

ALASKA RAILROAD

BOARD OF DIRECTORS REGULAR Board Meeting

Thursday, November 14, 2024
Commencing at 9:00 a.m. in person at
327 West Ship Creek Avenue, Anchorage, Alaska 99501
&

Join Virtual Zoom Meeting Room

<https://us02web.zoom.us/j/84168579175?pwd=RCtvR3FpV0dzeTIHMxFtSys4SUJrUT09>

Meeting ID: 841 6857 9175 Passcode: 108790



Dial-In by your nearest location to join by audio only

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**ARRC BOARD OF DIRECTORS
MEETING AGENDA**

Thursday, November 14, 2024, 9:00 a.m. - 2:00 p.m.

In-Person: 327 W. Ship Creek Avenue, Anchorage, Alaska 99501 / [Virtually: Zoom Meeting Room](#)

- I. **CALL TO ORDER**
- II. **ESTABLISH QUORUM**
- III. **SAFETY BRIEFING**
- IV. **CHAIR COMMENTS**
- V. **ADOPTION OF AGENDA**
- VI. **CONFLICT OF INTEREST DISCLOSURES**
- VII. **ADOPTION OF MINUTES**
 - 1. [Approval of Regular Meeting Minutes of September 27, 2024](#)
- VIII. **OPPORTUNITY FOR PUBLIC COMMENT**
- IX. **BRIEFING ITEMS**
 - A. **Public Briefings (a portion may be held in Executive Session)**
 - 1. [CEO Update](#)
 - 2. [2025 Corporate Strategic Plan \(2025 – 2030\)](#)
 - 3. [Herbicide and Vegetation Program Overview](#)
 - 4. [Safety Update](#)
 - 5. [2025 Operating & Capital Budgets](#)
 - 6. [Infrastructure Needs/Funding Strategies](#)
 - B. **Committee Reports**
 - 1. [Real Estate Committee](#)
 - 2. Executive Committee
 - 3. Audit Committee
- X. **NEW BUSINESS**
 - C. **Executive Session Briefings**
 - 1. Contracts, Claims, Litigation, Personnel and Financial Matters
 - 2. Seward Passenger Dock Project
 - 3. Business Development Report
 - 4. Legislative Update
 - D. **Adoption of Consent Agenda**
 - 1. [Resolution No. 2024-29](#) Relating to Approval of the 2025 Operating, Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets
 - 2. [Resolution No. 2024-30 Relating to Approval](#) of the 2025 Capital Budget and [AFE Nos. 11308, 11309, 11310, 11311, 11312, 11313, 11314, 11315, 11316, 11317, 11318, 11319, 11320, 11321, 11322, 11323, 11324, 11325, 11326, 11327, 11328](#) and [11329](#)
 - 3. [Resolution No. 2024-31](#) Relating to the 2025 Five-Year Capital Improvement Plan
 - 4. [Resolution No. 2024-32](#) Relating to Replacement of Bridge at ARRC MP 190.5 ([AFE No. 11306](#))
 - 5. [Resolution No. 2024-33](#) Relating to Replacement of Bridge at ARRC MP G3.3 ([AFE No. 11305](#))
 - 6. [Resolution No. 2024-34](#) Relating to Whittier Lagoon Drain Pipe Repair or Replacement Project ([AFE No. 11215 S-1](#))
 - 7. [Resolution No. 2024-35](#) Relating to Increase in Funding for the Vital Functions Project in Support of the Positive Train Control Program ([AFE No. 10675 S-3](#))
 - 8. [Resolution No. 2024-36](#) Relating to the Rehabilitation of Bridge at ARRC MP 413.7 ([AFE No. 11307](#))
 - 9. [Resolution No. 2024-37](#) Relating to [Approval of Appointment](#) of Labor Member of the Pension and Represented 401(k) Tax Deferred Savings Committee
 - 10. [Contract No. 21106 – ATW Properties \(Healy\)](#)
- XI. **OPPORTUNITY FOR PUBLIC COMMENT AND DIRECTORS/CEO/STAFF COMMENTS**
- XII. **ADJOURNMENT**

2024 SEPT 27 Regular BD Meeting Minutes

ALASKA RAILROAD CORPORATION MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING

Fairbanks, Alaska
Friday, September 27, 2024

I. CALL TO ORDER

Chair John Shively called the meeting to order at 9:00 a.m. on Friday, September 27, 2024. The meeting was held in person at Fairbanks City Council Chambers, 800 Cushman Street Fairbanks, Alaska 99701, with a virtual participation option.

II. ESTABLISH QUORUM

Chair Shively requested that Board Secretary Jennifer Mergens establish a quorum. Vice Chair Judy Petry; Director John Binkley; Director Gale Dinsmore; Commissioner, Department of Transportation & Public Facilities, Ryan Anderson; Director John Reeves; and Commissioner, Department of Commerce Community and Economic Development, Julie Sande, were present.

A quorum was established by Ms. Mergens.

Staff members present:

A. Behrend, Chief Counsel	T. Covington, Director, Safety
C. Terry, VP, Real Estate	A. Kinnaman, Controller
M. Clemens, Director, External Affairs	B. Lindamood, VP Engineering
J. Mergens, Chief Human Resource Officer	L. Hall, Executive & Corporate Administrator
M. Maddox, Chief Financial Officer	K. Mepsted, Special Agent
L. Knox, Director Strategic & Financial Planning	C. Hopp, Chief Operating Officer
C. Clarke, Corporate Communications Officer	M. Maddox, Chief Financial Officer
B. Fleischer, Director, Information Technology	C. Frank, Conductor/Engineer
B. O'Leary, President & Chief Executive Officer	D. Wade, VP Marketing & Customer Service
R. Highstone, Risk Manager	M. Weatherell, Conductor
K. Taylor, Manager Leasing, Real Estate	P. Volmer, Director, ARRC Terminal Operations
A. Smales, Leasing Technician Real Estate	

Guests and members of the public present:

Chuck Kopp, District 10, State House Representative Candidate
David Goff, Representative Frank Tomaszewski Staffer
Josh Verhagen, City of Nenana Mayor
Hannah Lager, Division Director, DCCED
Cherie Curry
Jay Baxter

III. SAFETY BRIEFING

Mr. Covington discussed National Rail Safety Awareness week which serves to heighten public awareness and reduce rail incidents.

IV. CHAIR COMMENTS

Chair Shively elaborated on workplace safety training reaching beyond the office, and highlighted an incident where safety training was useful at a sporting event.

V. ADOPTION OF AGENDA

Director Binkley moved to adopt the agenda, and Director Dinsmore seconded the motion. The agenda was unanimously approved as presented.

VI. CONFLICT OF INTEREST DISCLOSURES

No member stated any conflict of interest.

VII. ADOPTION OF MINUTES

Vice Chair Petry moved to approve both the Regular Board Meeting minutes of June 11, 2024, and the Special Board Meeting minutes of August 1, 2024. Director Dinsmore seconded the motion. Both sets of meeting minutes were unanimously approved as presented.

VIII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS

Josh Verhagen, Mayor of the City of Nenana spoke in favor of the land transfer between the City and ARRC and that was approved during the 2024 legislative session and signed into law by the Governor.

Jay Baxter spoke about his health and safety concerns around the use of herbicides on vegetation along the tracks.

Director Binkley requested that staff provide a report on ARRC's current vegetation remediation program at the next Board meeting.

IX. BRIEFING ITEMS

A. Public Briefings

1. CEO Update

Mr. O'Leary briefed the Board on relevant business matters over the summer. He noted the end of September marks the end of a successful summer passenger season with

ridership on par with last year's summer season. Mr. O'Leary said that ARRC continues to work with the Governor's office regarding the Seward Passenger Dock. He noted ARRC is awaiting the results of a few competitive federal grant applications, including a \$15 million INFRA grant for the Eielson branch, and a \$50 million CRISI grant for the Mears Memorial Bridge in Nenana, as well as two rail extension grants. Mr. O'Leary shared that ARRC recently learned it was not awarded a \$278 million MEGA grant for the next phase of the Northern Rail Extension. He concluded his update stating that each item on the Consent Agenda was recommended for approval by the respective Committees.

2. Safety Update

Mr. Covington discussed YTD 2024 safety statistics, noting a current lost time rate of 2.7 as compared to 1.8 during the same time period last year, as well as two FRA trespasser casualties so far this year. He stated that grade crossing incidents are down by one. Mr. Covington shared that August had an increase in employee injuries contributing to the increase in FRA casualties with lost days at 14, as compared to 10 during the same period last year. Mr. Covington and Mr. Hopp noted that although incidents peaked in August, there is still an overall downward trend in the lost work days and restricted work days.

3. Financial Report

Ms. Maddox reported on financials for August 2024 YTD. Highlights of her presentation included:

- YTD net income of \$23.7 million was \$2.3 million less than the revised budget
- Freight revenue underperformed revised budget by \$5.3 million, passenger revenue performed as expected; operating expenses came in under revised budget by \$0.1 million; and real estate net revenue out-performed revised budget by \$1.5 million
- ARRC's cash balance was \$51.9 million, a reduction due to the \$20 million deposit released for the Seward Dock
- ARRC continues to maintain strong liquidity at a ratio of more than 3 times current assets to current liabilities
- Net income forecast for 2024, given actual YTD August performance and latest revised budget for the remainder of the year, is \$35.2 million, which is \$0.3 million smaller than the original budgeted net income for the year

4. Annual Benefits Reports: Pension Plan, 401(k) Tax Deferred Savings Plan, 457 Deferred Compensation Plan, Health Care Trust

Ms. Mergens highlighted the annual reports for the benefits plans through December 31, 2023. She noted that the actuaries completed their valuation report data in mid-June. Ms. Mergens briefly discussed ARRC's pension plan, 401(k), 457 and health care trust reports. She noted that, as of the end of last year, the pension is well-funded at 94.4% on an actuarial basis and the railroad's 2024 contribution is \$3.21 million. The health care

trust is also well funded 429.6% on an actuarial basis and the railroad is not required to make an annual contribution to the fund for 2024.

Director Binkley asked if a premium reduction was in the plans given the health care trust over-funding. Ms. Mergens said the Committee, with guidance from benefits counsel, is evaluating if and how the excess funds can be properly utilized.

5. Rail Extensions Update

Mr. Lindamood provided a briefing on the Port Mackenzie Rail Extension (PMRE) and Northern Rail Extension (NRE) projects. He noted that Matanuska Susitna Borough is the project sponsor of PMRE. Mr. Lindamood stated that ARRC submitted a CRISI grant in May for \$275 million with a \$55 million match subject to legislative appropriation, and noted that ARRC continues to promote PMRE with potential customers, but no anchor tenants have been identified at this point.

Mr. Lindamood noted that with respect to NRE, further funding is needed to continue construction on Phases 2 through 4. He said that Phase 1 was completed in 2014 and current estimates to complete Phases 2 through 4 are approximately \$1.7 billion. General discussion ensued.

B. Committee Reports

1. Real Estate Committee

Committee Chair Binkley stated that the Real Estate Committee met on September 10, 2024, and all Board Members were present. Ms. Terry shared that the five leases before the Board were discussed at that meeting and were recommended for approval.

2. Executive Committee

Chair Shively said the Executive Committee met on September 10, 2024, noting the confidential meeting notes were included in the Board materials. He said discussions primarily surrounded details related to the items listed under the Consent Agenda.

3. Safety Committee

Committee Chair Dinsmore said the Safety Committee met on August 9, 2024. Mr. Hopp shared that the meeting notes are confidential and were provided in the Board materials.

4. Audit Committee

Committee Chair Petry said the Audit Committee met on September 10, 2024. She shared that the Committee recommends approval of the selected vendor to perform the combined 2024-2025 annual performance audit.

X. NEW BUSINESS

A. Executive Session Briefings

Vice Chair Petry moved to have the Board recess to Executive Session to discuss the listed Executive Session agenda items. Director Dinsmore seconded the motion. There was no further discussion or objection. The motion was approved and the Board convened to Executive Session at 10:15 a.m. The following items were discussed:

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Seward Passenger Dock Project Update
3. Legislative Update
4. Business Development Report

Chair Shively called the meeting back into public session at 12:30 p.m.

B. Adoption of Consent Agenda

Chair Shively read the Consent Agenda into the record. Vice Chair Petry made a motion to adopt the items listed under the Consent Agenda. Director Dinsmore seconded the motion. There was no discussion or objection and the Consent Agenda, consisting of the following eleven items, was adopted:

1. Resolution No. 2024-23 Relating to Approval of the Second Amendment to the Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Non-Represented Employees (Loan Provision Clarifications)
2. Resolution No. 2024-24 Relating to Approval of the Second Amendment to the Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Represented Employees (Loan Provision Clarifications)
3. Resolution No. 2024-25 Relating to Approval of the Second Amendment to the Alaska Railroad Corporation Pension Plan (Buy Back Procedure)
4. Resolution No. 2024-26 Relating to Approval of the Restatement of the Alaska Railroad Corporation Health Care Trust
5. Resolution No. 2024-27 Relating to Approval of the Alaska Railroad Corporation's Title VI Program for Federal Fiscal Years 2025-2027
6. Resolution No. 2024-28 - Relating to the Selection of a Firm to Perform the 2024-2025 Performance Audit
7. Contract #20986 – Dojer Services, LLC – Whittier
8. Contract #21053 – JL Healy Hotel, LLC – Healy
9. Contract #21102 – Alaska Tourism Development, LLC - Healy
10. Contract #21013 – OFD, LLC (Fairbanks)
11. Contract #21104 – Dimond Fencing Company, Inc. (Fairbanks)

XII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS

Chair Shively agreed with Director Dinsmore stating his appreciation of both staff and Board Member contributions. He concluded with a reminder that there could be a special

Board Meeting in October. Mr. O'Leary invited Board Members to come to the Open House at the Fairbanks Depot on September 28.

XIII. ADJOURNMENT

Director Binkley moved to adjourn, and Director Dinsmore seconded the motion. The meeting adjourned at 12:36 p.m.

ATTESTED BY:

Jennifer Mergens
Board Secretary

Date _____

IX. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

ITEM 1: CEO Update

Verbal presentation



5-year Strategic Plan 2025 – 2030

Mission Statement

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

Vision Statement

The Alaska Railroad Corporation (ARRC) is committed to safe, reliable, and customer responsive rail operations and real estate services, furthering economic expansion in Alaska. ARRC will become a prominent leader in Alaska's transportation and real estate industries and a driving force behind industry growth and economic development, emphasizing economic viability and stability of our services.

Values

SAFETY

Safety is a fundamental value. We are constantly building on best practices and prior improvements in our commitment to an accident-free, incident-free work environment in all areas of our operation. Without exception, keeping each other, our customers and our communities safe as we operate across Alaska is the responsibility of each employee at every level. We actively foster a culture where employees are expected and empowered to act immediately to eliminate unsafe conditions and to minimize the risk of injury and property damage as a result of our operations – in the workplace, on our trains or in the right-of-way.

SERVICE EXCELLENCE

We understand our customers' needs and create long-term relationships by delivering critical value. We help our customers reach their goals by understanding their challenges and working to overcome obstacles where we can. We understand the importance of clear and open customer communications; we are collaborative in developing plans and solutions with customers, and responsive to questions or suggestions of opportunities for improvement. Ultimately, we understand that our success is driven by the customers we serve.

INTEGRITY

We are honest, ethical and transparent in all our actions. We are accountable to each other and our stakeholders, acting in a manner that earns public confidence. We inspire trust by saying what we mean and following through with actions that match our words and our mission to serve Alaskans.

TEAMWORK

We strive to be one team – engaged and aligned in our mission. Across departments and locations, we participate, collaborate and use our collective skills to achieve common goals to drive the Railroad forward. All railroaders share in the focus on the success of the Alaska Railroad, our employees, our customers, our state and the communities we serve.

SUSTAINABILITY

We are focused on growing our business to support the Alaska Railroad's long-term financial viability and our purpose to foster economic development. We value stewardship for our environment, each other, the communities we serve and our responsibility as an independent, state-owned enterprise.

Corporate Strategy

The Alaska Railroad Corporation seeks to play a significant role in the sustainable growth of the Alaskan economy as a leader in the transportation industry. This goal is accomplished through the implementation of a corporate strategy at the Alaska Railroad. We believe that a strong corporate culture is the foundation to a strong corporation. Engaged and empowered employees are critical to our corporate strategy, which emphasizes safety and employee engagement throughout our workforce. We target sustainable expansion of our business opportunities and partnering with Alaskan businesses and communities while striving to be a good steward of the environment. It is our responsibility to keep our vast capital infrastructure in a state of good repair and our vision to drive new economic development and rail extension opportunities in order to continue our mission of safe and efficient transportation and real estate services that support and enhance economic growth in the State of Alaska.

Strategic Goals

Goal #1 - Uphold a Culture of Safety and Excellence

Goal #2 - Enhance Stewardship and Stakeholder Relations

Goal #3 - Grow Revenue by Sustaining and Expanding Business Opportunities

Goal #4 - Improve Profitability through Operational & Administrative Efficiencies

Goal #5 - Optimize Capital Program Investment and Management

Goal #6 - Enhance Economic & Business Development through Growth and Expansion of Rail Services

Strategic Goal 1: Uphold a Culture of Safety and Excellence

1. Become **safest** in class railroad – Average Lost Time Rate below 2.8 by the end of 2030
 - Emphasize safe rail operations and the physical safety of employees, customers and the communities in which we operate. Clearly define all operating activities with regulatory requirements, safety standards, and expectations for employee behavior. Celebrate and strive for exemplary safety performance.
2. Establish ARRC as an **employer of choice** in the state of Alaska – Retention Rate of 88% or higher by the end of 2030
 - Recruit highly qualified and competent employees that represent the communities we serve. Focus recruitment on candidates with the necessary skills who best fit business needs. Cultivate a recruitment strategy that emphasizes corporate branding. Focus on retaining high-performing employees through targeted retention strategies to ensure employees remain engaged and committed to ARRC's long-term success.
3. Continue development and dissemination of **Professional Development Programs** and **Safety Education** – Program development completed 2025 and full implementation by the end of 2030
 - Ensure employee engagement and communication that involves continued identification and deployment of training and development opportunities in support of targeted professional development and a safe work culture.
4. Refresh and expand **public awareness** surrounding railroad **safety** around the railroad – Program development completed 2025 and full implementation at the at the end of the review period
 - Launch public safety communication campaign to educate pedestrians, motorists, and nearby communities about railroad safety.
5. **Emergency** and **disaster preparedness** & response plans developed and disseminated –Continued evaluation and emergency response drilling
 - Emergency response and preparedness plans fully developed and drilled to within the corporation

Strategic Goal 2: Enhance Stewardship and Stakeholder Relations

1. Continue to support **Alaskan communities** through charitable donations to local non-profits and employee volunteer opportunities –Annually budget a minimum of \$100K toward charitable community efforts
 - Provide support through corporate in-kind donations to non-profit organizations and facilitate opportunities for employees to participate in community events.
2. Demonstrate **environmental stewardship** of our land, facilities and the communities in which we operate
 - Deploy business strategies which support and encourage sustainable resource management, waste reduction, energy efficiency, regulatory compliance, employee engagement & training, stakeholder engagement and innovation.
3. Increase **public awareness** of the Alaska Railroad’s operations, business lines, public safety messages and economic benefit to the state of Alaska.
 - Frequently communicate and demonstrate the Alaska Railroad’s contributions to community stakeholders, customers, media, and the general public. Develop new brand messaging video and awareness campaign. Prioritize annual presentations to Railbelt civic and industry groups.
4. Strengthen **relationships** with civic and elected leaders at the local, state, and national level
 - Be proactive in initiating timely and respectful engagement with leaders to address community concerns and ARRC priorities. Engage in public involvement opportunities with special attention toward issues which mutually benefit ARRC and communities.
5. Maintain an effective and consistent **relationship** with key **state agencies** to assist and support mutually beneficial short and long-term transportation planning initiatives state-wide
 - Specifically, foster and fortify relationships with the Department of Commerce, Community, & Economic Development, the Department of Transportation & Public Facilities, Department of Natural Resources, and other relevant state agencies through consistent communication and collaboration.

Strategic Goal 3: Grow Revenue by Sustaining and Expanding Business Opportunities

1. Optimize **freight** business and revenue opportunities – Increase freight revenue by 30% compared to 2024 by the end of 2030
 - Reevaluate and revise Freight Marketing Plan annually or as the economic environment necessitates in order to support the optimization of freight business lines.
2. Optimize **passenger** business and revenue opportunities – Increase passenger revenue by 25% compared to 2024 by the end of 2030
 - Reevaluate and revise Passenger Marketing Plan annually or as the economic environment necessitates to support the optimization of passenger business lines.
3. Optimize **real estate** business and revenue opportunities – Increase RE revenue by 15% compared to 2024 by the end of 2030
 - Reevaluate and revise Real Estate Marketing Plan annually or as the economic environment necessitates to support the optimization of real estate business lines.
4. Provide excellent **customer service** – Customer satisfaction of 90% as measured by customer survey
 - Develop and maintain a customer-centric approach to conducting business to establish the railroad as the trusted and preferred transportation and real estate provider in Alaska.
5. Foster **collaboration** between operating and business centers
 - Ensure improved communications between Business and Operations Centers to meet customer service goals and enhance operating efficiency.

Strategic Goal 4: Improve Profitability through Operational & Administrative Efficiencies

1. Optimize corporate **business practices** and cost structures to maximize earnings – Achieve an average operating ratio of 0.92 by 2030
 - Systematically review corporate expenditures to reduce unnecessary spending while maximizing revenues. Standardize and simplify business processes where possible to create efficiencies. Optimize return on all corporate investments.
2. Continue development, implementation and management of the **Business Intelligence** Program to support data driven decisions – Full program implementation by the end of 2030
 - Utilize data-driven decision making. Place emphasis on a business strategy which supports the conversion of data into information for the creation, dissemination and utilization of business intelligence and data analytics.
3. Increase and/or improve **technology** solutions throughout the corporation
 - Leverage, expand and enhance technology tools to increase productivity and operational efficiencies. Seek to economically modernize the corporation’s use of technology.
4. Improve and maintain **coordination of corporate planning** efforts
 - Ensure the following corporate planning efforts work together: Corporate and Departmental Strategic Plans, Marketing Plans, Operational Work Plans, Train Plan, Asset Management Plan, Operating Budget, Capital Budget, and Grant Plan.
5. Optimize **rail & terminal** functionality and **efficiencies**
 - Pursue operational improvements through continued analysis and review. Through collaboration with Business Centers & Operations, review and optimize train schedule. Emphasize preventative maintenance by leveraging data analysis in maintenance planning.
6. Optimization of **locomotive** and **rolling stock**
 - Leverage operations and asset data for development of train plans, train consist construction and asset deployment. Focus on the productivity, utilization, availability and reliability of the assets. Utilize data for the purposes of short and long-term operations planning.
7. Strengthen and sustain the corporate **cybersecurity program**
 - a. Identify, mitigate and/or neutralize cybersecurity risks to ensure the safety of ARRC’s operations, data and computer systems. Program is supported through internal educational efforts surrounding cybersecurity and a capital initiative.

Strategic Goal 5: Optimize Capital Program Investment and Management

1. Continue management and administration of **capital program** – Balance capital need to available funding and business needs annually
 - Cyclical planning and budgeting analysis conducted to support the health of capital infrastructure with a goal of keeping assets in a state of good repair and support growth with a dynamic business model.
2. Complete replacement of **Seward Passenger Dock** and Terminal – Project Completion Spring 2026
 - Work with the developer to support construction efforts related to the new dock and terminal. Execute plans to purchase the new facility in spring 2026.
3. Project planning and implementation of **marine and operating assets** – Whittier Plan Completed in 2025 and implementation plan underway in 2026
 - Complete the Whittier Master Plan and development of a road map for project implementation. Complete the Seward Freight Dock expansion project and business plan.
4. Continue **Grant Planning & Portfolio Management** to support and optimize federal funding opportunities - Annual evaluation and targets setting and overall granting strategy developed by the end of 2025
 - Develop ARRC’s long and short-range grant strategy and priorities to support the corporation’s capital program. Plan should consider capital portfolio priorities, grant administration & management, and cash flow management principles
5. Fully develop and implement a comprehensive **Asset Management Program** – Full Software Implementation by the end of 2030
 - Maintain corporate Investment Plans, associated funding roadmap strategies and fully implement asset management software system(s) to support and facilitate optimal asset management.
6. Refine **Capital Project Management** process – Manual revised in 2025 and full process implementation by the end of 2030
 - Complete revision of a comprehensive Project Management Manual and implementation of a robust project management framework to ensure efficient execution of capital projects. Special focus on internal and external bottlenecks

Strategic Goal 6: Enhance Economic Growth through Rail and Real Estate Development

1. Identify and pursue viable **business development** opportunities that support economic growth in the State of Alaska. – Quarterly Business Development Committee Meetings (60) where either one new business opportunity is identified or previous identified opportunities are further developed.
 - At the direction of the Executive Officer and in collaboration with the corporation’s Business Development Committee, proactively seek out new markets and business opportunities. Through strategic capital investments and business development initiatives, look for opportunities to coordinate with public and private entities to support and advance Alaska’s economic growth.
2. Pursue partnerships to develop **Rail Extensions** to support resource development
 - Continue to advance the Northern Rail Extension, Port MacKenzie Rail Extension, and other economic development projects. Work with public and private entities to support the development and construction of these initiatives.
3. Continue Strategic Long Range **Land Use Planning** initiatives – Plan completion 2026
 - Continue analysis of market and business opportunities to optimize use of land assets, enhance operational efficiency, and create new revenue opportunities through strategic acquisitions and repurposing of properties.
4. Optimize business activities of the **ARMS barge interchange** gateway to ensure service continuity and support of this business line. –Plan completion 2026 and full plan execution by the end of the review period
 - Deploy a comprehensive review of current and future operations and evaluation of support infrastructure to ensure that the critical terminal can support business needs.
5. Develop and implement **South and North Rail Corridors Development Plans** – Plan completion 2025 and plan execution throughout the review period.
 - Evaluate recommendations identified in the 2023 South End Passenger Service Performance Audit and devise an implementation plan to achieve a short- & long-term plan improvement. Replicate this approach for North End passenger service lines.

