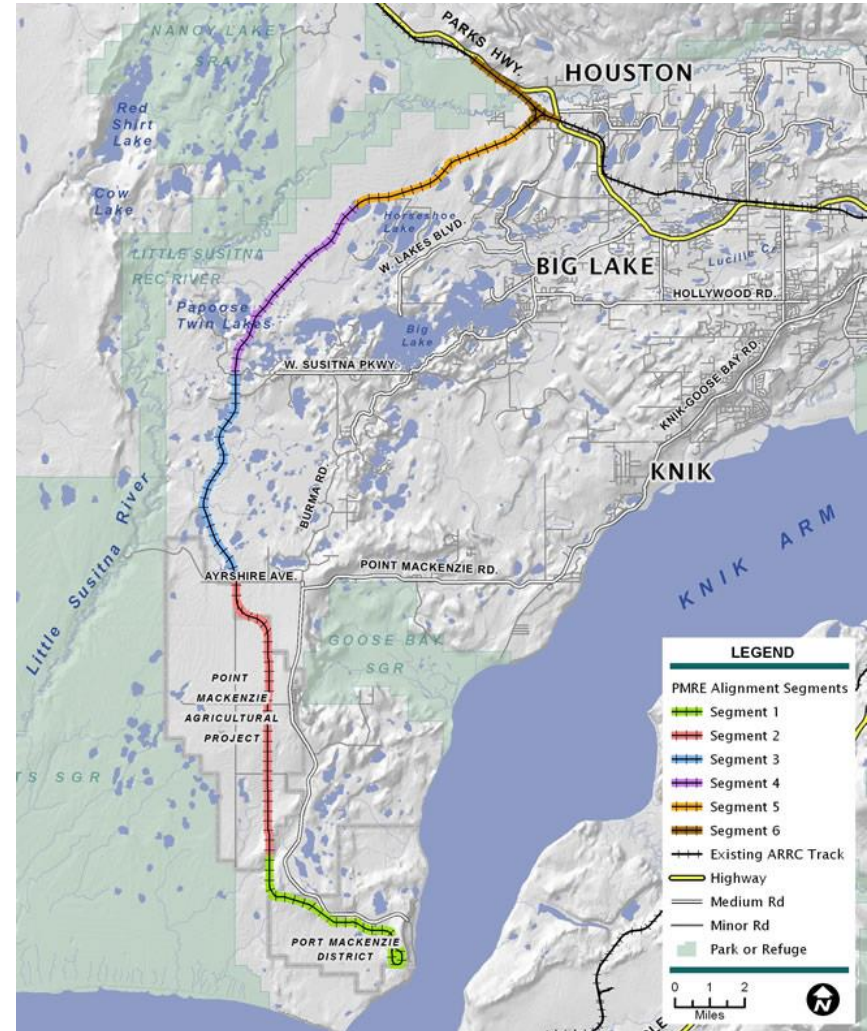
- Recent Commercial Land Trades/Sales
 - 2021 Eklutna land trade supports residential & industrial developments
- Ship Creek Development
 - Residential & industrial opportunities
 - The Edge Development
 - 49th State Brewing
- Wetlands Mitigation Bank
- South-end Land and Facilities
 - Seward Passenger Dock Replacement
 - Seward Freight Dock Expansion and Transportation Corridor upgrades
 - Whittier Terminal Master Plan



➤ Capital Potential Outside of 5-year plan

Port MacKenzie Rail Extension (PMRE)