ARRC Vegetation Management Program

Matt Kelzenberg

Manager, Environmental Operations



The need for control

- Safety
 - Public
 - Operational
 - Employee
- Regulatory Compliance
- Invasive, Noxious Weeds
- Wildlife Impacts
- Financial Burden



Regulatory Environment

- AK Department of Environmental Conservation
(Application, Certification, Licensing and Permitting)

18 AAC 90

- US Environmental Protection Agency

(FIFRA, FFDCA and Worker Protection Standards)

40 CFR Parts 152-180

ARRC Vegetation Management Zones



Integrated Vegetation Management Plan (IVMP)

1. Introduction
2. Purpose and Objectives of the ARRC IVM Program
3. ARRC IVM Program
 1. Prevention
 2. Monitoring
 3. Allowable Pest Presence/Treatment Threshold

Integrated Vegetation Management Plan (IVMP) (cont.)

4. Selection Criteria and Treatment Options

- I. Mechanical or Physical Control Methods
- II. Chemical Control (Herbicides)

4. Notification, Reporting and Record Keeping

IVMP



Alaska Railroad Corporation
Integrated Vegetation Management Plan



April 2024

Herbicide Application

- Applied by a specialized, licensed herbicide applicator
- Five-year contract, issued via RFP
- Last 10 years by Ferrosafe, LLC.
- Current contract ended July of 2024, it is currently out for bid/proposals.
- One application per year, starting the last week of May and finishing before the end of June.
- In 2024, 2,051 acres were sprayed, 1,411 mainline acres, 475 acres of brush and 165 acres of off-track.



Herbicide Application (Cont.)

- All herbicides applied are General Use Pesticides. (Available for public use.)



Notifications

- IVMP is published on ADEC and ARRC websites.
- Publish two consecutive notices of application in newspapers no later than 15 days prior. (Seward, Anchorage, Frontiersman, and Fairbanks)
- Maintain an email address/phone number for public to request information and register comments.
- Notify ADEC 15 days prior to application.
- ARRC has always honored any “buffers” requested by the public.

NOTICE OF HERBICIDE USE ON THE ALASKA RAILROAD RAIL SYSTEM

The Alaska Railroad (ARRC) plans to apply herbicide on its rail system during 2024.

TARGET: Problem vegetation within the Alaska Railroad rail system. Vegetation control is a Federal Railroad Administration (FRA) requirement and is necessary to allow track visibility and inspection, prevent tripping hazards, and to prevent accelerated deterioration of track components. Herbicide use is part of an integrated vegetation management plan (IVMP) that also includes manual and mechanical methods.

LOCATION: The Alaska Railroad's rail system, including the main line track from Seward to Fairbanks, branch line track and rail yards, as needed. Also along the Northern Rail Extension Tanana River levee in Salcha.

DATES/NUMBER OF APPLICATIONS: Application will occur late May through August 2024. All portions of the rail system will receive one application. Some areas may receive a second application, if necessary, to adequately control problem vegetation.

PRODUCTS USED:

- Ranger Pro Herbicide – EPA registration # 524-517
- Alligare Triclopyr 3 – EPA registration # 81927-13
- Alligare MSM 60 – EPA registration # 81927-7
- Corteva Milestone – EPA registration # 62719-519
- Bayer Oust XP – EPA registration # 432-1552
- FMC Altify IVM – EPA registration # 279-3272
- Novita MSO - Methylated Seed Oil Surfactant
- Novita Drift Control – Drift Retardant
- Novita Foam No More – Foam Retardant

APPLICATION METHOD: By a licensed contractor operating a special vehicle that travels along on the tracks and is equipped with low-volume, low-pressure ground-directed attachments to apply the herbicide. There may be additional spot application by licensed contractors using hand-operated pump spray tools.

FOR MORE INFORMATION OR TO CONTACT ARRC: More information about ARRC's vegetation management program is available online at AlaskaRailroad.com > CORPORATE > Safety > Vegetation Management

Contact ARRC by:

- Mail: Alaska Railroad, Attn: Corporate Affairs
P.O. Box 107500
Anchorage, AK 99510-7500
- Email: public_comment@akrr.com
- Phone: (907) 265-2671 (Cat Clarke)

Resources & More Information

www.alaskarailroad.com/corporate/safety

- IVMP
- Current Herbicide Use Notice
- Herbicide Use Report
- Purpose and Need
- FAQs
- Alternative Methods
- Herbicide Labels/SDS
- Alternative Methods
- Research
- Non-Chemical Methods
- Tested Alternatives

ALASKA RAILROAD

Vegetation Management Frequently Asked Questions

QUESTIONS & ANSWERS

What is the purpose and need for adequate control and management of vegetation on Alaska Railroad (ARRC) property?
Vegetation around railroads must be controlled for several primary safety reasons, including to:

- Ensure the track is visible, allowing inspectors to see the condition of ties, rail and fasteners and to correct any defects that could result in derailment;
- Clear walking areas around the track in order for train and track maintenance crews to work safely and avoid slip, trip, and fall injuries;
- Keep brush from blocking line of sight at crossings and to maintain visibility of signals and signs critical to safe train movements; and
- Eliminate plants and weeds that hold moisture and provide drainage, which may make the track structure. For example, low rail factor to moist conditions and a soggy ballast (track bed) becomes unstable, offering decreased support to the track.

Secondary reasons for vegetation control include to:


- Remove potential fuels that cause wild fires and threaten bridges and tractors;
- Protect capital investments recently completed on the railroad's track and infrastructure; and
- Promote the spread of invasive species weeds.

Why must ARRC use chemical weed control?
Mechanical and manual methods of control alone do not adequately control vegetation on the track. These methods – mechanical rail-based brushcutters, off rail hydroseeding, weedy manual cutting – are effective only within limited ranges. Mechanical and manual methods do not address vegetation growing between the rails and to the ends of the cross ties, as is clearly illustrated by the photo on this page.

The Federal Railroad Administration (FRA), the national regulatory agency for U.S. railroads, has fined the Alaska Railroad annually for failing to meet federal safety standards with regard to vegetation in and around the track. In 2006, the FRA formally notified ARRC that the situation had become safety critical and must be corrected. During summer 2009, the FRA identified 150 single line specific violations along ARRC tracks. Since the use of herbicides began on the rail system in 2000, FRA violations for vegetation violations have significantly decreased. ARRC has received fine of any vegetation violations in recent years.

So-called "biological control" methods (plant, insect, and water and livestock) have been tested extensively but proven ineffective. The size of the problem is overwhelming – 200 miles of mainline and branch track, 100 miles of yard track, and weeds that could take to grow of summer long. The railroad needs effective, enduring vegetation control throughout its rail system.

April 30
2021





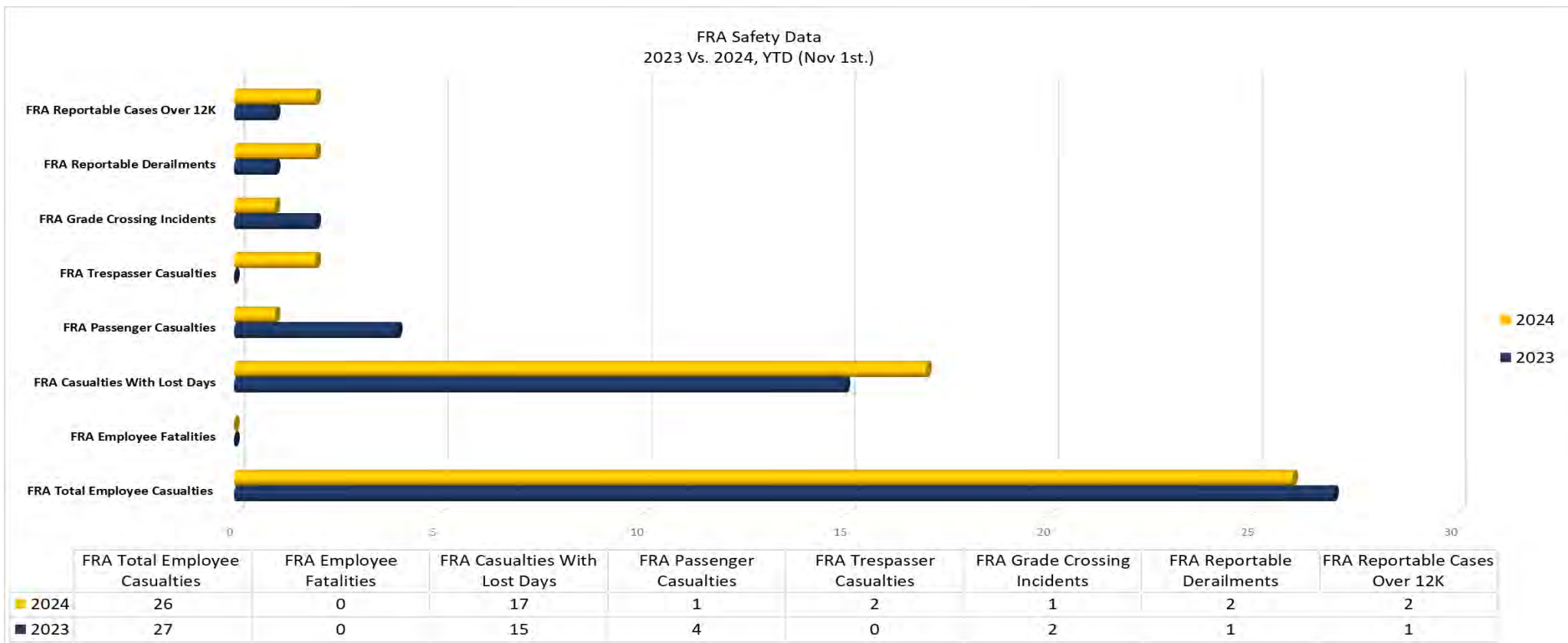

THANK YOU



ARRC Safety BOD Report November 14 2024



Safety Report



2024
2023

FRA Casualty Rate
4.5
4.6

Lost Time Rate
2.9
2.5

Lost Work Days
226
410

Restricted Work Days
254
811

*FRA Casualty Rate = FRA Reportable Injuries (regardless of lost time) x 200,000 divided by total hours worked.
Lost Time Rate = Lost Time Cases x 200,000 divided by total hours worked

An aerial night photograph of a train winding through a snowy mountain valley. The train's headlights and taillights are visible, illuminating the snow-covered ground. The surrounding mountains are dark and covered in snow, with some evergreen trees visible in the lower slopes. The sky is a deep blue, suggesting twilight or early night.

➤ 2025 Operating & Capital Budgets & 5-year plans

*ARRC Board Meeting
Michelle Maddox, CFO
November 14, 2024*

ALASKA
RAILROAD

Photo courtesy: Chris Kruse



➤ Contents

- ***Overview 2024 Forecast***
- ***2025 Operating Budget***
- ***2025 Pension Trust and Healthcare Trust Operating Budgets***
- ***2025 Capital Budget***
- ***5-year Operating and Capital Plans***



Overview 2024 Forecast



Overview 2024 Forecast

2024 Original Budget Net Income:

\$ 35.5 million

Net operating income:

\$ 14.2 million

EBITDA

\$ 58.4 million

- Freight revenue, net of fuel surcharge revenue, forecast is \$5.9 million lower than reflected in original budget due primarily to the decrease in fuel surcharge revenue due to decrease to fuel rates, with a corresponding decrease to operating expense for fuel, and lower than expected local coal and local miscellaneous/freight forwarding revenue
- Passenger revenues up \$0.5 million over original budget due primarily to the out-performance of the Coastal Classic
- Real Estate revenue up \$8.9 million over original budget due largely to increase in Seward Passenger Dock Improvement fee and NCL docking in Seward
- Operating expense forecast is \$3.5 million over original budget
 - Materials & Supplies expense is up \$2.0 million with the largest variance in Mechanical for rolling stock parts and heavy equipment parts
 - Wages & Benefits is up \$1.4 million primarily due to higher than expected overtime costs for the Mechanical and Passenger departments
 - Contracts & Rents expense is up \$1.1 million due to higher contract expenses than expected associated with ARMs barge and Mechanical service contract
 - Utilities & Fuel expense is down \$1.3 million due to decrease in fuel rates

2024 Forecast Net Income:

\$ 35.6 million

Net operating income:

\$ 5.3 million

EBITDA

\$ 58.3 million

SEPTEMBER 2024 Balance Sheet

Most recent balance sheet reflects strong financial position

- *Current ratio greater than 2.9x*
 - *Cash balance includes large amount of funding committed to ongoing capital projects but not yet spent*
- *Ratio of Recourse Debt to 2024 Forecast EBITDA of 0.34x*
- *Pension liabilities of \$33.5 million*
 - *Pension trust 94.4% funded based on actuarial value of assets at most recent valuation date*
- *Post Retirement Healthcare trust asset of \$38.8 million*
 - *Healthcare Trust 429.6% funded based on actuarial value of assets at most recent valuation date*

	9/30/2024
Assets	
Cash and Cash Equivalents	\$ 70,863,578
Account and Grants Receivables	40,315,632
Other Current Assets	19,627,289
Total Current Assets	\$ 130,806,499
Property and Equipment, Net	725,198,840
Other Assets	547,134,899
Total Assets	\$ 1,403,140,238
Liabilities & Equity	
Liabilities	
Accounts & Payroll Payable	\$ 38,178,796
Current Portion of LT Debt and Revenue Bonds Payable	3,373,774
Other Current Liabilities	2,842,080
Total Current Liabilities	\$ 44,394,650
Long Term Debt	27,204,000
Deferred Grant Revenues	519,678,982
Pension Liability	33,514,262
Other Long-Term Liabilities	266,428,614
Total Liabilities	\$ 891,220,508
Equity	
Investment - State of Alaska	34,173,555
Fund Equity	477,746,175
Total Equity	\$ 511,919,730
Total Liabilities & Equity	\$ 1,403,140,238



2025 Operating Budget



➤ 2025 Operating Budget Overview

2025 Budget Net Income:

Net operating income:
EBITDA

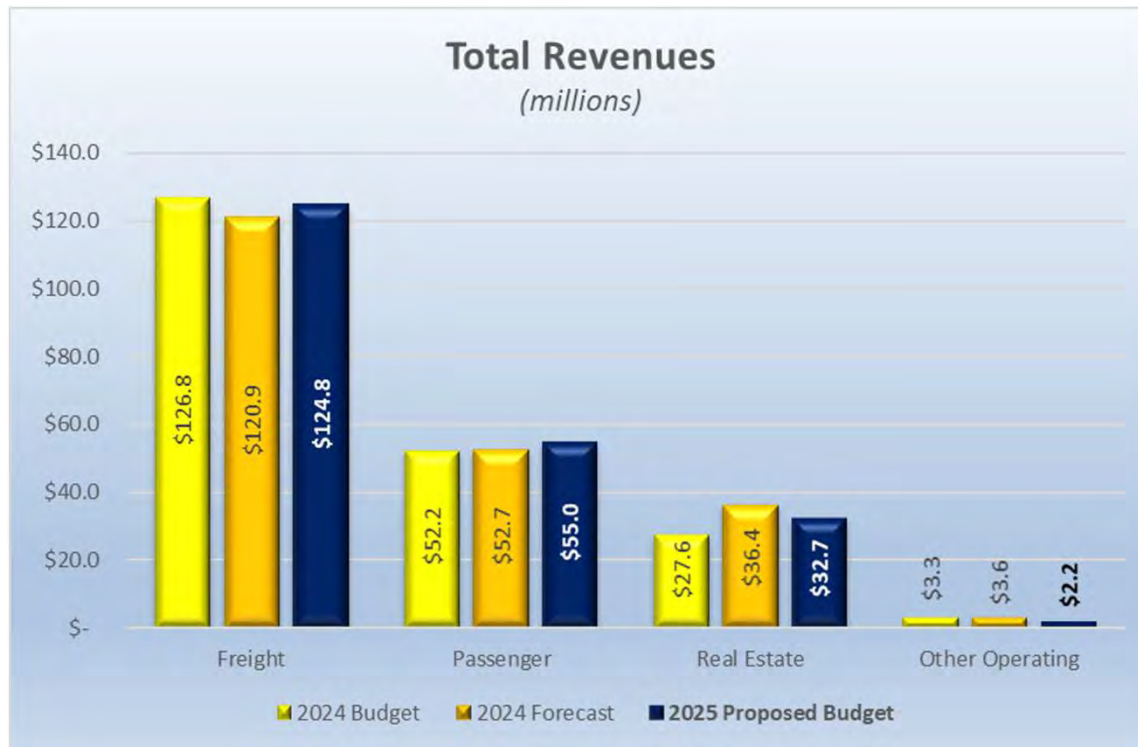
\$ 31.6 million
\$ 9.4 million
\$ 56.4 million

- **ARRC expects freight revenue to grow by \$4.3 million in 2025 (net of fuel surcharge revenue), or 4.0%, over 2024 forecast, with all freight business lines continuing to experience growth**
- **Passenger revenue is expected to grow by \$2.3 million in 2025, or 4.4%, over 2024 forecast, driven by continued growth in all lines of business**
- **Real Estate revenue for 2025 reflects a 10.0% decrease, or \$3.7 million, driven by expected decrease in cruise line passengers at the Seward Passenger Dock due to NCL moving to Whittier**
- **ARRC expects to experience an overall increase from 2024 forecast in the operating expense portfolio of \$2.0 million, or 1.2%, with the highlights as follows:**
 - *Wages and Benefits* are expected to increase by \$4.3 million over 2024 forecast, or 5.4%, due to salary and wage increases for existing personnel, increased cost of wages and benefits related to actions taken to improve retention of train service employees, expectation ATCS will continue to transition to operating as capital programs are completed, and an increase in position count by 3 year-round positions
 - *Utilities and Fuel expenses* are expected to be \$2.2 million lower in 2025, or 9.8%, due to continuing decline of expected fuel prices
- **Interest Expense** includes expected interest expense on bank loan for Seward Passenger Dock

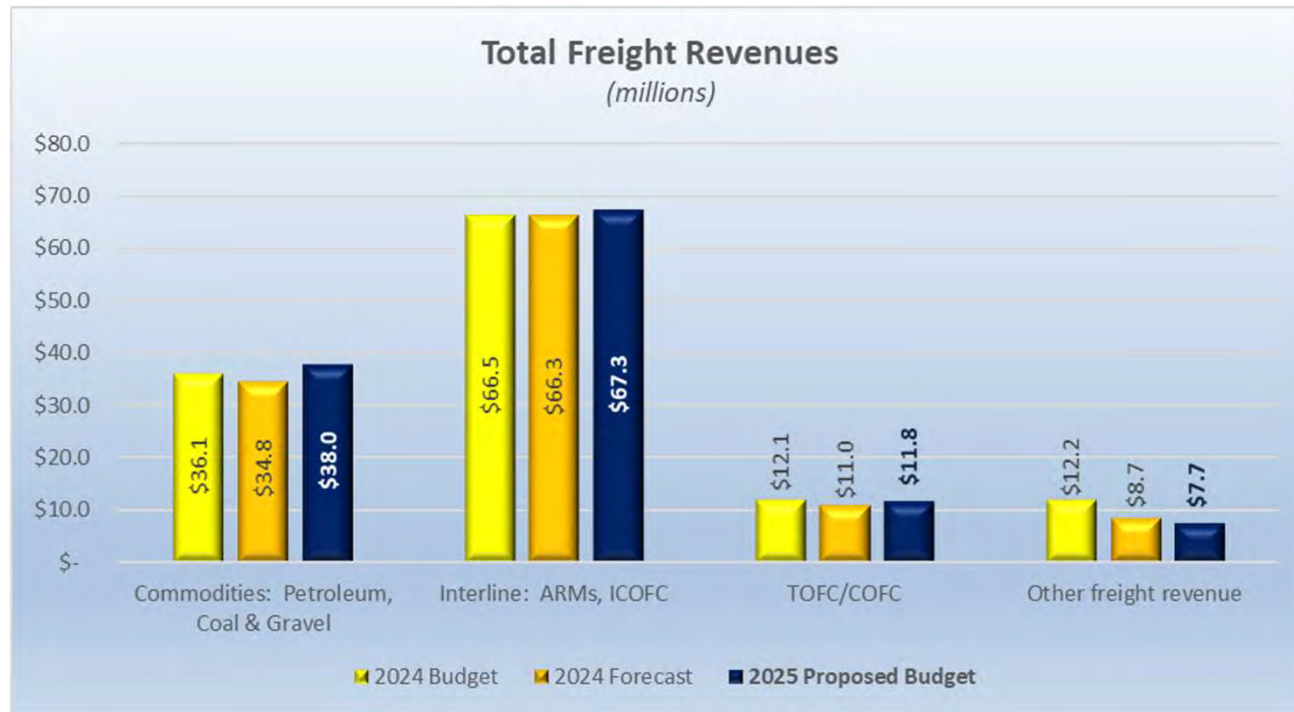
➤ 2025 Operating Budget Comparison

	2025 Proposed Budget	2024 Forecast	Variance	2023 Actual	Variance
Operating Revenue					
Freight	\$ 124,817,575	\$ 120,866,716	\$ 3,950,859	\$ 120,904,874	\$ 3,912,701
Passenger	54,967,647	52,657,993	2,309,654	50,240,045	4,727,602
Other	348,215	460,239	(112,024)	408,178	(59,963)
Total Operating Revenue	180,133,437	173,984,948	6,148,489	171,553,097	8,580,340
Operating Expenses					
Wages & Benefits	84,651,028	80,326,673	4,324,355	65,809,999	18,841,029
Travel and Training	3,353,646	3,023,245	330,401	2,878,769	474,877
Contracts and Rents	42,260,143	42,984,807	(724,664)	41,529,422	730,721
Materials and Supplies	16,575,238	16,062,474	512,764	14,809,199	1,766,039
Utilities and Fuels	20,075,308	22,267,999	(2,192,691)	23,793,603	(3,718,295)
Depreciation/Amortization, Net of Grant Revenue	22,149,533	21,673,044	476,489	21,275,766	873,767
Other Expenses (Recoveries)	(18,368,202)	(17,603,377)	(764,825)	(16,621,234)	(1,746,968)
Total Operating Expense	170,696,694	168,734,865	1,961,829	153,475,524	17,221,170
Net Income from Operations	9,436,743	5,250,083	4,186,660	18,077,573	(8,640,830)
Other Income (Expense)					
Real Estate Revenue	27,873,307	31,543,564	(3,670,257)	25,332,666	2,540,641
Interest Income - Leases (GASB 87)	4,822,015	4,831,621	(9,606)	4,651,168	170,847
Real Estate Expense	(9,009,775)	(8,469,735)	(540,040)	(8,277,454)	(732,321)
Real Estate Net Income	23,685,547	27,905,450	(4,219,903)	21,706,380	1,979,167
Gain/(Loss) on Sale of Capital Assets	-	34,050	(34,050)	1,542,360	(1,542,360)
Interest Income	1,832,229	3,114,868	(1,282,639)	3,161,767	(1,329,538)
Interest Expense, Net of Bond Grant Revenue	(3,349,793)	(688,508)	(2,661,285)	(212,640)	(3,137,153)
Net Other Inc (Exp)	(1,517,564)	2,460,410	(3,977,974)	4,491,487	(6,009,051)
Other Inc (Exp), Net	22,167,983	30,365,860	(8,197,877)	26,197,867	(4,029,884)
Net Income (Loss)	\$ 31,604,726	\$ 35,615,943	\$ (4,011,216)	\$ 44,275,440	\$ (12,670,715)

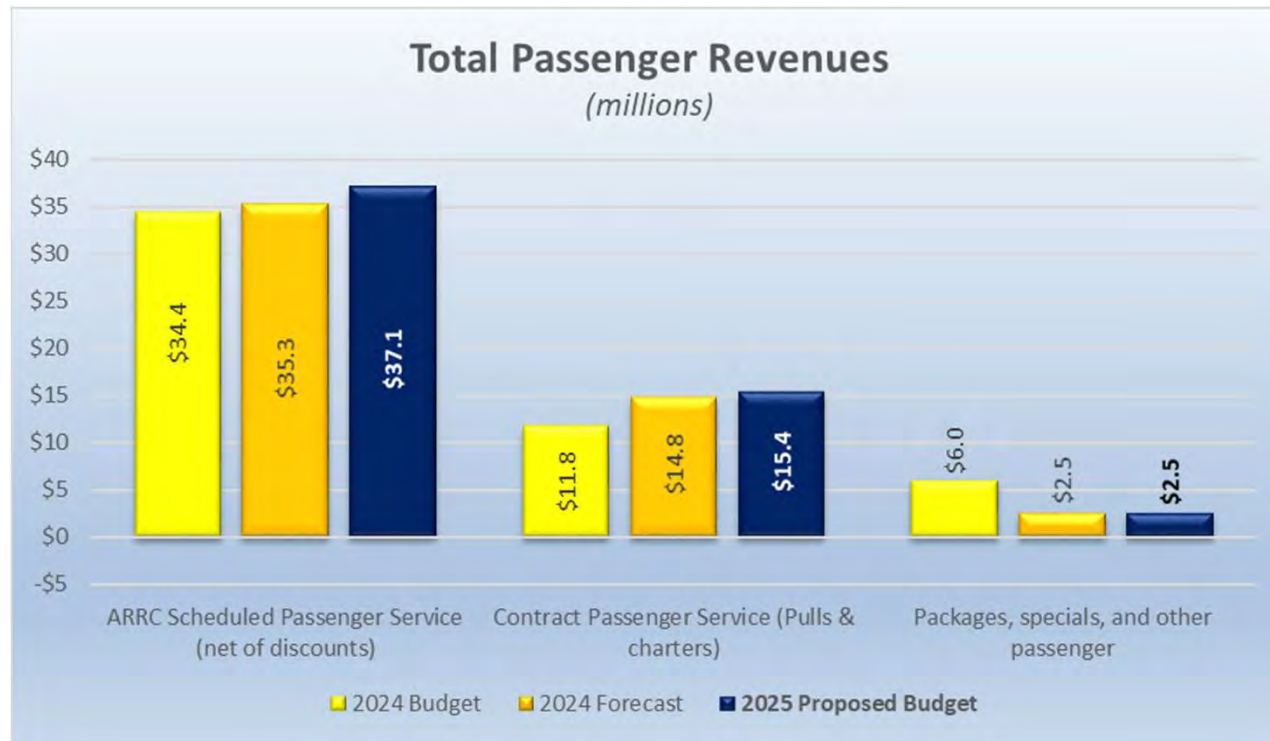
2025 Revenue Budget Comparison



➤ 2025 Freight Revenue by Category Comparison



➤ 2025 Passenger Revenue by Category Comparison



➤ 2025 Real Estate Revenue by Category Comparison



➤ 2025 Total Expenses by Category Comparison





2025 Pension Trust and Healthcare Trust Budgets



➤ 2025 Pension / Healthcare Trust Administration Budgets

- ARRC Pension and Health Care Plan documents permit administrative costs to be deducted from the assets
- Combined assets total ~ \$341.1 million as of October 31, 2024
- Administrative costs include ARRC staff wages/salaries, training, and professional services (investment advisor, actuarial services, legal services, trustee fees, etc.)
- Proposed administrative budgets are 0.28% of plan assets

➤ 2025 Budget for ARRC Pension Plan

(in thousands)

	2025 Proposed Budget	2024 Forecast	Variance	2024 Budget
Wages & Benefits	\$ 196.51	\$ 175.7	\$ 20.8	\$ 190.09
Travel, lodging, training	22.5	18.2	4.3	22.3
Services & Contracts	564.3	460.1	104.2	320.3
Materials & Supplies	1.0	0.3	0.7	1.0
Total Expenses	\$ 784.3	\$ 654.2	\$ 130.1	\$ 533.7

- Wages and benefits forecasted to end the year below budget, due to lower than budgeted medical benefit expenses. The proposed budget expectation is for higher wages and similar medical benefits cost.
- Travel, lodging and training budget forecast is lower due to employees not being available for travel during the current year and using a prior year credit from a committee member resigning; the proposed 2025 budget is consistent with 2024 budget.
- Services & Contracts increased from 2024 forecast due to administrative costs associated with releasing RFP in 2025. Costs also increased from 2024 original budget which did not include investment management fees for RREEF. The proposed 2025 budget expectation includes these investment fees.

➤ 2025 Budget for Healthcare Trust Plan

(in thousands)

	2025 Proposed Budget	2024 Forecast	Variance	2024 Budget
Wages & Benefits	\$ 42.02	\$ 36.8	\$ 5.2	\$ 40.6
Travel, lodging, training	17.1	11.9	5.2	16.9
Services & Contracts	107.3	123.9	(16.6)	92.0
Materials & Supplies	0.5	0.1	0.4	0.5
Total Expenses	\$ 166.9	\$ 172.7	\$ (5.8)	\$ 150.0

- Wages and benefits forecasted to end the year are below budget, due to lower than budgeted medical benefit expenses. The proposed budget expectation is for higher wages and similar medical benefits cost.
- Travel, lodging and training budget forecast is lower due to employees not being available for travel during the current year and using a prior year credit from a committee member resigning; the proposed 2025 budget is consistent with 2024 budget.
- Services & Contracts increased from 2024 budget which did not include investment management fees for RREEF. The proposed 2025 budget expectation includes these investment fees.



2025 Capital Budgets

Overview – 2025 Capital Budget

- Approximately \$166.4 million in total funding planned for capital projects
 - 2025 FTA funds of \$54.2 million for eligible projects identified
 - FRA CRISI STC grant funds of \$9.4 million for eligible projects identified
 - Internal cash flow funding of \$15.8 million from 2025 cash flow
 - Competitive grant awards:
 - MPDG INFRA grant funds of \$22.9 million for G3.3 bridge project (total project cost \$28.6 million)
 - Federal-State Partnership for Intercity Rail Program grant funds of \$10.3 million for MP 190.5 bridge rehabilitation project
 - CRISI grant funds of \$53.8 million for BR 413.7 bridge rehabilitation

Capital Program			
Fund Source	Federal Share	ARRC	Total
Federal Transit Administration (net of programmed items)	\$ 43,368,642	\$ 10,842,160	\$ 54,210,802
FRA CRISI STC	7,500,000	1,875,000	9,375,000
2025 ARRC Internally Funded Projects	-	15,819,850	15,819,850
Competitive grant awards			
MPDG INFRA	17,148,610	5,716,204	22,864,814
Federal-State Partnership for Intercity Rail Program	8,200,558	2,050,140	10,250,698
FRA CRISI	43,071,887	10,767,972	53,839,859
Total Capital Program	\$ 119,289,697	\$ 47,071,326	\$ 166,361,023

➤ 2025 FTA Grant Capital Budget

FTA Formula Funded Capital Program	Prior Years Rollover	2025	Total
Total Funding from Formula Program	\$ 12,812,385	\$ 67,669,724	\$ 80,482,109
Preventive Maintenance	-	19,540,928	19,540,928
Total Programmed Items	\$ -	\$ 19,540,928	\$ 19,540,928
Total Grant Funds Available for Projects	\$ 12,812,385	\$ 48,128,796	\$ 60,941,181
2025 Track Rehabilitation Program - FTA	-	26,000,000	26,000,000
MP127.5 - Bridge Rehabilitation	5,000,000	-	5,000,000
2025 Bridge Program - FTA	4,165,000	-	4,165,000
2025 Bridge Rehabilitation Program	-	3,993,902	3,993,902
2025 Wheel Lathe	2,250,000	-	2,250,000
Offsite Data Center	-	1,995,000	1,995,000
2025 Passenger Car Rehabilitation - FTA	-	1,600,000	1,600,000
Complex Culvert Program	-	1,398,600	1,398,600
2025 Culvert Program - FTA	1,045,000	-	1,045,000
Locomotive Video Cameras	-	762,500	762,500
Slide Zone Mitigation	-	649,900	649,900
Anchorage Yard Master Plan	-	575,000	575,000
2025 Operations Support Facilities	-	520,000	520,000
All other projects (under \$500K each)	-	4,255,900	4,255,900
Total Proposed FTA Formula Fund Program	\$ 12,460,000	\$ 41,750,802	\$ 54,210,802



2025 FTA Grant Capital Budget

Department	Description	Category	Proposed Internal budget
Non-Discretionary Projects			
Mechanical	Locomotive Video Cameras	Non-Discretionary	\$ 762,500
Technology	TSA Security Directive	Non-Discretionary	490,000
Passenger	Wheel Chair Lift	Non-Discretionary	75,000
Continuing Programs			
MOW	2025 Track Rehabilitation Program - FTA	Continuing Programs	\$ 26,000,000
Engineering	MP 127.5 - Bridge Rehabilitation	Continuing Programs	5,000,000
MOW	2025 Bridge Program - FTA	Continuing Programs	4,165,000
Engineering	2025 Bridge Rehabilitation Program	Continuing Programs	3,993,902
Passenger	2025 Passenger Rehabilitation - FTA	Continuing Programs	1,600,000
Engineering	Complex Culvert Program	Continuing Programs	1,398,600
MOW	2025 Culvert Program	Continuing Programs	1,045,000
Engineering	Tunnel District Safety Improvements	Continuing Programs	486,800
Signal	CTC Battery Replacement Program	Continuing Programs	394,000
Technology	2025 PC Refresh	Continuing Programs	356,000
Signal	Intermediate LED Upgrades	Continuing Programs	295,000
Communication	Wireless Networks Refresh	Continuing Programs	295,000
Engineering	MP 199 Flood Zone Mitigation	Continuing Programs	228,200
Communication	2025 Network Services	Continuing Programs	171,000
Strategic Business Initiatives			
Mechanical	2025 Wheel Lathe	Strategic Business Initiatives	\$ 2,250,000
Technology	Offsite Data Center	Strategic Business Initiatives	1,995,000
Engineering	Slide Zone Mitigation	Strategic Business Initiatives	649,900
Facilities	Anchorage Yard Master Plan	Strategic Business Initiatives	575,000
Facilities	2025 Operations Support Facilities	Strategic Business Initiatives	520,000
Facilities	Talkeetna Depot Baggage Tents	Strategic Business Initiatives	315,000
Facilities	Fairbanks Depot Floor Replacement	Strategic Business Initiatives	275,000
Communication	Network Security Hardware Expansion	Strategic Business Initiatives	260,000
Communication	Network Architecture Enhancements	Strategic Business Initiatives	237,900
Strategic Business Initiatives			
Facilities	Denali Depot Design	Ranked Project	\$ 377,000
Total FTA Grant Funded Capital Projects			\$ 54,210,802



➤ 2025 FRA CRISI STC Grant Capital Budget

CRISI STC Funding		2025
	Federal match for INFRA G3.3 grant	\$ 5,716,203
	Freight Car Expansion	\$ 2,520,000
	Side Dump Railcar Acquisition	\$ 1,138,797
Total CRISI STC Funding		\$ 9,375,000

- **MP G3.3 Bridge Replacement** – Secondary grant for INFRA competitive grant, see next slide for additional information
- **Flat Car Expansion** - The project seeks to acquire 12 - 64' flat cars to ensure ARRC has capacity to continue to operate current business lines at multiple locations along the railbelt. The acquisition is part of ARRC flatcar replacement plan as outlined in the Transit Asset Management plan. ARRC is experiencing increased demand for flat car assets, while at the same time phasing out current 56' flat cars as they are failing in advance of their useful life at an expedited pace. The project will seek out fabrication and delivery of new 64' flat cars.
- **Side Dump Railcar Acquisition** - Purchase two new side dump railcars to support safe and effective rail maintenance and emergency response, as the current aging fleet is in constant demand and nearing the end of it service life. This acquisition will begin a phased replacement of the 32-year old side dump fleet, ensuring reliability for both routine maintenance, emergency response and customer needs.

Competitive Grant Awards

MP G3.3 Bridge Replacement

\$ 28,581,017

MPDG FY 2023-2024 Nationally Significant Multimodal Freight and Highways Projects (INFRA)

Primary Grant (60/40 split)

FRA Special Transportation Circumstances (STC) Program

Secondary Grant (Funding 20% of the 40% match with an 80/20 split)

Rationale: The INFRA funded project replaces a bridge that is nearing the end of its useful life that carries essential rail freight and military traffic and connects communities and businesses in rural Interior Alaska with the rest of the North American Intermodal Network. The MP G3.3 bridge crosses the Chena River at Fort Wainwright in Fairbanks. The project will improve safety, environmental sustainability, and multimodal transportation options in a rural area, and the railroad's state of good repair. The project will promote economic competitiveness in the region, preserve rail access to military installations, ensure continued freight rail service, and mitigate the risk of an emergency rail line outage caused by bridge failure.

MP G3.3 Bridge Replacement			
Fund Sources	Federal Share	ARRC Match	Total
MPDG INFRA (60%)	\$ 17,148,610	\$ -	\$ 17,148,610
Other Federal Funds (20%)			
FRA CRISI STC (16%)	4,572,963	-	4,572,963
ARRC Share of FRA CRISI STC (4%)	-	1,143,240	1,143,240
Non-Federal Share - ARRC Share (20%)	-	5,716,204	5,716,204
Total Fund Sources for MP G3.3 Bridge Replacement	\$ 21,721,573	\$ 6,859,444	\$ 28,581,017



➤ Competitive Grant Awards

➤ MP 190.5 Bridge Rehabilitation

\$ 10,250,698

➤ FY 2022-2023: Federal-State Partnership for Intercity Passenger Rail Program

- Rationale: The project replaces the 80-foot railroad bridge located at MP 190.5 on the ARRC mainline where it crosses Little Willow Creek 5 miles north of Willow. The bridge was built in 1926 and is nearing the end of its useful life and also experiencing progressive failure of its abutments. The replacement of bridge 190.5 will support Alaska's transportation infrastructure, improve safety along the mainline, promote economic vitality in the region, preserve rail access to military installations, ensure continued ARRC freight and intercity passenger services, and mitigate the risk of an emergency rail line outage caused by bridge failure.

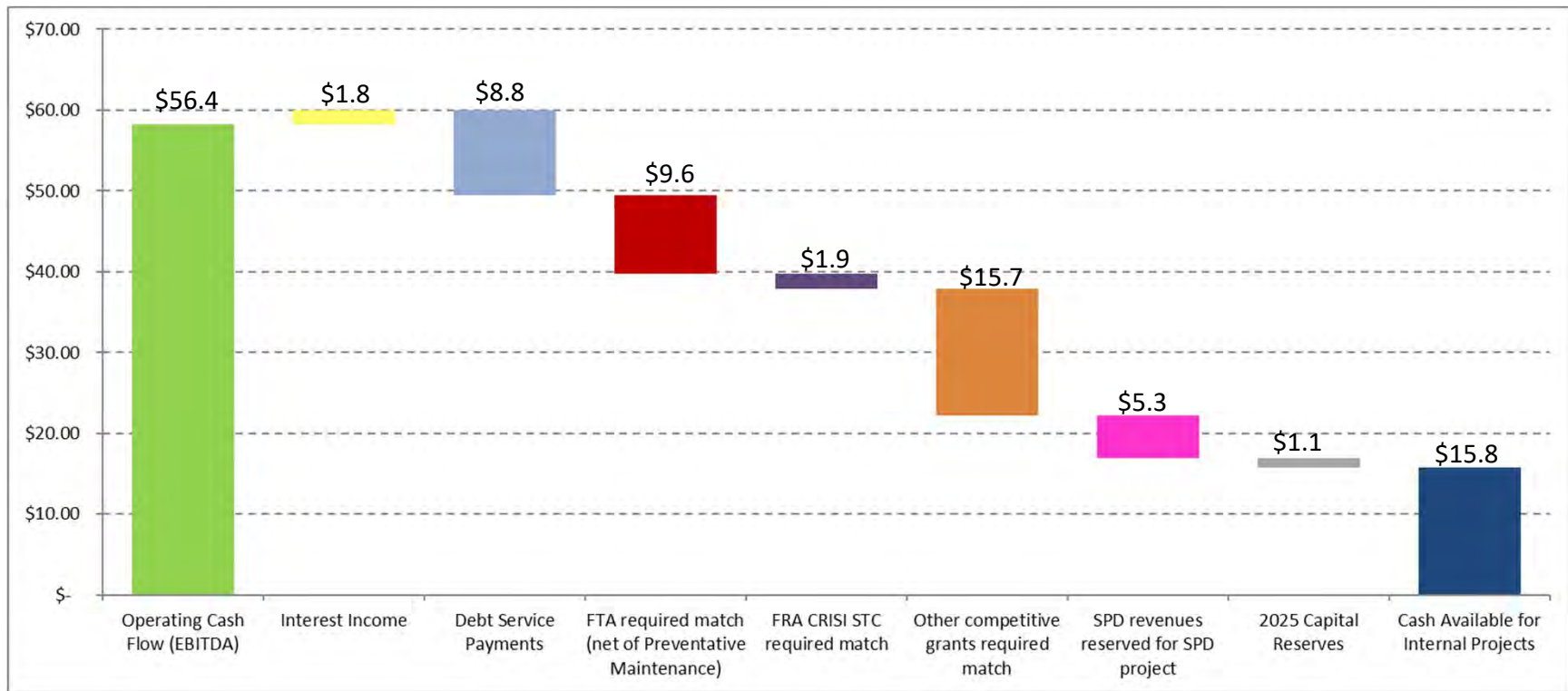
➤ Bridge 413.7 Rehabilitation

\$ 53,839,859

➤ FY 2023-2024: Consolidated Rail Infrastructure and Safety Improvements Program (CRISI)

- Rationale: The project rehabilitates the 100 year old bridge located at MP413.7 over the Tanana river. The project will result in significant improvement, rehabilitating in the existing 1,298-foot, 12-span, through truss bridge at ARRC MP 413.7. Rehabilitation of this bridge will enhance the stability of the track infrastructure, protect critical state infrastructure, improve safety for the ARRC and its customers, preserve a historic structure, and maintain the safety of the bridge, providing reliability for the railroad and its facilities.

➤ 2025 Internal Cash Generation for Capital Projects



(\$ millions)



2025 Internal Capital Budget

Department	Description	Category	Proposed Internal budget
Non-Discretionary Projects			
Engineering	Whittier Drain Repairs	Non-Discretionary	\$ 1,850,000
Continuing Programs			
MOW	2025 Track Rehabilitation Program - ARRC	Continuing Programs	\$ 2,155,000
MOW	2025 Bridge Program - ARRC	Continuing Programs	1,915,000
Engineering	2025 Docks & Slips - Seattle Terminal Coating	Continuing Programs	1,750,000
Passenger	2025 Passenger Rehabilitation - ARRC	Continuing Programs	788,600
Engineering	2025 Docks & Slips	Continuing Programs	770,000
Mechanical	2025 Locomotive Overhaul Program	Continuing Programs	560,000
Communication	Starlink and Software Defined - Wide Area Network System (SD-WAN)	Continuing Programs	414,000
MOW	2025 Yard & Branch Improvements	Continuing Programs	400,000
MOW	2025 Riprap Drainage Maintenance	Continuing Programs	400,000
Facilities	2025 General Repair	Continuing Programs	330,000
Engineering	Seward Freight Ramp Improvements - Design	Continuing Programs	300,000
Facilities	2025 Electrical Upgrades	Continuing Programs	295,000
Communication	Passenger Car Wi-Fi	Continuing Programs	275,000
Real Estate	2025 Building Maintenance	Continuing Programs	250,000
Facilities	2025 Land & Utilities	Continuing Programs	225,000
Real Estate	2025 Tenant Improvements	Continuing Programs	175,000
MOW	2025 Avalanche Slide Zone Risk Mitigation	Continuing Programs	167,250
Facilities	2025 Energy Management	Continuing Programs	155,000
Facilities	2025 Section Improvements	Continuing Programs	105,000
Security	2025 Public Transportation System Security	Continuing Programs	100,000
Strategic Business Initiatives			
ATCS	PTC Vital Functions	Strategic Business Initiatives	\$ 1,460,000
Facilities	Wasilla Elevator Install	Strategic Business Initiatives	550,000
Technology	Mobile & Digital Transformation	Strategic Business Initiatives	200,000
Communication	Seward Communication Shelter Replacement	Strategic Business Initiatives	155,000
ERP Committee	Customer Payment Portal	Strategic Business Initiatives	75,000
Total Internally Funded Capital Projects			\$ 15,819,850



5 Year Operating and Capital Plans

➤ 5 Year Operating Plan

5-Year Operating Plan (in millions)

	2025	2026	2027	2028	2029
Net Operating Income	9.44	10.69	12.06	13.52	15.20
Net Real Estate Income	18.86	19.67	20.39	21.02	22.04
Net Other Income	3.30	3.54	3.64	3.75	3.96
Net Income	31.60	33.89	36.10	38.29	41.20

- The 5-year operating plan begins with annual projections of each of ARRC's Freight, Passenger and Real Estate revenue lines based on what Marketing and Real Estate have determined from their discussions with customers
- Operating expenses are projected with adjustments for line items that do not follow predictable patterns, such as pension expense

➤ 5 Year Internal Capital Cash Generation

5-Year Internal Capital Cash Generation (in millions)

	2025	2026	2027	2028	2029
Net Income	31.60	33.89	36.10	38.29	41.20
Depreciation	24.63	25.66	26.56	27.44	26.16
Less: Non cash pension/prm in net income	(1.40)	(1.40)	(1.40)	(1.40)	(1.40)
Less: SPD revenue pledged to SPD dock project	(5.27)	(5.77)	(6.30)	(6.85)	(7.43)
Less: Principal Pymts on LT Debt	(5.43)	(5.64)	(5.87)	(6.10)	(4.48)
Less: Federal Match & Capital Reserve	(28.31)	(24.65)	(24.80)	(13.07)	(13.22)
Total Internal Capital Available	15.82	22.09	24.29	38.31	40.83

- The 5-year internal capital budget begins with the 5-year net income estimates, and then adjusts for non-cash items and known cash flow priorities before coming to an estimate of cash flow available for the internally funded capital budget
- The Seward Passenger Dock (“SPD”) revenues are dedicated to the SPD project and anticipation that repayment of the bonds will draw on the revenues by the dock

➤ 5 Year Capital Plan – Sources of Funding

5-Year fund sources (in millions)

Fund Source	2025	2026	2027	2028	2029	5Y Total
Federal Transit Administration Funds (net of preventative maintenance)	48.13	48.85	49.58	50.33	51.08	247.97
Prior Year FTA funds allocated to projects	6.08	6.73				12.81
CRISI STC	9.38	9.38	9.38	-	-	28.14
Internal Funds	15.82	22.09	24.29	38.31	40.83	141.34
Competitive Grants (<i>estimates for out years</i>)	86.95	50.00	50.00	-	-	186.95
Total Capital Program	166.36	137.05	133.25	88.64	91.91	617.21

- Other sources of funds may be added to the Fund Source list during this 5-year period, such as competitive grant programs, as they become available for large projects

5 Year Capital Plan – FTA Formula Funds

FTA Formula Funded Capital Program	2025	2026	2027	2028	2029	5-Year Total
Federal Transit Administration - Funded Projects						
FTA Formula Funds	\$ 67,669,724	\$ 68,684,770	\$ 69,715,041	\$ 70,760,767	\$ 71,822,179	\$ 348,652,481
Prior Year FTA Formula Funds (Unallocated)	\$ 12,812,385	\$ 6,728,354	\$ -	\$ -	\$ -	\$ 19,540,739
Total Funding From Formula Program	\$ 80,482,109	\$ 75,413,124	\$ 69,715,041	\$ 70,760,767	\$ 71,822,179	\$ 368,193,220
Preventive Maintenance	\$ 19,540,928	\$ 19,834,041	\$ 20,131,552	\$ 20,433,525	\$ 20,740,028	\$ 100,680,075
Total Programmed Items	\$ 19,540,928	\$ 19,834,041	\$ 20,131,552	\$ 20,433,525	\$ 20,740,028	\$ 100,680,075
Total Grant Funds Available for Project	\$ 60,941,181	\$ 55,579,082	\$ 49,583,489	\$ 50,327,242	\$ 51,082,150	\$ 267,513,145
Track Rehabilitation Program - FTA	\$ 26,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 126,000,000
MP127.5 - Bridge Rehabilitation	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Bridge Program - FTA	\$ 4,165,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 20,165,000
Bridge Rehabilitation Program - FTA	\$ 3,993,902	\$ 16,270,607	\$ 15,100,489	\$ 17,027,242	\$ 17,582,150	\$ 69,974,390
2025 Wheel Lathe	\$ 2,250,000	\$ -	\$ -	\$ -	\$ -	\$ 2,250,000
Offsite Data Center	\$ 1,995,000	\$ -	\$ -	\$ -	\$ -	\$ 1,995,000
Passenger Rehabilitation - FTA	\$ 1,600,000	\$ 2,500,000	\$ 2,500,000	\$ 2,000,000	\$ 2,000,000	\$ 10,600,000
Complex Culvert Program	\$ 1,398,600	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 5,398,600
Culvert Program - FTA	\$ 1,045,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,200,000	\$ 5,245,000
Locomotive Video Cameras	\$ 762,500	\$ 762,500	\$ -	\$ -	\$ -	\$ 1,525,000
Slide Zone Mitigation	\$ 649,900	\$ -	\$ -	\$ -	\$ -	\$ 649,900
Anchorage Yard Master Plan	\$ 575,000	\$ -	\$ -	\$ -	\$ -	\$ 575,000
Operations Support Facilities	\$ 520,000	\$ 3,695,000	\$ 220,000	\$ -	\$ -	\$ 4,435,000
TSA Security Directive	\$ 490,000	\$ 450,000	\$ -	\$ -	\$ -	\$ 940,000
Tunnel District Safety Improvements	\$ 486,800	\$ -	\$ -	\$ -	\$ -	\$ 486,800
CTC Battery Replacement Program	\$ 394,000	\$ -	\$ -	\$ -	\$ -	\$ 394,000
Denali Depot Design	\$ 377,000	\$ -	\$ -	\$ -	\$ -	\$ 377,000
PC Refresh	\$ 356,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,556,000
Subtotal - Estimated FTA Formula Funds Program	\$ 52,058,702	\$ 54,978,107	\$ 49,120,489	\$ 50,327,242	\$ 51,082,150	\$ 257,566,690