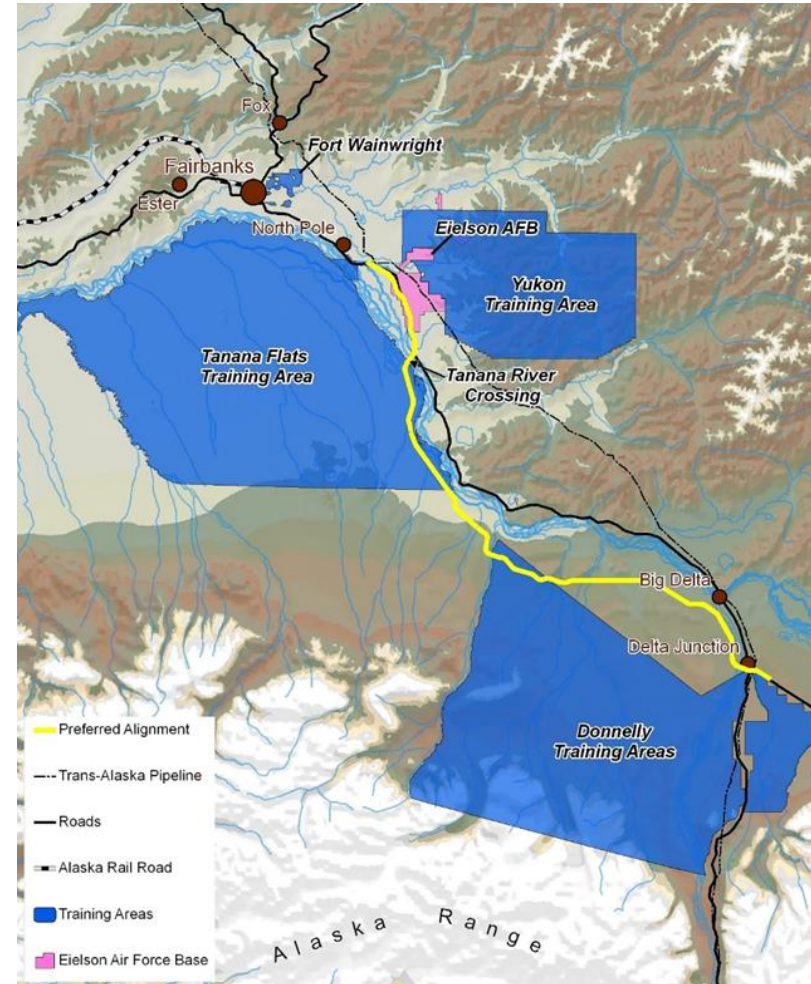
- 32 miles - Houston to Port MacKenzie
- Phased project
 - Environmental work complete
 - Mat-Su Borough is project sponsor
 - Much of the foundational infrastructure (track bed and bridges) is complete
- Cost and Funding:
 - \$314 million total budget (original)
 - \$184 million in state grants so far;
 - Estimated \$200 million more needed to finish (with inflation)



Capital Potential Outside of 5-year plan

Northern Rail Extension (NRE)

- 80+ miles North Pole to Delta Junction
- 4-phase project
 - **Phase 1: completed in 2014 : Bridge over Tanana River, road and levee near Salcha**
 - Phase 2: 13 miles of rail from Moose Creek / Eielson AFB to Tanana River Crossing
 - Phase 3: 30 miles of rail from Tanana River Crossing to Donnelly Training Area
 - Phase 4: 38 miles of rail Donnelly to Delta Junction
- NRE Cost and Funding:
 - Original cost estimate was about \$1 billion. Estimate now \$1.5 billion
 - DOD was main funding source for initial planning, environmental and Phase 1. Public-private partnership explored as future funding option



➤ Capital Potential Outside of 5-year plan

Alaska Canada Rail Corridor

- Proposed rail network 1,600 miles linking Alaskan and Canadian rail
- Provide safe, modern, and efficient transportation for bulk commodities, containerized freight and passengers
- A2A invested ~\$100 million in the pre-feasibility, feasibility, and detailed engineering phases of the project
- Rail corridor cost and funding:
 - \$30 billion?
 - No current investor



➤ Looking Back and Looking Forward...



- Addressing challenges and identifying opportunities, the Railroad will continue being successful
- The railroad is a critical piece of transportation infrastructure in a state woefully lacking in such infrastructure
- Almost all large development projects in Alaska will need the Railroad
- Alaska has long needed a strong Alaska Railroad, and that's still true

➤ ARRC Centennial – 2023



THANK YOU



***Bill O'Leary, President and CEO,
Alaska Railroad Corporation
907-265-2403
OlearyB@akrr.com***