5 Year Capital Plan – FTA Formula Funds (continued) & Competitive Grants

FTA Formula Funded Capital Program (continued)	2025	2026	2027	2028	2029	5-Year Total
Talkeetna Depot Baggage Tents	\$ 315,000	\$ -	\$ -	\$ -	\$ -	\$ 315,000
Intermediate LED Upgrades	\$ 295,000	\$ 528,000	\$ 463,000	\$ -	\$ -	\$ 1,286,000
Wireless Networks Refresh	\$ 295,000	\$ -	\$ -	\$ -	\$ -	\$ 295,000
Fairbanks Depot Floor Replacement	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ 275,000
Network Security Hardware Expansion	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Network Architecture Enhancements	\$ 237,900	\$ -	\$ -	\$ -	\$ -	\$ 237,900
MP 199 Flood Zone Mitigation	\$ 228,200	\$ -	\$ -	\$ -	\$ -	\$ 228,200
2025 Network Services	\$ 171,000	\$ -	\$ -	\$ -	\$ -	\$ 171,000
Wheel Chair Lift	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	\$ 150,000
Total Estimated FTA Formula Funds Program	\$ 54,210,802	\$ 55,581,107	\$ 49,583,489	\$ 50,327,242	\$ 51,082,150	\$ 260,784,790

Competitive Grants	2025	2026	2027	2028	2029	5-Year Total
FRA CRISI, CRISI STC, and other Competitive Grant Funded Capital Program						
Flat Car Acquisition	\$ 2,520,000	\$ -	\$ -	\$ -	\$ -	\$ 2,520,000
Side Dump Railcar Acquisition	\$ 1,138,797	\$ -	\$ -	\$ -	\$ -	\$ 1,138,797
MP G3.3 Bridge Replacement (INFRA)	\$ 22,864,814	\$ -	\$ -	\$ -	\$ -	\$ 22,864,814
MP G3.3 Bridge Replacement (STC)	\$ 5,716,208	\$ -	\$ -	\$ -	\$ -	\$ 5,716,208
MP 190.5 Bridge Rehabilitation	\$ 10,250,698	\$ -	\$ -	\$ -	\$ -	\$ 10,250,698
MP 413.7 Rehabilitation (CRISI)	\$ 53,839,859	\$ -	\$ -	\$ -	\$ -	\$ 53,839,859
Bridge Rehabilitation	\$ -	\$ 9,375,000	\$ 9,375,000	\$ -	\$ -	\$ 18,750,000
Competitive Grants - Bridge Rehabilitation (estimates)	\$ -	\$ 50,000,000	\$ 50,000,000	\$ -	\$ -	\$ 100,000,000
Project Funded by Competitive Grants	\$ 96,330,376	\$ 59,375,000	\$ 59,375,000	\$ -	\$ -	\$ 215,080,376

5 Year Capital Plan – Internally Funded Projects

Internal Funding	2025	2026	2027	2028	2029	5-Year Total
Non-Discretionary Projects	2025	2026	2027	2028	2029	5-Year Total
Whittier Drain Repairs	\$ 1,850,000	\$ -	\$ -	\$ -	\$ -	\$ 1,850,000
Subtotal - Non-Discretionary Projects	\$ 1,850,000	\$ -	\$ -	\$ -	\$ -	\$ 1,850,000
Continuing Programs						
Bridge Rehabilitation Program - ARRC	\$ -	\$ 17,159,393	\$ 12,097,511	\$ 23,822,758	\$ 21,507,850	\$ 74,587,512
Track Rehabilitation Program - ARRC	\$ 2,155,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 10,155,000
Bridge Program - ARRC	\$ 1,915,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 9,915,000
2025 Seattle Terminal Coating	\$ 1,750,000	\$ -	\$ -	\$ -	\$ -	\$ 1,750,000
Passenger Rehabilitation - ARRC	\$ 788,600	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 2,988,600
Docks & Slips	\$ 770,000	\$ 2,000,000	\$ 2,500,000	\$ 1,000,000	\$ 1,000,000	\$ 7,270,000
Locomotive Engine Overhaul Program	\$ 560,000	\$ 797,000	\$ 792,000	\$ 324,000	\$ -	\$ 2,473,000
Starlink & Software Defined - Wide Area Network (SD-WAN)	\$ 414,000	\$ 248,000	\$ 242,000	\$ 242,000	\$ -	\$ 1,146,000
Yard & Branch Improvements	\$ 400,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,400,000
Riprap Drainage Maintenance	\$ 400,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,400,000
General Repair	\$ 330,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 730,000
Seward Freight Ramp Improvements - Design	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Electrical Upgrades	\$ 295,000	\$ 175,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 770,000
Passenger Car Wi-Fi	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ 275,000
Building Maintenance	\$ 250,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 650,000
Land & Utilities	\$ 225,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 625,000
Tenant Improvements	\$ 175,000	\$ 200,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 675,000
Avalanche Slide Zone Risk Mitigation	\$ 167,250	\$ 200,000	\$ 200,000	\$ 200,000	\$ 800,000	\$ 1,567,250
Energy Management	\$ 155,000	\$ 200,000	\$ 200,000	\$ 125,000	\$ 125,000	\$ 805,000
Section Improvements	\$ 105,000	\$ 75,000	\$ 750,000	\$ 10,000	\$ 75,000	\$ 1,015,000
Public Transportation System Security	\$ 100,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,100,000
Vehicles & Equipment	\$ -	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 24,000,000
Subtotal - Continuing Programs	\$ 11,529,850	\$ 33,154,393	\$ 29,081,511	\$ 38,023,758	\$ 35,807,850	\$ 147,597,362

➤ 5 Year Capital Plan – Internally Funded Projects

Internal Funding	2025	2026	2027	2028	2029	5-Year Total
Strategic Business Initiatives	2025	2026	2027	2028	2029	5-Year Total
PTC Vital Functions FRA - Supplemental	\$ 1,460,000	\$ -	\$ -	\$ -	\$ -	\$ 1,460,000
Wasilla Elevator Install	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ 550,000
Mobile Application	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 400,000
Seward Communication Shelter Replacement	\$ 155,000	\$ -	\$ 1,326,000	\$ -	\$ -	\$ 1,481,000
Customer Payment Portal	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Subtotal - Strategic Business Initiatives	\$ 2,440,000	\$ 200,000	\$ 1,326,000	\$ -	\$ -	\$ 3,966,000
Total Internally Funded Project Requests	\$ 15,819,850	\$ 33,354,393	\$ 30,407,511	\$ 38,023,758	\$ 35,807,850	\$ 153,413,362
Estimated Funds from Internal Cash flow	\$ 15,819,850	\$ 22,090,000	\$ 24,290,000	\$ 38,310,000	\$ 40,830,000	\$ 141,339,850
Total Internal Funding Shortage/(Surplus)	\$ -	\$ 11,264,393	\$ 6,117,511	\$ (286,242)	\$ (5,022,150)	\$ 12,073,512
Total Capital Budget	\$ 166,361,028	\$ 148,310,500	\$ 139,366,000	\$ 88,351,000	\$ 86,890,000	\$ 629,278,528

➤ ARRC Capital Program Planning & Evaluation

*ARRC Executive Committee
LaFewt Knox
November 6, 2024*

ALASKA
RAILROAD

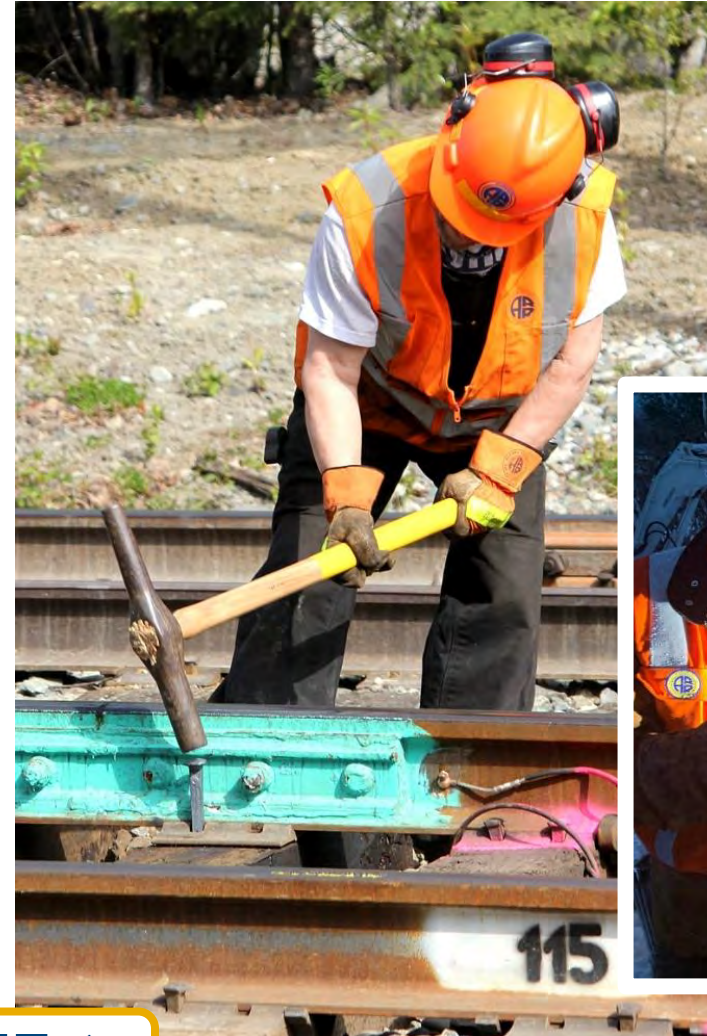
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Photo courtesy: Chris Kruse

ARRC Capital Program

ARRC has nearly \$900M in capital assets (historical value; replacement costs would be significantly higher). To continue to meet our mission and operate a safe, profitable, efficient and reliable railroad, ARRC maintains Asset Management Plan to prioritize and allocate funding for ongoing asset maintenance, replacement or improvement.

ARRC generates capital funds through net income, federal grants (competitive and formula; match required) and secured debt, determining capital budget.





Planning Documents & Processes

Corporate Mission & Strategy

- Operate a safe, profitable, efficient and reliable railroad to support economic growth in Alaska

Asset Management Plan(s)

- Federal Reporting Requirement
- State of Good Repair Requirement
- Best Practices and the discipline of Asset Management

Operating & Business Plan(s)

- Consideration of assets needed to facilitate safe and efficient work, train and business plans

Multiyear Investment Plan(s)

- Most optimistic forecasted investment of needs to keep assets in a State of Good Repair. (Current assets, including those needing rehabilitation or replacement; does not typically include a comprehensive rendering of business development acquisitions)

Annual Capital Program

- CPWEG Annual Budget Review

Five-Year Capital Budget

- Expected capital investment needs for awarded capital projects. This is reviewed and balanced based on expected cashflows



Asset Management Plan

Asset Management - A strategic and systematic process of operating, maintaining and improving physical assets throughout their life cycle. The plan leverages various business, economic and engineering practices to help guide resource allocation and project selection.

49 CFR Part 625 and the Federal Transit Administration (FTA) – This provision requires the Alaska Railroad, as a recipient of federal funds, to carry out the mandate of 49 U.S.C. 5326 for transit asset management. This part establishes a National Transit Asset Management (TAM) System to monitor and manage public transportation capital assets to enhance safety, reduce maintenance costs, increase reliability, and improve performance.

The TAM Rule (49 CFR part 625) is a set of federal regulations that sets out minimum asset management practices for transit providers.

TAMP Asset Categories & Types

Transit Asset Management Plan (TAMP)

Asset Categories:

Rolling Stock

- Passenger Railcars
- Locomotives

Equipment (Rolling Stock)

- Truck & Rubber Tired
- Steel Wheel Vehicle
- Automobile

Facility

- Administrative & Maintenance
- Passenger & Parking

Infrastructure (Fixed Guideway)

- Track
- Signals & Systems
- Bridge

Asset Types (Investment Planning):

- Business Development
- Passenger Car
- Locomotive
- Track, Drainage, & Avalanche
- Bridge & Transfer Spans
- Signal
- Telecommunication
- Marine Structures
- Facilities: Buildings
- Heavy Equipment / Vehicles
- Shop Equipment
- IT Hardware & Printers

ARRC **Drafted** Capital Investment Plan

SGR & Replacement Plans	2025	2026	2027	2028	2029
Business Development	\$ 13,050,970	\$ 5,009,140	\$ 13,310,750	\$ 13,530,829	\$ 3,000,000
Passenger Car	\$ 8,268,165	\$ 7,941,630	\$ 7,346,509	\$ 2,591,424	\$ 2,100,000
Locomotive	\$ 18,311,072	\$ 8,239,239	\$ 5,077,538	\$ 6,437,105	\$ 4,000,000
Track, Drainage, & Avalanche	\$ 38,392,250	\$ 34,500,000	\$ 34,860,000	\$ 35,930,000	\$ 21,000,000
Bridge & Transfer Spans	\$ 84,912,822	\$ 111,730,000	\$ 146,718,000	\$ 70,850,000	\$ 37,000,000
Signal	\$ 2,275,450	\$ 579,330	\$ 297,728	\$ 280,000	\$ 126,000
Telecommunication & Cameras *	\$ 7,733,775	\$ 1,239,381	\$ 1,139,604	\$ 1,236,827	\$ 555,000
Marine Structures **	\$ 1,670,000	\$ 1,270,000	\$ 5,510,000	\$ 102,073,667	\$ 50,000,000
Facilities: Buildings	\$ 8,041,000	\$ 1,850,000	\$ 1,535,000	\$ 560,000	\$ 200,000
Heavy Equipment / Vehicles	\$ 6,019,304	\$ 9,312,805	\$ 4,821,172	\$ 4,049,168	\$ 6,500,000
Shop Equipment	\$ 2,360,000	\$ 17,326	\$ -	\$ 4,255,004	\$ -
IT Hardware & Printers **	\$ 843,185	\$ 709,271	\$ 519,501	\$ 458,418	\$ 350,000
Total	\$ 191,877,993	\$ 182,398,122	\$ 221,135,802	\$ 242,252,442	\$ 124,831,000

As determined by Asset Management Plan, approximately \$193M annually is needed for optimal capital investment (averaged over five-year plan)

Proposed 2025 Capital Funding

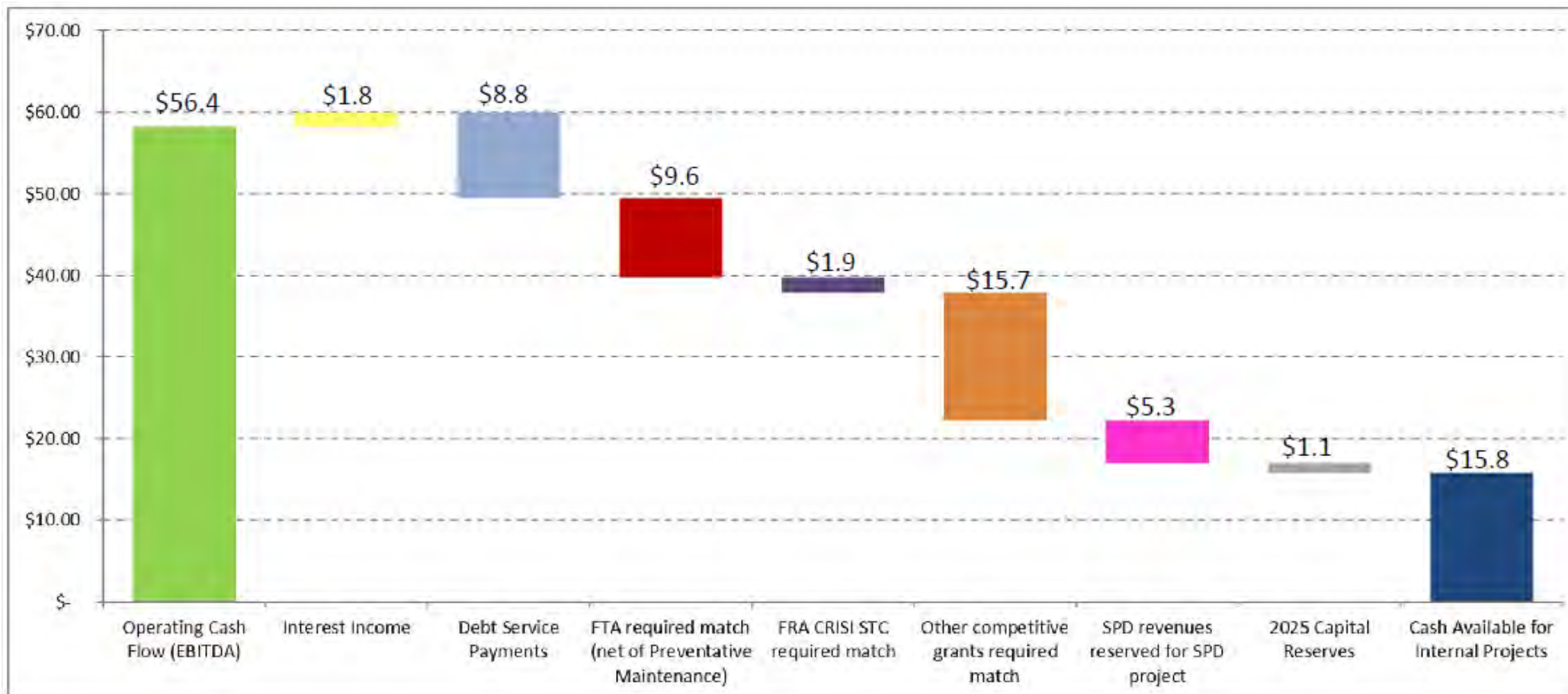
Annually, through the operating budget process and business evaluation review, the Finance Department determines the estimated available funds to support our Capital Program:

Approximately \$166.4 million in total funding planned for capital projects

- 2025 FTA Formula Funds provide \$54.2 million (net of programmed items)
- FRA CRISI STC grant funds of \$9.4 million
- 2025 Proposed Cash Flow Planned for Capital Projects: **\$15.8 million**
 - Competitive grant awards:
 - MPDG INFRA grant funds - G3.3 bridge project - \$22.9M (total project cost \$28.6M)
 - Federal-State Partnership for Intercity Rail Program – BR190.5 - \$10.3M
 - CRISI FRA grant – BR 413.7 – \$53.8M

Capital Program			
Fund Source	Federal Share	ARRC	Total
Federal Transit Administration (net of programmed items)	\$ 43,368,642	\$ 10,842,160	\$ 54,210,802
FRA CRISI STC	7,500,000	1,875,000	9,375,000
2025 ARRC Internally Funded Projects	-	15,819,850	15,819,850
Competitive grant awards			
MPDG INFRA	17,148,610	5,716,204	22,864,814
Federal-State Partnership for Intercity Rail Program	8,200,558	2,050,140	10,250,698
FRA CRISI	43,071,887	10,767,972	53,839,859
Total Capital Program	\$ 119,289,697	\$ 47,071,326	\$ 166,361,023

2025 Internal Cash Generation for Capital Projects



(\$ millions)





Reconciliation between Investment Plan & Five Year Plan

ARRC's optimal Asset Investment Plan calls for roughly \$193M annually (averaged over five-year plan)

This is driven by our asset management plan and represents the optimal investment scenario.

ARRC can only generate annual investment of roughly \$86M (averaged over five-year plan)

This is a function of current economic and business realities.

Capital Investment Management is key to operating safely without investing in our capital infrastructure at the optimal level:

- Project phasing
- Operational adjustments to accommodate project timelines, funding and resource availability
- Targeted maintenance to prolong useful life of assets

These tactics allow ARRC to manage needs and maintain State of Good Repair given expected cashflows and ongoing shortfalls; however, every year the list of capital projects that cannot be funded is substantial.



➤ Advancing Capital Projects Outside of Investment Plan

In addition to maintenance and enhancement of existing infrastructure and business lines, ARRC also works to advance economic development projects through a variety of strategies:

- **ARRC Internal Capital Funds:** Due to limited resources and significant demands of asset management plan, ARRC typically looks for opportunities with projected ROI for this tactic.
- **Federal Competitive Grants:** ARRC has proven track record of performance in federal competitive grant arena. In many scenarios, would look for non-federal match to be met by State or commercial partner.
- **Partnership with Private Industry:** ARRC's structure allows for nimble and responsive partnership with private industry to develop commercial opportunities.

To: John Shively
ARRC Board Chair

From: Bill O'Leary
ARRC President & CEO

Date: November 4, 2024

Re: Port MacKenzie Rail Extension (PMRE) funding options/strategy

While perhaps not universally accepted by all, the most current estimate (dated November 2023) to complete PMRE ranges from \$250 - \$300 million, a not-inconsequential amount that is far beyond ARRC's ability to fund on its own. However, as we have steadfastly maintained, there are a number of potential paths forward to bring this long-discussed project to fruition, assuming various stakeholders are willing to work cooperatively together. The purpose of this memo is to outline ARRC's current thinking on these approaches.

Our belief is that it will take a concerted effort from various stakeholders/related funding streams including:

- Federal infrastructure grants;
- State funding/investment;
- Customer commitments;
- ARRC

Federal grants

Given the magnitude of the project and current lack of a large anchor tenant, it is difficult to envision PMRE being completed in the absence of some form of federal participation. As the federal infrastructure bill begins to wane, it is important to evaluate chances of success with the remaining years of the CRISI and INFRA programs administered by USDOT. ARRC applied for a CRISI grant for PMRE in 2024, but recently learned we were unsuccessful; we will be scheduling a debrief with the grantor shortly to determine how PMRE could be better presented for future opportunities. Given the requirement that successful offerors bring a project with independent utility, the full amount to finish the project will be the ask – an ask that also requires identifying the source of the local match, most likely at the minimum 20% level (~\$50 - \$60 million).

Success in gaining access to these funds will require ARRC working with the Mat-Su Borough to prepare/update a solid grant application, the Alaska congressional delegation and state administration supporting such an application, and the identification of the source of the match required.

State funding/investment

Two approaches are possible should state funding be considered a viable option – first, the ability to phase the project with piecemeal funding, moving forward in perhaps an inefficient manner, but moving forward nonetheless, or second, provide a one-time infusion of matching funds for a federal grant as discussed

above. The ability to leverage a federal grant is particularly attractive, but will require a combination of support from key legislators, the state administration, and the Mat-Su Borough; ARRC's role would be to provide leadership, support, and project expertise in support of the more technical aspects of the project.

An additional approach worth further exploration is the concept of AIDEA making a direct equity investment of some amount in the project, either through a phased approach or as a provider of matching funds. Given the statewide benefits to the completion of this project and specific benefits to other proposed AIDEA-funded initiatives, such an infusion may well be attractive to that organization and fit within its portfolio of long-term investments.

Customer commitments

There has been much discussion over the years about possible customer uses of the rail extension upon its completion. A well-used, successful model for funding completion of the project could certainly be having a customer (or customers) provide a use commitment on a take or pay basis that would provide sufficient net revenue to either fund the remainder of the project or the matching component to a federal grant. Such a funding stream would then be used as the security for an ARRC borrowing for the match needed, assuming the commitment was sufficient and of appropriate credit quality. However, to date, no customer has been identified that meets those criteria.

ARRC

The sheer magnitude of the funding required to directly complete the project or even pay debt service on the minimum 20% match related to a federal grant is well beyond the ability of ARRC, acting in a prudent manner, assuming no incremental net revenue. ARRC's role, however, is a critical one, in that it can continue to provide leadership on bringing stakeholders together to fund the project and has the experience and technical knowledge to complete the construction and operate the facility, should that be the ownership model.

Strategy moving forward

Significant progress has been made over the last year with a reasonable foundation laid for success. Specific next steps to occur:

1. ARRC will request a debrief with the grantor agency regarding what perceived shortcomings were in the unsuccessful 2024 CRISI grant application.
2. ARRC is in the process of a comprehensive review of all known current and potential customers for Port McKenzie, working with information provided by MSB/PM and Rep. McCabe's office as well as our knowledge of the freight logistics market in Alaska. A goal of this initiative will be to determine the current viability of a potential customer base to provide sufficient commitments as outlined above. This is a labor-intensive process involving contact with potential users to determine if a business case can be made. This process will be completed by late January.
3. ARRC will support MSB and Rep. McCabe in their respective requests to the Governor's Office and the legislature for project/match funding in the 2025 legislative session.
4. ARRC will contact and work with AIDEA to determine interest and viability of our sister entity's direct investment in the project.

5. ARRC will work with the Alaska delegation and state administration regarding support for a federal grant application in 2025 to complete PMRE; effort may be required from MSB and Rep. McCabe's office to garner the appropriate level of support to move forward.
6. ARRC, in conjunction with MSB, will once again take the lead in (and pay the expense of) preparing a federal grant application, assuming sufficient support from other stakeholders as outlined above has been realized.

IX. BRIEFING ITEMS

B. Committee Reports

- 1. Real Estate Committee Notes - Attached**
- 2. Executive Committee Notes – Confidential**
- 3. Audit Committee Notes – Meeting is Tuesday, November 12, 2024. Confidential Notes will be emailed to board members prior to the Board meeting.**



Alaska Railroad Corporation Board of Directors Real Estate Committee Notes

Date: November 6, 2024

Time: 9:00 a.m.

Location: Hybrid Meeting

Board Members:

John Binkley, Committee Chair (in person)
John Shively, Committee Member (in person)
Judy Petry, Committee Member
TJ Dinsmore, Committee Member
Commissioner Ryan Anderson, Committee Member
Commissioner Julie Sande, Committee Member
John Reeves, Committee Member ~ Absent

Staff present:

Christy Terry, Andy Donovan, Kellyan Taylor, Bill O'Leary, Jennifer Mergens, Brian Lindamood, Michelle Maddox, Andy Behrend, Clark Hopp, Jon Roder, Meghan Clemens, Lorine Hall, LaFew Knox, Greg Goemer, David Greenhalgh, Tucker Remley

Members of the Public present:

None in attendance

Chair Binkley called the meeting to order at 9 a.m. and requested that Ms. Terry proceed with the Agenda.

Customer Communications:

Ms. Terry commented on the current development of the proposed Chena River Trail. ARRC is working with the Fairbanks North Star Borough (FNSB) on this project and ARRC is waiting on comments back from FNSB.

Ms. Terry stated that she and Ms. Clemens spent the last few days in Seward. They met with several companies, including North Star Terminal and Stevedore Company regarding the movement of pipe and frack sand and leaseholder Tom Tougas regarding further lease development in the area.

Ms. Terry stated that ARRC has received a verbal request from Steve Ribuffo for the Port of Alaska to continue the lease held by MOA on the small boat launch in Anchorage. The Port's written request should be forthcoming.

Ms. Terry attended the annual North Anchorage Land Agreement meeting last week which included participation by Eklutna Corporation, JBER and MOA.

Ms. Terry shared that the Real Estate Department just completed a customer survey. The survey closed recently and responses are currently being reviewed. Overall, the feedback from our Real Estate customers has been positive. Summarized results will be shared with the Committee Members.

Contracts to be presented to the Board of Directors for consideration:

Contract No. 21106 – ATW Properties - Healy

Ms. Terry shared that the customer is seeking approximately twenty (20) acres to develop for a tourism-based build out. Plans include rental cabins and an RV park. This lease would advance the goal of expanding the Healy area further as a tourist destination. Approval is requested. Committee Member John Shively moved that the Committee recommend approval of the lease contract by the Board. Committee Member Petry seconded. The motion passed with no further discussion or objection.

Briefing / Update

Reserve Asset Management Mapping

Jon Roder provided the Committee with a visual presentation on the benefit of drone mapping across ARRC land reserves. Mr. Roder highlighted that all necessary equipment is already owned by ARRC and that drone mapping is critical for land use and planning and will provide accurate information that can be shared across ARRC departments.

Seward

Dock Traffic

Ms. Terry noted that during her last two days in Seward, she observed that all berths at ARRC's port facilities were occupied by vessels, including a foreign vessel offloading frac sand. Yard activity included loading pipe and frac sand on rail cars. We are expecting two more pipe ships through December and a potential three more in January 2025. Cruise ship activity for 2024 produced 88 dockings. Cruise ship dockings are expected to decline to 77 in the 2025 cruise season due to vessels of NCL and their subsidiaries repositioning to Whittier.

Passenger Dock Project – Seward Company, LLC

Ms. Terry provided an update for the cruise dock project. Ms. Terry and Ms. Clemens have been working on community outreach including stakeholder groups and a public informational forum resulting in standing-room only with over 70 community members in

attendance. The community of Seward was excited about the dock projects and the recently-awarded shorepower EPA grant.

Anchorage

Freight Shed Update

Ms. Terry reminded the committee of the damage to the Freight Shed roof due to snow load this past winter. While seven (7) trusses were damaged, ARRC is using this as an opportunity to refurbish and enhance twenty-three (23) trusses to prevent future damage. Repairs are currently in process and are expected to be complete by year end.

Depot Drive

The Depot Drive project is complete. There is some contaminated soil remaining onsite and remediation plans are being discussed. Several remediation options are being explored.

MOA Boat Launch Area

Alaska Marine Lines, Inc. has permitted approximately four (4) acres of land for a five (5)-year term. They are currently using the area for laydown and transitions.

East Ship Creek Ave. Building Demolitions

Ms. Terry shared that the two buildings are being demolished on East Ship Creek Avenue, providing a large area for Planned Community (PC) Development. Real Estate will be working on marketing that area.

Odom Building

Ms. Terry informed the committee that the five (5)-year lease with Redevelop First, LLC has been executed.

Whittier

Whittier Master Plan

Ms. Terry informed the Committee that a status report was provided to the community at the last Whittier City Council Meeting regarding the ARRC Whittier Master Plan.

Land Exchange

Ms. Terry shared that she continues to attend meetings with the City of Whittier, including council meetings and working sessions with the community on determining non-operational ARRC land potentially available for a fair market value purchase or comparable land trade. A draft Memorandum of Understanding is being circulated between the parties, who are working towards a final document.

Fairbanks

Chena Flowline Permit

Flowline has executed a Five (5)-year permit in the Chena Landings area. The permit area has been cleared and improved, with the current use being pipe storage.

Nenana

Land Sale

Ms. Terry shared that a draft Memorandum of Understanding has been shared between ARRC and City of Nenana. ARRC has comments on the MOU to send back to the City of Nenana, and we feel the outlook is promising.

Public Comment

None

Executive Session

Committee Chair Binkley asked for a motion to move into executive session to discuss proprietary and privileged financial and legal matters associated with the Seward Passenger Dock transaction. Committee Member Shively so moved and Committee Member Dinsmore seconded. There was no discussion or objection and the Committee moved into Executive Session.

At 9:57 a.m., Chair Binkley moved the meeting back to public session.

Adjournment

Committee Member Shively moved to adjourn and Committee Member Dinsmore seconded. The motion passed with no discussion or objection and the meeting adjourned at 9:58 a.m.

X. NEW BUSINESS

D. Adoption of Consent Agenda

- 1. Resolution No. 2024-29 Relating to Approval of the 2025 Operating, Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets**
- 2. Resolution No. 2024-30 Relating to Approval of the 2025 Capital Budget and AFE Nos. 11308, 11309, 11310, 11311, 11312, 11313, 11314, 11315, 11316, 11317, 11318, 11319, 11320, 11321, 11322, 11323, 11324, 11325, 11326, 11327, 11328 and 11329**
- 3. Resolution No. 2024-31 Relating to the 2025 Five-Year Capital Improvement Plan**
- 4. Resolution No. 2024-32 Relating to Replacement of Bridge at ARRC MP 190.5 (AFE No.11306)**
- 5. Resolution No. 2024-33 Relating to Replacement of Bridge at ARRC MP G3.3 (AFE No. 11305)**
- 6. Resolution No. 2024-34 Relating to Whittier Lagoon Drain Pipe Repair or Replacement Project (AFE No. 11215 S-1)**
- 7. Resolution No. 2024-35 Relating to Increase in Funding for the Vital Functions Project in Support of the Positive Train Control Program (AFE No. 10675 S-3)**
- 8. Resolution No. 2024-36 Relating to the Rehabilitation of Bridge at ARRC MP 413.7 (AFE No. 11307)**
- 9. Resolution No. 2024-37 Relating to Approval of Appointment of Labor Member of the Pension and Represented 401(k) Tax Deferred Savings Committee**
- 10. Contract No. 21106 – ATW Properties (Healy)**

Adopted:

Resolution No. 2024-29

Relating to Approval of the 2025 Operating,
Pension Trust and Alaska Railroad Corporation
Health Care Trust Budgets

WHEREAS, the Board of Directors of the Alaska Railroad Corporation is required to approve the corporation's Annual Operating Budgets each fiscal year as specified in Section AS 42.40.120(c)(12) of the Alaska Railroad Corporation Act; and

WHEREAS, the Board of Directors has reviewed and discussed the 2025 proposed Operating Budget as submitted by Management at its November 15, 2024 Board Meeting and finds the budget to be acceptable and in the best interests of the corporation; and

WHEREAS, the Board of Directors has reviewed and discussed the 2025 proposed Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets as submitted by Management at its November 15, 2024 Board Meeting; and

WHEREAS, the Board of Directors finds that the 2025 Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets are appropriate to meet the corporation's responsibilities under the Alaska Railroad Corporation Act.

NOW THEREFORE BE IT RESOLVED that the Board of Directors hereby adopts the 2025 Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets as presented by Management at the November 15, 2024 Board Meeting; and

BE IT FURTHER RESOLVED that the Board of Directors hereby adopts the 2025 proposed Operating Budget as presented by Management at the November 15, 2024 Board Meeting with the changes, if any, designated thereon, which will henceforth be known as the 2025 Approved Operating Budget of the Alaska Railroad Corporation.

Adopted:

Resolution No. 2024-30

Relating to Approval of the 2025 Capital Budget and AFE Nos. 11308, 11309, 11310, 11311, 11312, 11313, 11314, 11315, 11316, 11317, 11318, 11319, 11320, 11321, 11322, 11323, 11324, 11325, 11326, 11327, 11328 and 11329

WHEREAS, the Board of Directors of the Alaska Railroad Corporation (ARRC) is required to approve the Corporation's annual Capital Budget each fiscal year as specified in AS 42.40.120(c)(12) of the Alaska Railroad Corporation Act; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than \$500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13); and

WHEREAS, the Board of Directors has reviewed and discussed the proposed 2025 Capital Budget submitted by Management at its November 15, 2024 Board Meeting, which Budget is summarized on Attachment A hereto; and

WHEREAS, the Board of Directors finds that the 2025 Capital Budget is appropriate to meet the corporation's needs and responsibilities under the Alaska Railroad Corporation Act.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors hereby adopts the 2025 Capital Budget as summarized on Attachment A hereto and hereby approves the commencement of the capital projects listed on Attachment A and AFE Nos. 11308, 11309, 11310, 11311, 11312, 11313, 11314, 11315, 11316, 11317, 11318, 11319, 11320, 11321, 11322, 11323, 11324, 11325, 11326, 11327, 11328 and 11329 related to said projects.

ATTACHMENT A - Resolution No. 2024-30

2025 Recommended Capital List					
Department	Project Description	CRISI STC	Internal	2025 FTA	Total Funding
MOW	2025 Track Rehabilitation Program - FTA	\$ -	\$ -	\$ 26,000,000	\$ 26,000,000
Engineering	MP127.5 - Bridge Rehabilitation	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000
MOW	2025 Bridge Program - FTA	\$ -	\$ -	\$ 4,165,000	\$ 4,165,000
Engineering	2025 Bridge Rehabilitation Program - FTA	\$ -	\$ -	\$ 3,993,902	\$ 3,993,902
Business Development	Flat Car Acquisition	\$ 2,520,000	\$ -	\$ -	\$ 2,520,000
Mechanical	2025 Wheel Lathe	\$ -	\$ -	\$ 2,250,000	\$ 2,250,000
MOW	2025 Track Rehabilitation Program - ARRC	\$ -	\$ 2,155,000	\$ -	\$ 2,155,000
Technology	Offsite Data Center	\$ -	\$ -	\$ 1,995,000	\$ 1,995,000
MOW	2025 Bridge Program - ARRC	\$ -	\$ 1,915,000	\$ -	\$ 1,915,000
Engineering	Whittier Yard Drain Repairs - Supplemental	\$ -	\$ 1,850,000	\$ -	\$ 1,850,000
Engineering	2025 Seattle Terminal Coating	\$ -	\$ 1,750,000	\$ -	\$ 1,750,000
Passenger	2025 Passenger Rehabilitation - FTA	\$ -	\$ -	\$ 1,600,000	\$ 1,600,000
ATCS	PTC Vital Functions FRA - Supplemental	\$ -	\$ 1,460,000	\$ -	\$ 1,460,000
Engineering	Complex Culvert Program	\$ -	\$ -	\$ 1,398,600	\$ 1,398,600
Business Development	Side Dump Railcar Acquisition	\$ 1,138,797	\$ -	\$ -	\$ 1,138,797
MOW	2025 Culvert Program - FTA	\$ -	\$ -	\$ 1,045,000	\$ 1,045,000
Passenger	2025 Passenger Rehabilitation - ARRC	\$ -	\$ 788,600	\$ -	\$ 788,600
Engineering	2025 Docks & Slips	\$ -	\$ 770,000	\$ -	\$ 770,000
Mechanical	Locomotive Video Cameras	\$ -	\$ -	\$ 762,500	\$ 762,500
Engineering	Slide Zone Mitigation	\$ -	\$ -	\$ 649,900	\$ 649,900
Facilities	Anchorage Yard Master Plan	\$ -	\$ -	\$ 575,000	\$ 575,000
Mechanical	2025 Locomotive Engine Overhaul Program	\$ -	\$ 560,000	\$ -	\$ 560,000
Facilities	Wasilla Elevator Install	\$ -	\$ 550,000	\$ -	\$ 550,000
Facilities	2025 Operations Support Facilities	\$ -	\$ -	\$ 520,000	\$ 520,000
Technology	TSA Security Directive	\$ -	\$ -	\$ 490,000	\$ 490,000
Engineering	Tunnel District Safety Improvements	\$ -	\$ -	\$ 486,800	\$ 486,800
Communication	Starlink & Software Defined - Wide Area Network (SD-WAN)	\$ -	\$ 414,000	\$ -	\$ 414,000
MOW	2025 Yard & Branch Improvements	\$ -	\$ 400,000	\$ -	\$ 400,000
MOW	2025 Riprap Drainage Maintenance	\$ -	\$ 400,000	\$ -	\$ 400,000
Signal	CTC Battery Replacement Program	\$ -	\$ -	\$ 394,000	\$ 394,000
Facilities	Denali Depot Design	\$ -	\$ -	\$ 377,000	\$ 377,000
Technology	2025 PC Refresh	\$ -	\$ -	\$ 356,000	\$ 356,000
Facilities	2025 General Repair	\$ -	\$ 330,000	\$ -	\$ 330,000
Facilities	Talkeetna Depot Baggage Tents	\$ -	\$ -	\$ 315,000	\$ 315,000
Engineering	Seward Freight Ramp Improvements - Design	\$ -	\$ 300,000	\$ -	\$ 300,000
Signal	Intermediate LED Upgrades	\$ -	\$ -	\$ 295,000	\$ 295,000
Facilities	2025 Electrical Upgrades	\$ -	\$ 295,000	\$ -	\$ 295,000
Communication	Wireless Networks Refresh	\$ -	\$ -	\$ 295,000	\$ 295,000
Communication	Passenger Car Wi-Fi	\$ -	\$ 275,000	\$ -	\$ 275,000
Facilities	Fairbanks Depot Floor Replacement	\$ -	\$ -	\$ 275,000	\$ 275,000
Communication	Network Security Hardware Expansion	\$ -	\$ -	\$ 260,000	\$ 260,000
Real Estate	2025 Building Maintenance	\$ -	\$ 250,000	\$ -	\$ 250,000
Communication	Network Architecture Enhancements	\$ -	\$ -	\$ 237,900	\$ 237,900
Engineering	MP 199 Flood Zone Mitigation	\$ -	\$ -	\$ 228,200	\$ 228,200
Facilities	2025 Land & Utilities	\$ -	\$ 225,000	\$ -	\$ 225,000
Technology	2025 Mobile Application	\$ -	\$ 200,000	\$ -	\$ 200,000
Real Estate	2025 Tenant Improvements	\$ -	\$ 175,000	\$ -	\$ 175,000
Communication	2025 Network Services	\$ -	\$ -	\$ 171,000	\$ 171,000
MOW	2025 Avalanche Slide Zone Risk Mitigation	\$ -	\$ 167,250	\$ -	\$ 167,250
Facilities	2025 Energy Management	\$ -	\$ 155,000	\$ -	\$ 155,000
Communication	Seward Communication Shelter Replacement	\$ -	\$ 155,000	\$ -	\$ 155,000
Facilities	2025 Section Improvements	\$ -	\$ 105,000	\$ -	\$ 105,000
Security	2025 Public Transportation System Security	\$ -	\$ 100,000	\$ -	\$ 100,000
Passenger	Wheel Chair Lift	\$ -	\$ -	\$ 75,000	\$ 75,000
ERP Committee	Customer Payment Portal	\$ -	\$ 75,000	\$ -	\$ 75,000
		\$ 3,658,797	\$ 15,819,850	\$ 54,210,802	\$ 73,689,449

Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11308

Page 1

General Information:	
AFE Title:	2025 Track Rehab Program - FTA
Prepared By:	LaFewt Knox
Resp. Center (Name):	MOW
Resp. Center (#):	1330
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 26,000,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 26,000,000
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 1,040,000
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	26,000,000
Source of Funding	ARRC (20%)	\$ 5,200,000
Source of Funding	FTA (80%)	\$ 20,800,000
Source of Funding		
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 26,000,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 26,000,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Rachel Maddy		
Responsible Owner:	Lloyd Tesch		
VP, Owner Department:	Clark Hopp		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11308

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
---	------------	-------------------------

Adequate tie condition, regular surfacing, and rail replacement are essential to maintaining integrity of the track structure and avoiding derailments.

Scope of Work:

Under the Tie Program, **40,000** hardwood crossties and switch ties will be installed in the mainline and sidings. Additionally, **5,100** hardwood crossties and switch ties will be installed in the Fairbanks Airport Branch. **(\$14,829,000)**

Under the Rail Program, **23,000'** of CWR will be re-laid, **50,000'** of CWR will be created through contract crop and slide, and one switch will be upgraded. The Rail Program also funds ongoing thermite welding and rail pickup from previous year's programs, as well as Rail Flaw Detection. **(\$8,920,000)**

In addition to the Tie and Rail Programs, the Track Rehabilitation Program includes a surfacing Program for surfacing within the districts **(\$3,337,000)**, and contract Ballast Scan **(\$1,069,000)**.

Some of the activities in the 2024 Track Rehab Program are ineligible for federal funding: Tie replacement on the Eielson Branch and rail flaw detection. The cost of these activities is estimated to be **\$2,155,000**.

ARRC Business Justification

Rail: Failure to replace worn rail increases the risk of rails breaking in service, increases the need for surfacing and tie replacement, and more frequently results in damaged wheels.

Ties: Replacing deteriorated ties with new wood ties is necessary to avoid gage and surface problems.

Surfacing: Surfacing reduces slow orders and improves train running times. Surfacing also results in a smoother train ride, reduced track maintenance, and reduced mechanical wear on equipment.

Rail Flaw Detection: This functions is required annually by FRA.

Alternatives Considered:

None.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 5,528,239
Labor (Fully Burdened)	\$ 5,960,133
Materials	\$ 9,933,555
Contracts	\$ 4,578,073
Other Expenses	\$ -
Total	\$ 26,000,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11309

Page 1

General Information:	
AFE Title:	2025 Bridge Rehabilitation Program - FTA
Prepared By:	LaFewt Knox
Resp. Center (Name):	Engineering
Resp. Center (#):	2200
Depreciation Center:	2200-Engineering
Line of Business:	Engineering
Spending Timetable:	
2025	\$ 5,000,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 5,000,000
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 200,000
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	5,000,000
Source of Funding	ARRC (20%)	\$ 1,000,000
Source of Funding	FTA (80%)	\$ 4,000,000
Source of Funding		
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 5,000,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 5,000,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Tyler Tubs		
Responsible Owner:	Blake Adolfae		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Andrew Burgess		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11309

Page 2

Is this project related to health and/or safety?		If yes describe:
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The Alaska Railroad operates over the oldest transportation infrastructure in the State. Large scale and timely capital rehabilitation, repair, and replacement of this vital infrastructure is necessary for the reliability and overall safety of train operations. This project is an element of an ongoing bridge rehabilitation and replacement program needed to combat the steady degradation of bridge structures. This project is essential for reliable and safe train operations and maintaining the integrity of the rail system.

Scope of Work:

Project funding support the replacement of ARRC's bridge located at MP 127.5. This work is required to maintain the safety and reliability of railroad operations. The bridge is reaching the end of its useful life span and this project will enhance the stability of the track infrastructure, protect critical state infrastructure, improve safety for the ARRC and its customers, including passengers, and maintain the integrity of the railroad.

ARRC Business Justification

This work is required to maintain the safety and reliability of railroad operations. The bridge is reaching the end of its useful life span and this project will enhance the stability of the track infrastructure, protect critical state infrastructure, improve safety for the ARRC and its customers, including passengers, and maintain the integrity of the railroad.

If this aging infrastructure is not replaced, the railroad runs the risk of a catastrophic failure that would halt all mainline rail traffic. Passengers would have to be bussed to Birchwood yard to be loaded/unloaded.

Phases of project work has been funding in prior years. Inflationary factors has increased construction costs resulting in a need to increase project funding to complete bridge replacement.

AFE#	Fund Year	Budget
10964	2022	\$ 21,060,760
11187	2024	\$ 15,677,000
11309	2025	\$ 5,000,000
Estimated total		\$ 41,737,760

Alternatives Considered:

Do nothing is not an option. As these legacy bridge structures continues to age ARRC experiences increased maintenance costs and faces eventual failure of the bridge structures.

Preliminary Budget:

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	\$ 279,573
Materials	\$ 119,817
Contracts	\$ 3,594,512
Other Expenses	\$ -
Total	\$ 3,993,902

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

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AFE# 11310

Page 1

General Information:	
AFE Title:	2025 Bridge Program - FTA
Prepared By:	LaFewt Knox
Resp. Center (Name):	MOW
Resp. Center (#):	1341
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 4,165,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 4,165,000
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 166,600
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	4,165,000
Source of Funding	ARRC (20%)	\$ 833,000
Source of Funding	FTA (80%)	\$ 3,332,000
Source of Funding		
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 4,165,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 4,165,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Bryan Montgomery		
Responsible Owner:	Rachel Maddy		
VP, Owner Department:	Clark Hopp		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11310

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
<p>The Bridge Gang is directly responsible for implementation of an ongoing program of bridge repair, rehabilitation, and improvement to address normal wear and tear on bridges as well as unexpected maintenance events. The Bridge Gang also addresses repairs, rehabilitation, and improvements to large culverts and retaining walls. This work is necessary to maintain the integrity of our infrastructure required for safe train operations.</p>		
Scope of Work:		
<p>The Bridge Gang capital program includes all planning, permitting, training, tools, materials, equipment, and labor to continue the ongoing and programmatic repair, rehabilitation, and replacement work required to keep ARRC bridges, large culverts, and retaining walls in a safe and functional state. The Bridge Gang also addresses unexpected maintenance events.</p> <p>The 2025 Bridge Gang program specifically includes: - federally eligible superstructure and tie deck work (\$4,165,000*) - bridge work ineligible for federal funding (\$1,915,000) - Note that this covers work that MUST BE INTERNALLY FUNDED</p> <p><i>*Note that the overall 2025 bridge program has been reduced by \$500,000 - cost which is expected to be covered by: - \$500k in 2024 FTA 5337 funding (Grant TBD) - this amount is dependent on final performance in 2024</i> **Note that engineering is not included</p>		
ARRC Business Justification		
<p>A consistently supported bridge rehabilitation and improvement program allows ARRC to maintain the structural integrity of system bridges, support consistent or increasing track speeds, and improve the corporation's ability to meet customer needs in a timely manner.</p> <p>Not supporting a continuing bridge program has a cost to the integrity of the track infrastructure. However, timing and cost of derailments or catastrophic failure, and resulting revenue lost, are difficult to estimate. Short of these types of incidents, lost revenue would be due to declining track speeds and slower trains, as the quality of bridge structures degrade to the point that they could not safely support the greater speeds.</p>		
Alternatives Considered:		
None		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	1,124,754
Labor (Fully Burdened)	\$	2,726,678
Materials	\$	313,568
Contracts	\$	-
Other Expenses	\$	-
Total	\$	4,165,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11311

Page 1

General Information:	
AFE Title:	2025 Bridge Rehabilitation Program - FTA
Prepared By:	LaFewt Knox
Resp. Center (Name):	Engineering
Resp. Center (#):	2200
Depreciation Center:	2200-Engineering
Line of Business:	Engineering
Spending Timetable:	
2025	\$ 3,933,902
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 3,933,902
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 159,756
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	3,993,902
Source of Funding	ARRC (20%)	\$ 798,780
Source of Funding	FTA (80%)	\$ 3,195,122
Source of Funding		
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 3,993,902	
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 3,993,902	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Tyler Tubbs Gabriel Thomas Ben Rousseau		
Responsible Owner:	Blake Adolfae		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Andrew Burgess		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Authorization for Expenditure Form

For Accounting Use Only

AFE# 11311

Page 2

Is this project related to health and/or safety?		If yes describe:
---	--	-------------------------

The Alaska Railroad operates over the oldest transportation infrastructure in the State. Large scale and timely capital rehabilitation, repair, and replacement of this vital infrastructure is necessary for the reliability and overall safety of train operations. This project is an element of an ongoing bridge rehabilitation and replacement program needed to combat the steady degradation of bridge structures. This project is essential for reliable and safe train operations and maintaining the integrity of the rail system.

Scope of Work:

The project scope supports the replacement and/or rehabilitation of the bridge infrastructure eligible for federal funds. Specifically, funding addresses the engineering, design, permitting and environmental analysis of bridges at mile posts **3.0, 3.2, 3.3, 3.7, 15.2, 15.6, 15.9, 264.1, 323.0, 351.4, and 364.7.**

ARRC Business Justification

The Project work is required to continue reliable and safe railroad operations. These projects keep our bridges in a state of good repair. In addition to funding the rehabilitation of two bridges, the project funding will support bridge rehabilitation and/or replacement through final engineering and design.

AFE	Location	Total	ARRC	FTA Formula
	BR 3.0	\$436,684		\$436,684
	BR 3.2	\$419,196		\$419,196
	BR 3.3	\$391,716		\$391,716
	BR 3.7	\$45,000		\$45,000
	BR 15.2	\$106,500		\$106,500
	BR 15.6	\$145,000		\$145,000
	BR 15.9	\$116,500		\$116,500
	BR 37.0	\$287,330		\$287,330
	BR 37.3	\$375,716		\$375,716
	BR 264.1	\$647,350		\$647,350
	BR 323.0	\$369,567		\$369,567
	BR 351.4	\$283,776		\$283,776
	BR 364.7	\$369,567		\$369,567
	Total:	\$3,993,902	\$0	\$3,993,902

Alternatives Considered:

Do nothing is not an option. As these legacy bridge structures continues to age ARRC experiences increased maintenance costs and faces eventual failure of the bridge structures.

Preliminary Budget:

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	\$ 279,573
Materials	\$ 119,817
Contracts	\$ 3,594,512
Other Expenses	\$ -
Total	\$ 3,993,902

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11312

Page 1

General Information:	
AFE Title:	Freight Car Replacement
Prepared By:	LaFewt Knox
Resp. Center (Name):	Freight Car Repair
Resp. Center (#):	1233
Depreciation Center:	1233-Freight Car Repair
Line of Business:	Business Development
Spending Timetable:	
2025	\$ 2,520,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 2,520,000
Other Information	
Useful Life (Years):	30
Annual Depreciation:	\$ 84,000
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	2,520,000
Source of Funding	FRA	\$ 2,016,000
Source of Funding	ARRC	\$ 504,000
Source of Funding		
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 2,520,000	08/14/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 2,520,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Jesse Moose		
Responsible Owner:	Sean Mesloh		
VP, Owner Department:	Dale Wade		
Functional User(s):	Andrew Burgess		
Functional User(s):	David Greenhalgh		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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**Alaska Railroad Corporation
Authorization for Expenditure Form**

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AFE# 11312

Page 2

Is this project related to health and/or safety?	No	If yes describe:
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Scope of Work:

The project seeks to acquire a minimum of 12 - 64' flat cars to ensure ARRC has capacity to continue to operate current business lines at multiple locations along Railbelt. The acquisition is part of ARRC flatcar replacement plan as supported by the Capital Investment Plan. ARRC is experiencing increased demand for flat car assets, while at the same time phasing out current 56' flat cars as they are failing in advance of their useful life at an expedited pace. The project will seek out fabrication and delivery of new 64' flat cars.

ARRC Business Justification

Flat cars are the back bone of ARRC freight car fleet and are heavily utilized for pipe, AML, military equipment, local moves, propane moves, and a variety of other special movements along the system. When the last series of flat cars were procured in 2019, ARRC was running 9000' of flat cars on average, per barge. Today that number is closer to 13,500' per barge during the summer season. In addition, ARRC has experienced additional demand for flat cars with pipe and propane moves coming into Seward multiple times per year. This trend is expected to continue for the next 8 - 10 years. Project scope will be completed in conjunction with \$4.9M 2023 debt funded Flat Car Project, and the FRA - STC grant funded Flat Car Acquisition . The remaining 56' flat cars (62 as of 08.16.2024) are being retired as condition warrants removal from service. Series are required to be retired by the end of 2025.

Alternatives Considered:

Given the end of life status on much of this fleet, the only options are: To forgo those business lines that require these assets or require significantly more train starts to turn the equipment between origin and destination. The latter option increase operating costs exponentially and increase risk by operating additional train starts.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 2,220,000
Labor (Fully Burdened) PM Work	\$ 299,700
Materials	\$ -
Contracts	\$ -
Other Expenses (shipping)	\$ -
Total	\$ 2,520,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
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For Accounting Use Only

AFE# 11313

Page 1

General Information:	
AFE Title:	Wheel Lathe
Prepared By:	LaFewt Knox
Resp. Center (Name):	Mechanical
Resp. Center (#):	1225
Depreciation Center:	1262-Heavy Equipment Shop
Line of Business:	Transportation/Mechanical
Spending Timetable:	
2025	\$ 2,250,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 2,250,000
Other Information	
Useful Life (Years):	50
Annual Depreciation:	\$ 45,000
Estimated Annual Operating Costs	\$ 1,000.00

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	2,250,000
Source of Funding	FTA	\$ 1,800,000
Source of Funding	ARRC	\$ 450,000
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 2,250,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 2,250,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Bryan Cothren		
Responsible Owner:	Sean Mesloh		
Department Owner	Sean Mesloh		
Functional User(s):	Bryan Cothren		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11313

Page 2

Is this project related to health and/or safety?	No	If yes describe:
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Scope of Work:

Replace old wheel lathe with new CNC wheel lathe. Acquire new wheel lathe.

ARRC Business Justification

Our current wheel lathe is worn out. It was a used lathe when we got it. Its almost impossible to get parts for it when it breaks. The last two times it broke we had to have the parts custom machined (which took several months). We ran completely out of wheels during that time and had multiple car sitting in non-revenue status. This piece of equipment is critical to our wheel shop. This machine is also slow to set up and operate and leaves a lot of opportunity for human error in the process of turning wheels. A new CNC lathe would increase our productivity substantially it can process 24-28 wheel sets in an 8 hour shift (takes us a week to get that with our current lathe). While drastically reducing set up time and eliminating human error.

Alternatives Considered:

No

Preliminary Budget:

Line Description	Amount
Equipment	\$ 2,000,000
Labor (Fully Burdened)	\$ -
Materials	\$ -
Contracts	\$ 200,000
Other Expenses	\$ 50,000
Total	\$ 2,250,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11314

Page 1

General Information:	
AFE Title:	2025 Track Rehab Program - ARRC
Prepared By:	LaFewt Knox
Resp. Center (Name):	MOW
Resp. Center (#):	1330
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 2,155,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 86,200
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025
Total Amount	\$	2,155,000
Source of Funding	ARRC	\$ 2,155,000
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 2,155,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 2,155,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Rachel Maddy		
Responsible Owner:	Lloyd Tesch		
VP, Owner Department:	Clark Hopp		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover	N/A	
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Alaska Railroad Corporation
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AFE# 11314

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
Adequate tie condition, regular surfacing, and rail replacement are essential to maintaining integrity of the track structure and avoiding derailments.		
Scope of Work:		
Under the Tie Program, 40,000 hardwood crossties and switch ties will be installed in the mainline and sidings. Additionally, 5,100 hardwood crossties and switch ties will be installed in the Fairbanks Airport Branch. (\$14,829,000)		
Under the Rail Program, 23,000' of CWR will be re-laid, 50,000' of CWR will be created through contract crop and slide, and one switch will be upgraded. The Rail Program also funds ongoing thermite welding and rail pickup from previous year's programs, as well as Rail Flaw Detection. (\$8,920,000)		
In addition to the Tie and Rail Programs, the Track Rehabilitation Program includes a surfacing Program for surfacing within the districts (\$3,337,000), and contract Ballast Scan and Distribution (\$3,014,000).		
Some of the activities in the 2024 Track Rehab Program are ineligible for federal funding: Tie replacement on the Eielson Branch and rail flaw detection. The cost of these activities is estimated to be \$2,155,000 . Thus, at a minimum, the 2025 Track Rehab Program budget request of \$30,100,000 must be funded with \$2,155,000 of ARRC internal funding.		
ARRC Business Justification		
Rail: Failure to replace worn rail increases the risk of rails breaking in service, increases the need for surfacing and tie replacement, and more frequently results in damaged wheels.		
Ties: Replacing deteriorated ties with new wood ties is necessary to avoid gage and surface problems.		
Surfacing: Surfacing reduces slow orders and improves train running times. Surfacing also results in a smoother train ride, reduced track maintenance, and reduced mechanical wear on equipment.		
Rail Flaw Detection: This functions is required annually by FRA.		
Alternatives Considered:		
None.		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	458,206
Labor (Fully Burdened)	\$	494,003
Materials	\$	823,339
Contracts	\$	379,452
Other Expenses	\$	-
Total	\$	2,155,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11315

Page 1

General Information:	
AFE Title:	Offsite Data Center Build
Prepared By:	LaFewt Knox
Resp. Center (Name):	IT
Resp. Center (#):	2625
Depreciation Center:	2600-Info, Tech & Telecom Admin
Line of Business:	Technology
Spending Timetable:	
2025	\$ 1,995,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 1,995,000
Other Information	
Useful Life (Years):	5
Annual Depreciation:	\$ 399,000
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	1,995,000
Source of Funding	FTA	\$ 1,596,000
Source of Funding	ARRC	\$ 399,000
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,995,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,995,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Ivan Baranchugov		
Responsible Owner:	Beth Fleischer		
VP, Owner Department:	Michelle Maddox		
Functional User(s):	Jerry Van Thomme		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11315

Page 2

Is this project related to health and/or safety?	No	If yes describe:
Scope of Work:		
<p>The project funds the construction of a datacenter in the Fairbanks Operations Center. Phase 1 was to determine the best location for the offsite data center. This work was completed by a third party contractor and ARRC project team in 2023. This is to build the design as recommended by Structured, by creating a containerized data center in Fairbanks in 2025. The offsite data center will be a modular data center in a box that is custom ordered to our specifications and then placed in location in Fairbanks. These systems are generally constructed in shipping containers or similar, with custom flooring, racks and power and hvac systems installed. This will be placed on a concrete pad in the Fairbanks Yard, near the comm tower to ensure power and connectivity.</p>		
ARRC Business Justification		
<p>ARRC's datacenters support all corporate operations and administration computerized and networked functions. The infrastructure for data and systems is housed in two (2) locations. The primary data center is located in the headquarters building (GOB) while the alternative site, providing backup storage and high availability and our backup dispatch station, is located at the Anchorage Depot.</p> <p>These two data centers are in close proximity, both fall in Seismic Zone 4 (High susceptibility to ground failure). In the event of an earthquake or flood of the Ship Creek area, where both are located, it is likely they would both be damaged, have some or all functionality compromised, or be completely inoperable. In the event of a power outage in the downtown Anchorage area, since the facilities are on the same power grid there would be little to no ability to full fill operational needs beyond the functions that could be performed by existing emergency backup generators.</p> <p>To ensure business continuity and to protect data, the ARRC must implement an off-premise datacenter containing the systems and services ARRC needs to protect and continue safe operations. In order to accomplish this the ARRC has need to move alternate data services to a secure offsite location with the required Infrastructure (power, HVAC, Network Bandwidth).</p>		
Alternatives Considered:		
<p>Do nothing: Maintain existing datacenter at its existing site is not a preferred alternative as it does not resolve the identified insufficiencies.</p> <p>Move to non-ARRC facility for backup services. Could be an alternative but this project will help ARRC identify if it is a preferred alternative.</p>		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	700,000
Labor (Fully Burdened)	\$	150,000
Materials	\$	900,000
Contracts	\$	245,000
Other Expenses	\$	-
Total	\$	1,995,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11316

Page 1

General Information:	
AFE Title:	2025 Bridge Program - ARRC
Prepared By:	LaFewt Knox
Resp. Center (Name):	MOW
Resp. Center (#):	1341
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 1,915,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 1,915,000
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 76,600
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	1,915,000
Source of Funding	ARRC	\$ 1,915,000
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,915,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,915,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Bryan Montgomery		
Responsible Owner:	Rachel Maddy		
VP, Owner Department:	Clark Hopp		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Alaska Railroad Corporation
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AFE# 11316

Page 2

Is this project related to health and/or safety?		Yes	If yes describe:
<p>The Bridge Gang is directly responsible for implementation of an ongoing program of bridge repair, rehabilitation, and improvement to address normal wear and tear on bridges as well as unexpected maintenance events. The Bridge Gang also addresses repairs, rehabilitation, and improvements to large culverts and retaining walls. This work is necessary to maintain the integrity of our infrastructure required for safe train operations.</p>			
Scope of Work:			
<p>The Bridge Gang capital program includes all planning, permitting, training, tools, materials, equipment, and labor to continue the ongoing and programmatic repair, rehabilitation, and replacement work required to keep ARRC bridges, large culverts, and retaining walls in a safe and functional state. The Bridge Gang also addresses unexpected maintenance events.</p> <p>The 2025 Bridge Gang program specifically includes: - federally eligible superstructure and tie deck work (\$4,165,000*) - bridge work ineligible for federal funding (\$1,915,000) - Note that this covers work that MUST BE INTERNALLY FUNDED</p>			
ARRC Business Justification			
<p>A consistently supported bridge rehabilitation and improvement program allows ARRC to maintain the structural integrity of system bridges, support consistent or increasing track speeds, and improve the corporation's ability to meet customer needs in a timely manner.</p> <p>Not supporting a continuing bridge program has a cost to the integrity of the track infrastructure. However, timing and cost of derailments or catastrophic failure, and resulting revenue lost, are difficult to estimate. Short of these types of incidents, lost revenue would be due to declining track speeds and slower trains, as the quality of bridge structures degrade to the point that they could not safely support the greater speeds.</p>			
Alternatives Considered:			
None			
Preliminary Budget:			
Line Description	Amount		
Equipment	\$		519,696
Labor (Fully Burdened)	\$		1,259,868
Materials	\$		135,436
Contracts	\$		-
Other Expenses	\$		-
Total	\$		1,915,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
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AFE# 11317

Page 1

General Information:	
AFE Title:	Seattle Terminal Coating
Prepared By:	LaFewt Knox
Resp. Center (Name):	Dock Operations & Maintenance
Resp. Center (#):	8910
Depreciation Center:	8910-Dock Ops & Maintenance
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 1,750,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 1,750,000
Other Information	
Useful Life (Years):	20
Annual Depreciation:	\$ 87,500
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	1,750,000
Source of Funding	ARRC	\$ 1,750,000
Source of Funding		
Source of Funding		
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,750,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,750,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Elizabeth Greer		
Responsible Owner:	Brian O'Dowd		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Shane Maloney		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover	N/A	
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11317

Page 2

Is this project related to health and/or safety?	No	If yes describe:
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N/A

Scope of Work:

Full budget to perform protective coating of the steel marine structures. \$900,000 was budgeted for work in 2024. This was not adequate based on the Construction cost, and partial work is not feasible.

This project includes hiring a contractor to complete the work for \$1,730,556 and internal PM and Administration support for \$19,444.

ARRC Business Justification

This work is needed to protect the asset and it can be done more cost effectively with a Contractor already mobilized.

Alternatives Considered:

Defer work to the future.

Preliminary Budget:

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	\$ 19,444
Materials	
Contracts	\$ 1,730,556
Other Expenses	
Total	\$ 1,750,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE 11318

Page 1

General Information:	
AFE Title:	2025 Passenger Car Rehabilitation Program - FTA
Prepared By:	LaFewt Knox
Resp. Center (Name):	Passenger Car Shop
Resp. Center (#):	1243
Depreciation Center:	1243-Passenger Car Repair
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 1,564,992
2026	\$ 1,043,328
2027	
2028	\$ -
2029	\$ -
Total	\$ 1,600,000
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 64,000
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	1,600,000
Source of Funding	ARRC (20%)	\$ 1,280,000
Source of Funding	FTA (80%)	\$ 320,000
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,600,000	11/07/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,600,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Cody Lourie		
Responsible Owner:	Tucker Remley		
VP, Owner Department:	Dale Wade		
Functional User(s):	Mark Baehm		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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**Alaska Railroad Corporation
Authorization for Expenditure Form**

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AFE# 11318

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
<p>The ARRC may face the risk of minor or major injury to a passenger or employee if maintenance items are not corrected or kept in a state of good repair. ARRC Passenger capital team is focused on capital investments that also reduce risk to the contractors and ARRC employees charged with maintaining the equipment.</p>		
Scope of Work:		
<p>This project supports annual capital rehabilitation work necessary to support passenger rolling stock mechanical and functional needs.</p>		
ARRC Business Justification		
<p>The rolling 5-year rehabilitation plan is the result of the Marketing and Sales business unit along with the Mechanical Department working together with the Project Manager to ensure the plan is complete and prioritized on an on-going basis. This program maintains, rehabilitates and replenishes ARRC passenger car assets. All investments are focused on providing materials that meet the customers needs, provide longevity and extended replacement cycle periods.</p> <p>Funding is requested in accordance with the rolling 5-year rehabilitation plan and is consistent with 20 year TAM prioritization based on equipment condition assessments. The scope of the work may change based on work reprioritization.</p>		
Alternatives Considered:		
<p>None. Continuing capital maintenance ensures passenger rolling stock is in safe and in good operating condition to support passenger rail services.</p>		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	-
Labor (Fully Burdened)	\$	300,320
Materials	\$	1,299,680
Contracts	\$	-
Other Expenses	\$	-
Total	\$	1,600,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11319

Page 1

General Information:	
AFE Title:	2025 Complex Culvert Program
Prepared By:	LaFewt Knox
Resp. Center (Name):	Capital Projects
Resp. Center (#):	2200
Depreciation Center:	2200-Engineering
Line of Business:	Engineering
Spending Timetable:	
2025	\$ 614,020
2026	\$ 784,580
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 1,398,600
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 55,944
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	1,398,600
Source of Funding	ARRC (20%)	\$ 279,720
Source of Funding	FTA (80%)	\$ 1,118,880
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,398,600	04/26/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,398,600	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Gabriel Thomas		
Responsible Owner:	Blake Adolfae		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11319

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
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Culvert rehabilitation is essential for ensuring track safety. Potential track issues resulting from failing culverts include:

- 1. In-Track Sinkholes**
- 2. Embankment Failures & Washouts**
- 3. Saturated railbed & associated frost heaving and localized settlement**

Proper assessment, prioritization, and rehabilitation of culverts will provide for long-term track safety improvements that will reduce ARRC's exposure to lost time, lost productivity, train derailments, property damage and environmental hazards.

Scope of Work:

The project in 2025 intends to complete final design and construct a new culvert at:

- 1. MP 225.97**

This project will also complete preliminary engineering up to 30%, NEPA approval, and final design at:

- 1. MP 147.1**
- 2. MP 166.78**

Project Name	AFE	Project Budget
MP 225.97 FD		\$ 100,716.83
MP 225.97 Construction		\$ 742,339.23
MP 147.1 PE		\$ 167,616.83
MP 147.1 FD		\$ 104,293.63
MP 166.78 PE		\$ 180,016.83
MP 166.78 FD		\$ 103,616.65
2025 Complex Culvert Program Total:		\$ 1,398,600.00

ARRC Business Justification

The focus of the Complex Culvert Program is to repair and replace inadequate or failing culverts. If this work is not performed, these culverts can fail, causing the roadbed to wash away or the tracks to become impassable. If the mainline is damaged and taken out of service, critical revenue will be lost. Damaged roadbeds may cause an unexpected train derailment resulting in property damage and endangering the lives of those involved in the incident. Additionally, there is a much higher cost to reactively replace failed embankments and culverts. Poor weather conditions, lack of personnel / equipment, and strict time constraints will not only reduce the quality of the repair, but also increase the overall replacement cost. Preventively maintaining and replacing necessary culverts, prior to their inevitable failure, will ensure greater track safety and service reliability for ARRC's customer needs, all while reducing ARRC liabilities and ongoing maintenance costs.

Alternatives Considered:

Alternatives to the proposed project include items that are already performed in the field, such as maintenance. However, maintenance has limited reach and cannot properly address the structurally compromised culverts, or improve their capacity or functionality. Culverts identified herein are in need of total rehabilitation and replacement moving forward.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 59,038
Labor (Fully Burdened)	\$ 367,003
Materials	\$ 11,057
Contracts	\$ 961,501
Other Expenses	\$ -
Total	\$ 1,398,600

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
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AFE# 11320

Page 1

General Information:	
AFE Title:	2025 Side Dump Railcar Acquisition
Prepared By:	LaFewt Knox
Resp. Center (Name):	Mechanical
Resp. Center (#):	1318
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Transportation/Mechanical
Spending Timetable:	
2025	\$ 1,138,797
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 1,138,797
Other Information	
Useful Life (Years):	50
Annual Depreciation:	\$ 22,776
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	1,138,797
Source of Funding	ARRC (20%)	\$ 227,759
Source of Funding	FRA (80%)	\$ 911,038
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,138,797	11/07/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,138,797	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Jesse Moose		
Responsible Owner:	Rusty Pochatco		
Owner Department:	Sean Mesloh		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11320

Page 2

Is this project related to health and/or safety?	YES	If yes describe:
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The existing side dump is aging and in need of repair or replacement. In addition to routine maintenance activities, these cars are used for emergency response during track outages and disasters. A fully functioning fleet is necessary for safe operation and maintenance.

Scope of Work:

This project will fund the acquisition of a minimum of two (2) side dump railcars of the same design as the existing AKRR fleet.

ARRC Business Justification

The side dump fleet is an invaluable tool to MOW in regular and emergency service. The fleet is in constant demand, both for MOW as well as for external customers. The fleet is mostly 1992 vintage (32/33 years old). Our goal with this acquisition is to replace the fleet two cars at a time.

Alternatives Considered:

1. Do not replace the side dumps
2. Replace the side dumps in a phased approach
3. Replace all of the side dumps at once

Preliminary Budget:

Line Description	Amount
Equipment	\$ 912,596
Labor (Fully Burdened)	\$ 117,587
Materials	\$ -
Contracts	\$ -
Other Expenses	\$ 108,614
Total	\$ 1,138,797

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

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AFE# 11321

Page 1

General Information:	
AFE Title:	2025 Culvert Program - FTA
Prepared By:	LaFewt Knox
Resp. Center (Name):	MOW
Resp. Center (#):	1330
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 1,045,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 1,045,000
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 41,800
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	1,045,000
Source of Funding	ARRC (20%)	\$ 209,000
Source of Funding	FTA (80%)	\$ 836,000
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,045,000	11/07/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,045,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Rachel Maddy		
Responsible Owner:	Lloyd Tesch		
VP, Owner Department:	Clark Hopp		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11321

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
<p>The culvert program is charged with inspection, maintenance, improvement, and replacement of worn, damaged, and failing drainage features throughout the rail belt. Drainage features such as culverts and ditches are critical infrastructure items that carry water way from the roadbed, preventing saturation, degradation, and washout.</p>		
Scope of Work:		
<p>The culvert program includes design, permitting, material procurement, mobilization, site work, and demobilization required to rehabilitation and/or replace 10 culverts in 2025. (\$1,045,000)</p>		
ARRC Business Justification		
<p>Drainage features such as culverts and ditches are critical to track integrity. Generally, the useful life of a standard culvert in optimal conditions is about 40 years. Replacement, rehabilitation, and maintenance of culverts should happen on a regular programmatic basis to maintain the integrity of the track structure and minimize the risk of culvert failure / track structure failure, thereby reducing costs associated with unexpected washouts and increased transport time due to slow orders.</p>		
Alternatives Considered:		
None		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	435,000
Labor (Fully Burdened)	\$	335,000
Materials	\$	275,000
Contracts	\$	-
Other Expenses	\$	-
Total	\$	1,045,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

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AFE# 11322

Page 1

General Information:	
AFE Title:	2025 Passenger Car Rehabilitation Program - ARRC
Prepared By:	LaFewt Knox
Resp. Center (Name):	Passenger Car Shop
Resp. Center (#):	1243
Depreciation Center:	1243-Passenger Car Repair
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 473,140
2026	\$ 315,426
2027	
2028	\$ -
2029	\$ -
Total	\$ 788,600
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 31,544
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	788,600
Source of Funding	ARRC (100%)	\$ 788,600
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 788,600	11/07/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 788,600	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Cody Lourie		
Responsible Owner:	Tucker Remley		
VP, Owner Department:	Dale Wade		
Functional User(s):	Mark Baehm		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover	N/A	
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11322

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
<p>The ARRC may face the risk of minor or major injury to a passenger or employee if maintenance items are not corrected or kept in a state of good repair. ARRC Passenger capital team is focused on capital investments that also reduce risk to the contractors and ARRC employees charged with maintaining the equipment.</p>		
Scope of Work:		
<p>This project supports annual capital rehabilitation work necessary to support passenger rolling stock mechanical and functional needs.</p>		
ARRC Business Justification		
<p>The rolling 5-year rehabilitation plan is the result of the Marketing and Sales business unit along with the Mechanical Department working together with the Project Manager to ensure the plan is complete and prioritized on an on-going basis. This program maintains, rehabilitates and replenishes ARRC passenger car assets. All investments are focused on providing materials that meet the customers needs, provide longevity and extended replacement cycle periods.</p> <p>Funding is requested in accordance with the rolling 5-year rehabilitation plan and is consistent with 20 year TAM prioritization based on equipment condition assessments. The scope of the work may change based on work reprioritization.</p>		
Alternatives Considered:		
<p>None. Continuing capital maintenance ensures passenger rolling stock is in safe and in good operating condition to support passenger rail services.</p>		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	-
Labor (Fully Burdened)	\$	89,800
Materials	\$	698,800
Contracts	\$	-
Other Expenses	\$	-
Total	\$	788,600

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

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AFE# 11323

Page 1

General Information:	
AFE Title:	2025 Docks and Slips Program
Prepared By:	LaFewt Knox
Resp. Center (Name):	Dock Operations & Maintenance
Resp. Center (#):	8910
Depreciation Center:	8910-Dock Ops & Maintenance
Line of Business:	Corporate
Spending Timetable:	
2024	\$ 770,000
2025	\$ -
2026	\$ -
2027	\$ -
2028	\$ -
Total	
Other Information	
Useful Life (Years):	20
Annual Depreciation:	\$ 38,500
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	770,000
Source of Funding	ARRC (20%)	\$ -
Source of Funding	FTA (80%)	\$ -
Source of Funding	ARRC	\$ 770,000
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 770,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 770,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Elizabeth Greer		
Responsible Owner:	Brian O'Dowd		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Shane Maloney		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11323

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Is this project related to health and/or safety?	Yes	If yes describe:
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The annual docks and slips program keeps our marine assets in functional condition.

Scope of Work:

This project continues the multi-year program of on-going capital for docks and slips maintained by ARRC. This year's Program is anticipated to include capital maintenance projects as identified on the annual prioritized plan to address critical work system-wide.

Specifically the planned work for 2025's program includes annual PM and ARRC staff, scheduled inspections, and allowances for unanticipated repairs.

ARRC Business Justification

A consistently supported docks and slips rehabilitation and improvement program allows ARRC to maintain the structural integrity of marine assets, and improve the corporation's ability to meet customer needs in a timely manner.

Alternatives Considered:

There are no known alternatives to basic maintenance. Facilities require various levels of maintenance. New facilities can be designed and constructed for lower maintenance levels, however, existing assets have less opportunity to improve durability and maintenance levels. The primary driver for many of the facilities is corrosion; not wear from use.

Preliminary Budget:

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	\$ 150,000
Materials	\$ -
Contracts	\$ 620,000
Other Expenses	\$ -
Total	\$ 770,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

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AFE# 11324

Page 1

General Information:	
AFE Title:	2025 Locomotive Video Cameras
Prepared By:	LaFewt Knox
Resp. Center (Name):	Mechanical
Resp. Center (#):	1225
Depreciation Center:	1218-Mechanical Administration
Line of Business:	Transportation/Mechanical
Spending Timetable:	
2025	\$ 762,500
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 762,500
Other Information	
Useful Life (Years):	7
Annual Depreciation:	\$ 108,929
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	762,500
Source of Funding	FTA (80%)	\$ 610,000
Source of Funding	ARRC (20%)	\$ 152,500
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TDB	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 762,500	11/07/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 762,500	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Bryan Cothren		
Responsible Owner:	Sean Mesloh		
Director ATCS, Owner Department:	Lane Davis		
Functional User(s):	Andrew Burgess		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11324

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
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Locomotive cab video camera recording would enable Transportation to retrieve video records which will be very insightful in determining root cause of any safety incidents.

ARRC Business Justification

Crucial additional information on how a train crew responded to a specific train operation incident would be invaluable in determining root cause and then taking targeted action (train operations procedure adjustments or train control system modifications) to avoid potential hazardous situations in the future. It would be an educational tool to help train crews understand our processes for situations that they may not otherwise encounter in training or normal operations.

Finally the FRA has mandated the need for video recording for all passenger trains and thus efforts now would provide ARRC more flexibility in it's approach to determine the best solution for its needs versus being constrained by regulatory requirements and deadlines. The passenger locomotives must be done by 10/20/27.

Alternatives Considered:

There are a number of vendors that have video recording systems. The cost estimates are based on preliminary discussions with a few of them. PTC and Train event recorders provides a lot of key information where train operations staff can infer how the train crew was responding to an incident but it does not provide absolute certainty. Video recordings would significantly close the gap on any ambiguity of what transpired.

Preliminary Budget:

Line Description		Amount
Equipment	\$	667,985
Labor (Fully Burdened)	\$	94,515
Materials	\$	-
Contracts		
Other Expenses	\$	-
Total	\$	762,500

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

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AFE# 11325

Page 1

General Information:	
AFE Title:	2025 Slide Zone Mitigation - FTA
Prepared By:	LaFewt Knox
Resp. Center (Name):	Maintenance
Resp. Center (#):	1318
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Engineering
Spending Timetable:	
2025	\$ 649,900
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 649,900
Other Information	
Useful Life (Years):	50
Annual Depreciation:	\$ 12,998
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	Budgeted 2025
Total Amount	\$	649,900
Source of Funding	ARRC	\$ 129,980
Source of Funding	FTA	\$ 519,920
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 649,900	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 649,900	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Gabriel Thomas		
Responsible Owner:	Lloyd Tesch		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11325

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Is this project related to health and/or safety?	Yes	If yes describe:
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The project reduces the potential for strikes to rolling stock, passengers, and workers, which could result in injuries, fatalities, and damage to rolling stock.

This project is an element of an ongoing slide zone mitigation program needed to combat know hazards related to slope failure, rock fall and avalanches. This project is essential for reliable and safe train operations and maintaining the integrity of the rail system.

Scope of Work:

Safety improvements will be implemented throughout the railroad. This project will be phased with a multi-year approach.

Scope for this phase includes the following:

Perform engineering and obtain NEPA approval for mitigation work at Slide Zone 246 and Slide Zone 247.

Project Name	AFE	Project Budget
SZ 246 FD	TBD	\$ 306,432.00
SZ 247 PE	TBD	\$ 343,432.00
2025 Slide Zone Mitigation Total		\$ 649,864.00

ARRC Business Justification:

- Reduce ongoing risk of damage induced by ongoing rockfall and slides along the identified, problematic segments of track.
- Reduce icing and clearance restrictions that negatively impact both the efficiency of on track operations but also adversely affect the integrity of the track and on track safety.
- Reduce freeze-thaw effects that have the potential to loosen rock, causing increased seasonal potential for rock fall issues.
- This is a permanent investment in the railroad infrastructure. Once complete, no additional maintenance will ever be required and the negative effects of the pre-existing adverse conditions will forever be mitigated.

Alternatives Considered:

- Construction of a rock shed structure, capable of withstanding loads associated with various sized falling rocks, rock slides or avalanches. This is far more costly, requires maintenance, does not mitigate the underlying issue, and does not reduce clearance issues. Blasting is a cost effective and permeant solution to the rockfall issues, as discussed herein.
- Do nothing, keep cleaning up debris.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 16,234
Labor (Fully Burdened)	\$ 146,639
Materials	
Contracts	\$ 487,027
Other Expenses	
Total	\$ 649,900

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

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AFE# 11326

Page 1

General Information:	
AFE Title:	Anchorage Yard Master Plan - PE
Prepared By:	LaFewt Knox
Resp. Center (Name):	Real Estate and Facilities
Resp. Center (#):	1840
Depreciation Center:	1840-Shops/Warehouses
Line of Business:	Real Estate/Facilities
Spending Timetable:	
2025	\$ 575,000
2026	
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 575,000
Other Information	
Useful Life (Years):	5
Annual Depreciation:	\$ 115,000.00
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	575,000
Source of Funding	FTA	\$ 460,000
Source of Funding	ARRC	\$ 115,000
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 575,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 575,000	

Required Signatures for Approval:			
(if applicable)	Name(s) (Print)	Signature	Date
Project Manager:	James Ashton		
Responsible Owner:	Clark Hopp		
VP, Owner Department:	Christy Terry		
Functional User(s):	Shane Maloney		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11326

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Is this project related to health and/or safety?	No	If yes describe:
Scope of Work:		
<p>The goal of this project is to produce a feasibility study which will provide alternatives for consideration to expand, repair and rehabilitate every facility and system in the Anchorage yard via development of an Anchorage Yard Master Plan (AYMP). Many factors will be considered in the development of this Master Plan, including:</p> <ul style="list-style-type: none"> - All facilities age and operability, repair needs and efficiency as a part of the larger yard system. - Sequencing of construction and demolition events to minimize interruptions to both ARRC and tenant's commercial and passenger operations. - Temporary housing for ARRC departments as well as clients, and timeframe of lease conclusions and renewals. - Opportunities to increase efficiency and effectiveness of utilities, traffic flow (for both vehicles and track), and ease of access for ARRC employees, tenants, and lessees. - Removing or relocating unoccupied buildings out of use and ready for demolition. - Stabilization and expansion of useable ground in ARRC property boundaries. 		
ARRC Business Justification		
<p>The goal of this project is to produce a feasibility study which will provide alternatives for consideration to expand, repair and rehabilitate every facility and system in the Anchorage yard via development of an Anchorage Yard Master Plan (AYMP). Many factors will be considered in the development of this Master Plan, including:</p> <ul style="list-style-type: none"> - All facilities age and operability, repair needs and efficiency as a part of the larger yard system. - Sequencing of construction and demolition events to minimize interruptions to both ARRC and tenant's commercial and passenger operations. - Temporary housing for ARRC departments as well as clients, and timeframe of lease conclusions and renewals. - Opportunities to increase efficiency and effectiveness of utilities, traffic flow (for both vehicles and track), and ease of access for ARRC employees, tenants, and lessees. - Removing or relocating unoccupied buildings out of use and ready for demolition. - Stabilization and expansion of useable ground in ARRC property boundaries. 		
Alternatives Considered:		
<p>Goal of AFE is to provide alternative analysis to develop an overall Master Plan for the Anchorage Yard, and to consider options for upgrading facilities, utilities, track and railroad operations.</p>		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	11,400.00
Labor (Fully Burdened)	\$	77,600.00
Materials	\$	-
Contracts	\$	486,000.00
Other Expenses	\$	-
Total	\$	575,000.00

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11327

Page 1

General Information:	
AFE Title:	2025 Locomotive Engine Overhaul Program
Prepared By:	LaFewt Knox
Resp. Center (Name):	Mechanical, Locomotive
Resp. Center (#):	1225
Depreciation Center:	1225-Locomotive Repair
Line of Business:	Transportation/Mechanical
Spending Timetable:	
2025	\$ 560,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 560,000
Other Information	
Useful Life (Years):	10
Annual Depreciation:	\$ 84,000.00
Estimated Annual Operating Costs	

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	560,000
Source of Funding	ARRC	\$ 560,000
Source of Funding		
Source of Funding		\$ -
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 560,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 560,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Bryan Cothren		
Responsible Owner:	Bryan Cothren		
Chief of Mechanical, Owner Department:	Sean Mesloh		
Functional User(s):	Jon Garner		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Barbara Amy		
Accounting Department:	Michelle Maddox		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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AFE# 11327

Page 2

Is this project related to health and/or safety?	NO	If yes describe:
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Scope of Work:

ARR4002 & ARR4003 are due for engine overhaul per our maintenance program based on their Kilowatt hours of usage.

ARRC Business Justification

Following our preventative maintenance plan ensures the reliability of our fleet to meet operational needs to serve our customers. Not following our maintenance plan could lead to decreased reliability and could possibly result in catastrophic engine failure from worn components.

Alternatives Considered:

No

Preliminary Budget:

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	\$ 78,400
Materials	\$ 481,600
Contracts	\$ -
Other Expenses	
Total	\$ 560,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
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AFE# 11328

Page 1

General Information:	
AFE Title:	Wasilla Elevator Installation
Prepared By:	LaFewt Knox
Resp. Center (Name):	Facilities/Real Estate
Resp. Center (#):	1830
Depreciation Center:	1830-Office Buildings
Line of Business:	Real Estate/Facilities
Spending Timetable	
2025	\$ 550,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 550,000
Other Information	
Useful Life (Years):	20
Annual Depreciation:	\$ 27,500
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	550,000
Source of Funding	ARRC	\$ 550,000
Source of Funding		
Source of Funding		\$ -
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 550,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 550,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Shane Maloney		
Responsible Owner:	Shane Maloney		
VP, Owner Department:	Christy Terry		
Funtional User	Shane Maloney		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11328

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
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The tenant's customers require access to the 2nd floor of the space. It is dangerous to expect an individual with disabilities to access the space using the stairwell. Installing the elevator will allow customers a safe ADA compliant mode to access the second floor.

Scope of Work:

Obtain quotes from local contractors, submit a requisition, and issue a purchase order to install an elevator in the Wasilla tenant space. Deliverable will be an installed elevator in the space.

Structural work: \$240,000
Elevator unit: \$250,000
Internal labor: \$10,000

ARRC Business Justification

Installation of this critical ADA device is needed to allow safe access to the second floor of the building. Under the conditions of the lease, we are required to install an elevator NLT 10/1/2015. Additionally, installing an elevator increases the versatility of the lease space and brings the building into compliance with local ADA requirements.

Alternatives Considered:

N/A

Preliminary Budget:

Line Description	Amount
Equipment	
Labor (Fully Burdened)	\$ 10,000
Materials	
Contracts	\$ 540,000
Other Expenses	\$ -
Total	\$ 550,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11329

Page 1

General Information:	
AFE Title:	2025 Operations Support Facilities
Prepared By:	LaFewt Knox
Resp. Center (Name):	Facilities/Real Estate
Resp. Center (#):	1845
Depreciation Center:	1845-Section Buildings
Line of Business:	Real Estate/Facilities
Spending Timetable:	
2025	\$ 520,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 520,000
Other Information	
Useful Life (Years):	15
Annual Depreciation:	\$ 34,667
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	520,000
Source of Funding	ARRC (20%)	\$ 104,000
Source of Funding	FTA (80%)	\$ 416,000
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 520,000	11/08/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 520,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	James Ashton		
Responsible Owner:	Shane Maloney		
VP, Owner Department:	Christy Terry		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Authorization for Expenditure Form**

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AFE# 11329

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Is this project related to health and/or safety?	Yes	If yes describe:
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This program moves remote employee living facilities further from active tracks and section facilities to improve safety, provide better employee rest and separation from work activities.

Scope of Work:

This Capital Request includes funding for the following:
 1. Preliminary Engineering (up to 30%) and NEPA approval for Portage section support facility
 2. Preliminary Engineering (up to 30%) and NEPA approval for Hurricane section support facility

Project Name	AFE	Project Budget
Portage PE	Requested	\$ 270,000.00
Hurricane PE	Requested	\$ 250,000.00
Total:		\$ 520,000.00

ARRC Business Justification

In 2019, ARRC initiated a program to upgrade all of the living and work areas at the sections to modern facilities that will enhance the employee's quality of living when assigned to these remote areas. This is a quality of life and health/safety project intended to improve living conditions for our remote employees.

Alternatives Considered:

Upgrades and improvements as opposed to replacement may be an option to consider depending on cost, available replacement options, and the ability to provide adequate employee housing conditions.

Other alternatives in some but not all of these locations include paying employee per diem or utilizing hotels (except in the areas such as Portage and Hurricane where no hotels are within range of the work).

Alternatives for site location and layout will be evaluated during the Preliminary Engineering phase for each location.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 5,841
Labor (Fully Burdened)	\$ 61,355
Materials	\$ -
Contracts	\$ 452,804
Other Expenses	\$ -
Total	\$ 520,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Adopted:

Resolution 2024-31

Relating to the 2025 Five Year Capital Improvement Plan

WHEREAS, Section AS 42.40.290(a) of the Alaska Railroad Corporation Act requires the corporation to prepare and the Board of Directors to adopt a long-range capital improvement and program plan that describes the corporation's anticipated capital improvements during each of the five years after the plan is adopted; and

WHEREAS, Section AS 42.40.290(b) of the Alaska Railroad Corporation Act requires the Board of Directors to annually review and approve revisions to the long-range capital improvement and program plan and to provide copies of the updated plan to the Governor and Legislature by December 1 of each year; and

WHEREAS, the Board of Directors has reviewed and discussed the proposed revisions to the long-range capital improvement and program plan as submitted by Management; and

WHEREAS, the Board of Directors have made such additional revisions to the long-range capital improvement and program plan as deemed appropriate.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Alaska Railroad Corporation hereby adopts the capital improvement and program plan as submitted by Management. The Board hereby authorizes and directs the President and CEO, or his designee, to provide copies of the updated plan to the Governor and Legislature by December 1, 2024.

Adopted:

Resolution No. 2024-32

Relating to Replacement of Bridge at ARRC
MP 190.5 (AFE No. 11306)

WHEREAS, the single-span, 80-foot railroad bridge located at MP 190.5 on the Alaska Railroad Corporation (ARRC) mainline where it crosses Little Willow Creek 5 miles north of Willow, Alaska (Bridge 190.5), which was built in 1926, is nearing the end of its useful life and also experiencing progressive failure of its abutments; and

WHEREAS, due to the factors identified above, Bridge 190.5 needs to be replaced and upgraded to ensure the continuing integrity and reliability of the mainline and ARRC Management has identified the replacement of Bridge 190.5 as a top priority project; and

WHEREAS, the replacement of Bridge 190.5 will support Alaska's transportation infrastructure, improve safety along the mainline, promote economic vitality in the region, preserve rail access to military installations, ensure continued ARRC freight and intercity passenger services, and mitigate the risk of an emergency rail line outage caused by bridge failure; and

WHEREAS, the proposed project will also support the goals of ARRC's ongoing Bridge Rehabilitation Project, which seeks to rebuild and rehabilitate ARRC's older bridges over time as funding allows; and

WHEREAS, ARRC has progressed design for a replacement 125-foot through-plate girder bridge with abutments consisting of concrete caps with steel bents, sheet pile bulkheads, armoring, and construction pads on either end of bridge; and

WHEREAS, AFE No. 11306 authorizes the expenditure of \$10,250,698 to complete the design, comply with NEPA requirements and replace the existing 80-foot steel deck girder span at MP 190.5 with a 125-foot through-plate girder span as described above; and

WHEREAS, funding for this project will be 80% in FRA funds in the amount of \$8,200,558 and 20% ARRC internal funds in the amount of \$2,050,140; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than \$500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the Bridge 190.5 Replacement Project proposal as presented by ARRC Management and hereby approves AFE No. 11306 in the amount of \$10,527,630 for the purposes stated therein.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11306

Page 1

General Information:	
AFE Title:	MP 190.5 Bridge Rehab - FRA
Prepared By:	LaFewt Knox
Resp. Center (Name):	Capital Projects
Resp. Center (#):	2200
Depreciation Center:	2200-Engineering
Line of Business:	Engineering
Spending Timetable:	
2025	\$ 10,250,698
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 10,250,698
Other Information	
Useful Life (Years):	30
Annual Depreciation:	\$ 341,690
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	10,250,698
Source of Funding	ARRC (20%)	\$ 2,050,140
Source of Funding	FRA (80%)	\$ 8,200,558
Source of Funding		\$ -
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 10,250,698	10/28/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 10,250,698	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
project manager	Tyler Tubs		
Responsible Owner:	Blake Adolfae		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11306

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Is this project related to health and/or safety?	Yes	If yes describe:
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Safety is the primary purpose of the ARRC Bridge Rehab Program, which will help protect ARRC, its employees, its customers, and the public from potential harm. Replacement and rehabilitation of aging bridges ensures ARRC assets are maintained in a state of good repair, resulting in a higher level of safety.

This BR 190.5 Project is a component of the ARRC Bridge Rehab Program.

Scope of Work:

Project funding will complete the preliminary engineering, design, NEPA, final engineering and ultimate replacement of ARRC bridge located at MP 190.5. The bridge crosses Little Willow Creek in a Rural Area 33 miles north of the city of Wasilla, 5 miles north of the remote community of Willow, and 1 mile east of MP 75 of the George Parks Highway (AK-3). The existing bridge is a single span 80-foot steel deck girder built in 1926. While the bridge is nearing the end of its useful life, the abutments are also experiencing progressive failure. Design has been progressed with ARRC funds and the proposed replacement bridge is a 125-foot through-plate girder (TPG) with abutments consisting of concrete caps with steel bents, sheet pile bulkheads, armoring, and construction pads on either end of bridge.

The bearings of bridge piers 1 through 3 will be replaced. The area occupied by the northern two pony truss spans and the 70-foot approach span at the bridge's north end will be replaced with fill. Approach Span Replacements. The Project will remove the approach spans at each end of the bridge. The Project will install a new 26-foot steel ballast deck beam span on a new steel bridge abutment at the bridge's south end and will install a new 65-foot steel ballast deck beam span on the bridge's north end.

ARRC Business Justification

ARRC bridge located at MP 190.5 was constructed in 1926 and is approaching the end of its useful life. The abutments are being to experience progressive failure. ARRC was awarded a Federal - State Partnership Passenger Rail Program grant. The project will decrease maintenance costs, extend the useful life of the bridge, improve transportation efficiency, and reduce the likelihood of rail outage as a result of failure.

Alternatives Considered:

- 1) No build.
- 2) Full replacement of superstructure and substructure.
- 3) Rehabilitation of superstructure and substructure.
- 4) Combination of rehabilitation and replacement of substructure and superstructure.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 511,745
Labor (Fully Burdened)	\$ 1,384,654
Materials	\$ 12,382
Contracts	\$ 8,341,917
Other Expenses	\$ -
Total	\$ 10,250,698

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Adopted:

Resolution No. 2024-33

Relating to Replacement of Bridge at ARRC
MP G3.3 (AFE No. 11305)

WHEREAS, the railroad bridge located at MP G3.3 on the Alaska Railroad Corporation (ARRC) Eielson Branch line where it crosses the Chena River at Fort Wainwright in Fairbanks, Alaska (Bridge G3.3) is nearing the end of its useful life and experiencing accelerating levels of maintenance; and

WHEREAS, due to the factors identified above, Bridge G3.3 needs to be replaced and upgraded to ensure the continuing integrity and reliability of the Eielson Branch, which links ARRC's rail network at Fairbanks with critical U.S. military installations at Fort Wainwright and Eielson Air Force Base, enabling ARRC to provide freight rail and military transportation services that are essential to national security; and

WHEREAS, the Bridge G3.3 Replacement project will improve safety, environmental sustainability, and multimodal transportation options in a rural area, will contribute to the railroad's state of good repair and will promote economic competitiveness in the region, preserve rail access to military installations, ensure continued freight rail service, and mitigate the risk of an emergency rail line outage caused by bridge failure; and

WHEREAS, for the foregoing reasons, ARRC Management has identified the replacement of Bridge G3.3 as a top priority project; and

WHEREAS, the proposed project will also support the goals of ARRC's ongoing Bridge Rehabilitation Project, which seeks to rebuild and rehabilitate ARRC's older bridges over time as funding allows; and

WHEREAS, the Bridge G3.3 replacement project will include completing the final design and permitting, site mobilization and preparation, bridge pier rehabilitation and both removal (via replacement with fill) and replacement (with steel ballast deck beam spans) of approach spans and replacement of several existing pony truss main spans with through plate girder spans; and

WHEREAS, ARRC was awarded \$17,148,610 in FY 2023 and FY 2024 Nationally Significant Multimodal Freight and Highways Projects (INFRA) program funding for the replacement of Bridge G3.3, which award required a 40% match from ARRC, half of which will be covered by a Special Transportation Circumstance (STC) grant; and

WHEREAS, AFE No. 11305 authorizes the expenditure of \$28,581,017 to complete the design, comply with NEPA requirement replace the aging Bridge G3.3 with modern spans as described above; and

WHEREAS, funding for this project will be 60% in INFRA program funds in the amount of \$17,148,610 and 40% in ARRC matching funds in the amount of \$11,432,406; and

WHEREAS, half of the above-described 40% in ARRC matching funds, in the amount of \$5,716,203 (20% of total project funds), will consist of ARRC internal funds, and the other half of the ARRC matching funds will consist of funds associated with the above-described STC grant in the amount of \$5,716,203, specifically consisting of a federal share of \$4,572,963 (16% of total project funds) and a match supplied by ARRC internal funds in the amount of \$1,143,241 (4% of total project funds); and

WHEREAS, the approval to begin a capital project with an estimated cost of more than \$500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the Bridge G3.3 Replacement Project proposal as presented by ARRC Management and hereby approves AFE No. 11305 in the amount of \$28,581,017 for the purposes stated therein.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11305

Page 1

General Information:	
AFE Title:	MP G3.3 Bridge Rehab
Prepared By:	LaFewt Knox
Resp. Center (Name):	Capital Projects
Resp. Center (#):	2200
Depreciation Center:	2200-Engineering
Line of Business:	Engineering
Spending Timetable:	
2025	\$ 28,581,017
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 28,581,017
Other Information	
Useful Life (Years):	30
Annual Depreciation:	\$ 952,701
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	28,581,017
Source of Funding	ARRC (24%)	\$ 6,859,444
Source of Funding	INFRA (60%)	\$ 17,148,610
Source of Funding	STC (16%)	\$ 4,572,963
Grant Number	TBD	
Grant Name	TBD	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 28,581,017	10/28/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 28,581,017	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
project manager	Tyler Tubs		
Responsible Owner:	Blake Adolfae		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Adopted:

Resolution No. 2024-34

Relating to Whittier Lagoon Drain Pipe Repair
or Replacement Project (AFE No. 11215 S-1)

WHEREAS, the Alaska Railroad Corporation (ARRC) maintains a railyard in the ARRC Whittier Reserve (Whittier Yard); and

WHEREAS, a 60-inch diameter corrugated metal drain pipe (60-Inch Pipe), which was originally used to transfer effluent from sewage treatment in the Whittier Lagoon (Lagoon), now drains stormwater from the Lagoon under the Whittier Yard and into Passage Canal; and

WHEREAS, the 60-Inch Pipe is extremely corroded and is failing, causing the leaching of soil and other material from under the pavement in the Whittier Yard, which has caused sinkholes and instability in the pavement; and

WHEREAS, a failure to repair or replace the 60-Inch Pipe could lead to a significant failure of the Whittier Yard pavement due to a collapse of the 60-Inch Pipe or continued leaching of soil, thereby threatening ARRC's ability to utilize a portion of the Whittier Yard; and

WHEREAS, on November 14, 2023, the ARRC Board of Directors approved AFE No. 11215 as part of ARRC's 2024 capital budget pursuant to Board Resolution No. 2023-27, which authorized the expenditure of \$400,000 in ARRC internal funds for review and design of a repair or replacement of the 60-Inch Pipe in order to protect the integrity of the Whittier Yard; and

WHEREAS, subsequent review and design work has determined that any repair or replacement of the 60-Inch Pipe will require the construction of a segment of 36-inch corrugated metal drain pipe (36-Inch Pipe) under an area of the Whittier Yard near the southern rail in order to maintain drainage of the Lagoon if and when the 60-Inch Pipe becomes non-functional during its repair or replacement; and

WHEREAS, proposed AFE No. 11215 S-1 would provide an additional \$1,850,000 in funding for construction of the 36-Inch Pipe and final engineering of the 60-Inch Pipe repair or replacement work; and

WHEREAS, the above-described project will be funded entirely with ARRC funds; and

WHEREAS, the authority of ARRC's President & Chief Executive Officer to approve an unbudgeted capital expenditure is limited to matters with an estimated total cost of no more than \$300,000, with higher estimated cost matters requiring Board approval pursuant to ARRC's Approval Authority Guide.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed increase to the scope and funding of the above-described project as presented by ARRC Management and hereby approves AFE No. 11215 S-1 in the amount of \$1,850,000 for the purposes stated therein, which brings the total amount of AFE No. 11215 to \$2,250,000.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11215 S-1

Page 1

General Information:	
AFE Title:	2024 Whittier Drain Repairs
Prepared By:	James Ashton
Resp. Center (Name):	Dock Operations & Maintenance
Resp. Center (#):	8910
Depreciation Center:	8910-Dock Ops & Maintenance
Line of Business:	Corporate
Spending Timetable:	
2024	\$ 400,000
2025	\$ 1,850,000
2026	\$ -
2027	\$ -
2028	\$ -
Total	\$ 2,250,000
Other Information	
Useful Life (Years):	20
Annual Depreciation:	\$ 112,500
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	2,250,000
Source of Funding	ARRC	\$ 2,250,000
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 400,000	12/13/23
Supplemental #1	\$ 1,850,000	08/01/24
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 2,250,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	James Ashton		
Responsible Owner:	Brian O'Dowd		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Shane Maloney		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover	N/A	
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively	N/A	

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Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11215 S-1

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Is this project related to health and/or safety?	Yes	If yes describe:
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The stability of the Terminal pavement is at risk from failure if the 60" drain collapses or continues to translate adjacent soils from under the yard pavement. This AFE also addresses Construction of a segment of 36" pipe to address flooding concerns and provide redundancy for drainage from the lagoon.

Scope of Work:

The 60" corrugated metal drain pipe that drains storm water between the Whittier Lagoon and the bay has eroded and is allowing for infiltration into the pipe of adjacent soil material, causing increased risk of sinkholes forming under the asphalt in the yard. Original funding included review and design for a full replacement or complete abandonment of the 60" pipe. Construction and/or abandonment for the 60' Pipe is not included. At 60% design, an AFE will be developed to address funding.

Supplemental No.1 funds increase project funding to complete construction of a segment of 36" pipe under the southern rail which has also degraded. Replacement of this segment of pipe maintains drainage in the pond if the 60" pipe becomes no longer functional, and will allow for redundancy during the construction portion of the replacement of the 60" pipe. The scope will also provide for final engineering of that 60" pipe replacement work.

ARRC Business Justification

The Lagoon was formerly used for sewage discharge and continual effluent transfer was needed. The pipe is visibly extremely corroded. In its current state, the drain is failing and leaching material under the Whittier Terminal and causing sink holes to appear. This repair/replacement work is needed to maintain the safe use of the Whittier Yard and to prevent potential flooding of the yard and adjacent properties if the existing 60" pipe becomes impassable.

Alternatives Considered:

Complete abandonment of the 60" pipe was being considered; however, the pipe provides draining to the lagoon, a portion of which must be maintained to keep the Lagoon from flooding. Alternatives to drain the Lagoon from storm water will be needed. Alternatives will be assessed during design development. Currently a 36" redundant line exists to prevent flooding, a segment of this pipe also needs repair. Repairs of the segment of the 36" pipe under the track is recommended to maintain redundancy and to provide drainage while 60" pipe work proceeds.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 74,410
Labor (Fully Burdened)	\$ 385,830
Materials	\$ 26,560
Contracts	\$ 1,763,200
Other Expenses	\$ -
Total	\$ 2,250,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Adopted:

Resolution No. 2024-35

Relating to Increase in Funding for the Vital Functions Project in Support of the Positive Train Control Program (AFE No. 10675 S-3)

WHEREAS, in 2008 Congress passed the Rail Safety Improvement Act of 2008 which mandates that all railroads that operate regularly-scheduled passenger trains install a Positive Train Control System (PTC) no later than December 31, 2015, which deadline was later extended to December 31, 2020; and

WHEREAS, PTC enhances safety through improvements including authority limit enforcement, speed enforcement, protection to roadway workers' work limits and reduced risk of derailment caused by misaligned switches; and

WHEREAS, the Federal Railroad Administration (FRA) announced on August 23, 2018, that the Alaska Railroad Corporation (ARRC) would receive a grant of nearly \$10.4 million for Federal Fiscal Year 2018 to support PTC development, with funding derived from the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Program; and

WHEREAS, the grant funds described were to be used to support ARRC's Advanced Train Control Systems (ATCS) Department and contractor efforts to refine ARRC's PTC system; and

WHEREAS, the Board of Directors at its meeting of September 25, 2018, passed Resolution No. 2018-23 approving AFE No. 10675, relating to funding of the Vital Functions Project in support of the Positive Train Control Program; and

WHEREAS, AFE No. 10675 authorized the expenditure of \$12,970,880, 100% in FRA grant funds, for the design and development of vital functions, including the Independent Vital Server (IVS), as more specifically described in said AFE; and

WHEREAS, ARRC met the December 31, 2020 deadline for implementing PTC and currently operates with PTC; and

WHEREAS, due to schedule overruns caused by the primary vendor, additional funding became necessary to complete the development, testing and installation of the vital functions described above into the existing PTC system; and

WHEREAS, at its meeting of November 15, 2022, the Board of Directors passed Resolution No. 2022-25, approving AFE No. 10675 S-1, which increased funding for the Vital Functions Project by \$2,761,627 in internal ARRC funds for a total project funding of \$15,732,507; and

WHEREAS, the Vital Functions Project, which was then in later rounds of Lab Integration Testing, once again encountered schedule overruns caused by ARRC's primary vendor, required additional funding in order to complete Lab Integration Testing and subsequent Field Qualification testing, to develop Production software, to finalize safety plan documentation and to install the Vital Functions supplemental technologies; and

WHEREAS, at its meeting of November 14, 2023, the Board of Directors passed Resolution No. 2023-32, approving AFE No. 10675 S-2, which increased funding for the Vital Functions Project by \$1,000,000 in internal ARRC funds for a total project funding of \$16,732,507; and

WHEREAS, in 2024, ARRC has completed a number of rounds of Lab Integration Testing, but the quality of the software was lower than expected and thus additional rounds of software development are required; and

WHEREAS, the additional funds provided for in AFE No. 10675 S-3 will be used to complete the additional rounds of Lab Integration Testing, Field Qualification Testing, development of the production software and installation of the supplemental technologies (i.e., Vital Functions); and.

WHEREAS, the above-described work has and will continue to greatly increase operational efficiency, thereby offsetting some of the lost operational efficiency that would have otherwise occurred when PTC was implemented, and to provide numerous safety benefits, all as more specifically described in AFE No. 10675; and

WHEREAS, at its meeting of November 14, 2024, the Board of Directors passed Resolution No. 2024-35, approving AFE No. 10675 S-3, which increased funding for the Vital Functions Project by \$1,460,000 in internal ARRC funds for a total project funding of \$18,192,507; and

WHEREAS, the additional funding for the project will be 100% internal ARRC funds; and

WHEREAS, the authority of ARRC's President & Chief Executive Officer to approve an unbudgeted capital expenditure is limited to matters with an estimated total cost of no more than \$300,000, with higher estimated cost matters requiring Board approval pursuant to ARRC's Approval Authority Guide.

NOW, THEREFORE, BE IT RESOLVED, that the ARRC Board of Directors has considered the additional Vital Functions Project funding proposal as presented by ARRC Management and hereby approves AFE No. 10675 S-3 in the amount of \$1,460,000 for the purposes stated therein, which brings the total amount of AFE No. 10675 to \$18,192,507.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 10675 S-3

Page 1

General Information:	
AFE Title:	PTC Vital Functions - FRA
Prepared By:	LaFewt Knox
Resp. Center (Name):	ATCS
Resp. Center (#):	2620
Depreciation Center:	4100-Transportation Administration
Line of Business:	Corporate
Spending Timetable:	
2024	\$ 16,732,507
2025	\$ 1,460,000
2026	\$ -
2027	\$ -
2028	\$ -
Total	\$ 18,192,507
Other Information	
Useful Life (Years):	10
Annual Depreciation:	\$ 1,819,251
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	Budgeted 2025
Total Amount	\$	18,192,507
Source of Funding	FRA (57%)	\$ 10,376,704
Source of Funding	ARRC (14%)	\$ 2,594,176
Source of Funding	ARRC (Over Match)	\$ 5,221,627
Grant Number	FY 18 FR-CRS-0047-20-01	
Grant Name	FY 18 FR-CRS-0047-20-01	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 12,970,880	09/12/18
Supplemental #1	\$ 2,761,627	11/07/22
Supplemental #2	\$ 1,000,000	12/23/23
Supplemental #3	\$ 1,460,000	11/07/24
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 18,192,507	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Lane Davis		
Responsible Owner:	Lane Davis		
VP, Owner Department:	Clark Hopp		
Functional User(s):	Andrew Burgess		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 10675 S-3

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Is this project related to health and/or safety?	Yes	If yes describe:
<p>This project implements additional safety capabilities to the Positive Train Control system, including an Independent Vital Server (IVS). The IVS will provide an added level of safety by validating all mandatory directives which include movement authorities and restrictions, and verify that the text and track segments are safe and delivered without corruption. The IVS will allow for a paperless cab known as electronic-only distribution which will eliminate the read-repeat and ok verbal process. The tablet that will be used by MOW will improve safety by eliminating read/repeat errors and provide for warnings if near and/or outside authority limits. It will also provide electronic approval for trains through work zones.</p>		
<p>Scope of Work:</p>		
<p>The project will include the design and development of vital functions, including the Independent Vital Server (IVS) which provides an added level of safety by validating all mandatory directives to ensure they are safe, correct, and delivered without corruption. Additionally the IVS will provide a means for electronic only delivery. Another vital function will be Electronic Radio Blocking (e-Radio Blocking) in order to fleet trains. Additionally, this project will include the purchase of 100 tablets for Maintenance of Way and On-Track Equipment . These tablets will support a locator application to ensure locations of critical features, Employee In Charge (EIC) application, and a smart mobile client which will be developed through this project. The smart mobile client will provide limits warning to issued mandatory directives and an EIC application will electronically authorize a train through a work-zone at speeds specified by the EIC.</p> <p>Supplemental No.1 increases project funding to complete original scope of work. Additional project development & support and product testing are required.</p>		
<p>ARRC Business Justification:</p>		
<p>The vital functions will greatly increase operational efficiency, thereby offsetting the loss in operational efficiency that will result when PTC is implemented. The electronic only delivery removes extra steps in the read/repeat process between the train crew and dispatcher. E-Radio Blocking will allow the ability to fleet trains in dark territory, which is currently done on ARRC track but will no longer be possible when PTC as a non-vital system is implemented. In addition to the increased operational efficiency, there are numerous safety benefits, described above.</p> <p>Supplemental No.1's \$2.7M funding increase is required to complete original scope of work. Vendor driven schedule overruns has significantly increased vendor's project support, project development and testing.</p> <p>Supplemental No2's \$1M funding increase is required to complete original scope of work. Vendor driven schedule overruns continue to be an issue. Schedule delays have increased design and implementation costs.</p> <p>Supplemental No.3 increases funding to complete original scope of work. Schedule delays have increased design and implementation costs. Funding increase will also support the completion of additional rounds of Lab Integration Testing, Field Qualification Testing, development of the production software and installation of the supplemental technologies.</p>		
<p>Alternatives Considered:</p>		
<p>Do not implement vital functions - estimate that we will no longer be able to make customer schedules and that time between Anchorage and Fairbanks will be over 12 hours, greatly impacting operations.</p>		
<p>Preliminary Budget:</p>		
<p>Line Description</p>	<p align="right">Amount</p>	
<p>Equipment</p>	<p align="right">\$ 1,393,028</p>	
<p>Labor (Fully Burdened)</p>	<p align="right">\$ 6,209,223</p>	
<p>Materials</p>	<p align="right">\$ -</p>	
<p>Contracts</p>	<p align="right">\$ 10,008,051</p>	
<p>Other Expenses</p>	<p align="right">\$ 582,205</p>	
<p align="right">Total</p>	<p align="right">\$ 18,192,507</p>	

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Adopted:

Resolution No. 2024-36

Relating to Rehabilitation of Bridge at ARRC
MP 413.7 (AFE No. 11307)

WHEREAS, the 1,298-foot, 12-span through truss railroad bridge located at MP 413.7 on the Alaska Railroad Corporation (ARRC) mainline where it crosses the Tanana River in Nenana, Alaska (Bridge 413.7), which was built in 1922-1923, is nearing the end of its useful life and requires substantial rehabilitation measures be taken to allow for its continued use as a critical part of ARRC's mainline infrastructure and operations; and

WHEREAS, Bridge 413.7 has significant historical importance to ARRC and therefore its preservation is rooted deeply into the foundations of railway operations in Alaska, and its rehabilitation has been identified by ARRC Management as a top priority project; and

WHEREAS, the proposed rehabilitation project will extend the useful life of Bridge 413.7 by enhancing the stability of the track infrastructure and improving safety for ARRC and its customers, while preserving a historic piece of railroad infrastructure; and

WHEREAS, completion of the Bridge 413.7 rehabilitation project will enable ARRC to continue to provide uninterrupted freight and intercity passenger rail services on its mainline between Anchorage and Fairbanks and to operate industry-standard 286,000-pound freight cars across Bridge 413.7 without restriction, thereby promoting economic vitality in the region, preserving rail access to military installations, and mitigating the risk of an emergency rail line outage caused by bridge failure; and

WHEREAS, the rehabilitation of Bridge 413.7 will also support the goals of ARRC's ongoing Bridge Rehabilitation Project, which seeks to rebuild and rehabilitate ARRC's older bridges over time as funding allows, and also is identified in the State Rail Plan and the Statewide Transportation Improvement Plan; and

WHEREAS, AFE No. 11307 authorizes the expenditure of \$53,839,859 to complete the design, engineering and construction of the Bridge 413.7 rehabilitation project; and

WHEREAS, funding for this project will be 80% in FRA funds under the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program for FFY 2023-2024 in the amount of \$43,071,887 and 20% ARRC internal funds in the amount of \$10,767,972; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than \$500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the Bridge 413.7 Rehabilitation Project proposal as presented by ARRC Management and hereby approves AFE No. 11307 in the amount of \$53,839,859 for the purposes stated therein.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11307

Page 1

General Information:	
AFE Title:	MP 413.7 Bridge Rehab - CRISI FRA
Prepared By:	Tyler Tubbs
Resp. Center (Name):	Capital Projects
Resp. Center (#):	2200
Depreciation Center:	2200-Engineering
Line of Business:	Engineering
Spending Timetable:	
2025	\$ 683,000
2026	\$ 25,567,332
2027	\$ 24,589,527
2028	\$ 3,000,000
2029	\$ -
Total	\$ 53,839,859
Other Information	
Useful Life (Years):	30
Annual Depreciation:	\$ 1,794,662
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Budgeted
Total Amount	\$	53,839,859
Source of Funding	ARRC (20%)	\$ 10,767,972
Source of Funding	FRA (80%)	\$ 43,071,887
Source of Funding		
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 53,839,859	10/31/24
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 53,839,859	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Tyler Tubbs		
Responsible Owner:	Blake Adolfae		
VP, Owner Department:	Brian Lindamood		
Functional User(s):	Lloyd Tesch		
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Christina Isabelle-Glover		
Chief Financial Officer:	Michelle Maddox		
Accounting Department:	Amy Kinnaman		
CEO & President:	Bill O'Leary		
Board of Directors:	John Shively		

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Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11307

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Is this project related to health and/or safety?	Yes	If yes describe:
<p>Safety is the primary purpose of the ARRC Bridge Rehab Program, which will help protect ARRC, its employees, its customers, and the public from potential harm. Replacement and rehabilitation of aging bridges ensures ARRC assets are maintained in a state of good repair, resulting in a higher level of safety.</p> <p>This BR 413.7 Project is a component of the ARRC Bridge Rehab Program.</p>		
Scope of Work:		
<p>The scope of work of the project completion the final design and consturciton of ARRC bridge located at MP 413.7.</p> <p>BR 413.7 Final Design Scope: Following NEPA approval, complete the finalization of design plan sets, specifications, drawings, procurement packages. Obtain all required permits and finalize the contract documents. Ensure that construction schedules and cost estimates are updated accordingly and that the project is ready for and awarded a construction contract.</p> <p>BR 413.7 Rehabilitation Construction Scope: A contractor will be selected to rehab top chord members of the main truss, rehab the floor beams and stringers in the main truss floor system, rehab all hanger members in the main truss, add redundant members, rehab the main truss expansion bearings at Pier 12, rehab select deck truss diagonal members, rehab the DPG spans on the south approach, construct a new jump span at the north end of the bridge, and bearing replacement at Abutment 1.</p>		
ARRC Business Justification		
<p>ARRC bridge located at MP 413.7 is a 1,298-foot, 12-span through truss railroad bridge on ARRC's mainline where it crosses the Tanana River in Nenana. The bridge was built 1922-1923, and is nearing the end of its useful life and requires substantial rehabilitation. Preliminary Engineering of 30% design has been completed and is ready to be submitted for NEPA approval. The project will decrease maintenance costs, extend the useful life of the bridge, improve transportation efficiency, and reduce the likelihood of rail outage as a result of failure.</p>		
Alternatives Considered:		
<p>1) No build. 2) Full replacement of superstructure and substructure. 3) Rehabilitation of superstructure and substructure. 4) Combination of rehabilitation and replacement of substructure and superstructure.</p>		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	535,773
Labor (Fully Burdened)	\$	1,602,327
Materials	\$	-
Contracts	\$	51,701,759
Other Expenses	\$	-
Total	\$	53,839,859

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

MEMORANDUM

Date: November 5, 2024

To: Rick Traini, Director of Employment Practices

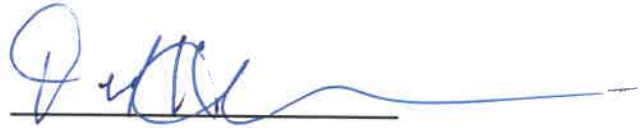
From: ARRC Union Officials

Re: Open Labor Representative Seat – ARRC Pension Plan Committee

Please be advised the ARRC Union Officials have met and discussed the open Labor Representative Seat on the Pension and Tax Deferred Savings Plan Committee after the receipt of your September 23, 2024, email. After much discussion and debate, collectively the ARRC Union Officials wish to submit ARRC employee CHAD FRANK as the replacement for the open Labor Representative Seat.



UTU



ARW



TCU



IBT



ATDA

Adopted:

Resolution No. 2024-37

Relating to Approval of Appointment of
Labor Member of the Pension and
Represented 401(k) Tax Deferred
Savings Committee

WHEREAS, the Alaska Railroad Corporation (ARRC) sponsors a Pension Plan and a Represented 401(k) Tax Deferred Savings Plan for corporate employees; and

WHEREAS, the Corporation Pension Plan and the Represented Employee 401(k) Tax Deferred Savings Plan are administered by the Pension and Represented 401(k) Tax Deferred Savings Committee, which consists of three management and two union employees; and

WHEREAS, it is necessary from time to time to appoint employees to serve on said Committee; and

WHEREAS, the Plan Documents both provide that the Board shall appoint all Committee members, and that the President & CEO shall nominate all management representatives and the unions shall nominate all labor representatives; and

WHEREAS, the unions have nominated Chad Frank, a member of the SMART/ Local 1626 bargaining unit, to serve as one of the two union representatives on the Committee, replacing Michael (Ashley) Schultze who resigned from the ARRC.

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors hereby approves the appointment of said employee to serve on said Committee in accordance with the provisions of the Plan Documents.

LEASE SUMMARY

LESSEE: ATW Properties, LLC

CONTRACT NO: 21106

LEASE DESCRIPTION: A lease parcel of approximately 20 acres situated on the southwest corner of the intersection of the George Parks Highway as defined in AKDOT Project number F-37-2(2) and Otto Lake Road; in the Section 25, Township 12 South, Range 8 West and within Section 30, Township 12 South, Range 7 West, Fairbanks Meridian.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: December 1, 2024

Prior Annual Rent: No rent, previously unleased

Lease Term: Thirty-five (35) Years

Rent Rate: 8%

Option to Extend: N/A

Lease Area: Approximately 20 acres.

Rent Adjustment: Rent adjusted every 5 years with adjusted annual rent not to exceed 135% of the prior year's annual rent or to decrease to less than 65% of the prior year's annual rent.

Base Annual Rent: Approximately \$21,600.00 (based on 2024 appraised value) subject to survey of lease area.

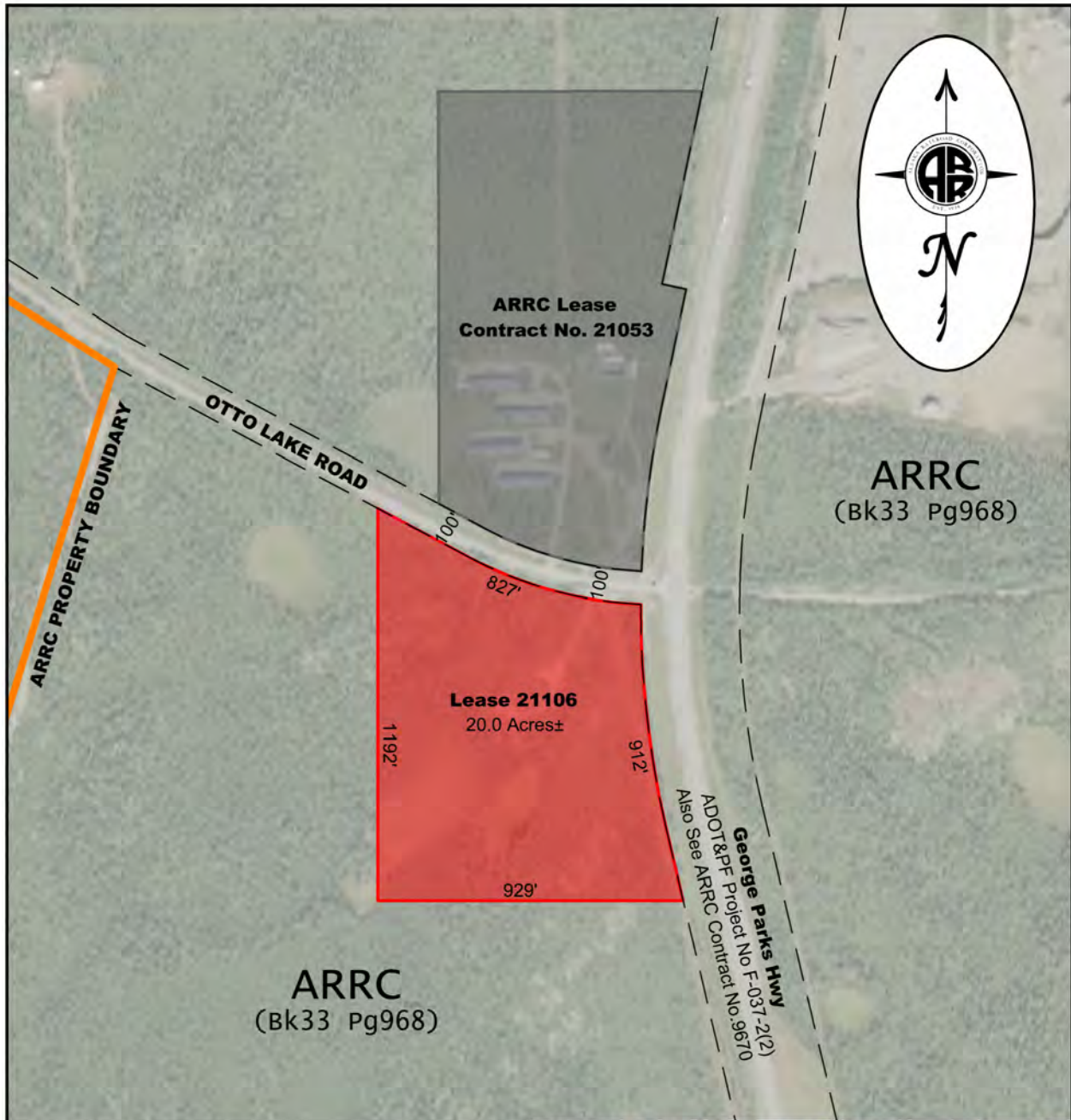
PUBLIC NOTICE: Yes. Public comment will expire November 14, 2024, although public notice also provided opportunity for comment at the Board meeting then scheduled for November 15, 2024.

LEGAL REVIEW: Yes

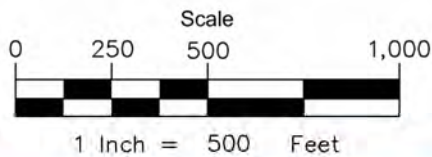
INTENDED USE: Campground and rental cabins consistent with Lessee's business.

SUMMARY AND RECOMMENDATIONS: Lessee is requesting a thirty-five (35)-year ground lease on previously unleased area. Lessee plans to carry out \$1M of first phase site improvements to include the construction of rental cabins, lobby building, RV sites, campsites and restaurant. Approval is recommended, subject to no detrimental public comments through November 15, 2024.

APPROVED: _____ **Board Meeting Date:** _____
Jennifer Mergens
ARRC Board Secretary



Notes:
 For indexing purposes this lease parcel is located in Sec. 25, T. 12 S., R. 8 W. and Sec. 30, T. 12 S., R. 7 W. of the Fairbanks Meridian.



 **ALASKA RAILROAD CORPORATION**
 REAL ESTATE DEPARTMENT, LAND SERVICES
 P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

Contract No. 21106 - Exhibit A
ATW Properties, LLC
Approximate Area = 20.0 ac±
ARRC Title - Bk 33 Pg 968 NRD

DRAWN BY: JSR	SCALE: 1" = 500'	DATE: 2024-09-30
CHECKED BY: DCA	Healy Reserve	
APPROVED BY: JSR		

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AlaskaRailroad.com