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Alaska Railroad releases 2017 Annual Report

Railroad draws on fortitude to face adversity

ANCHORAGE, Alaska — The Alaska Railroad Corporation (ARRC) has released its 2017 annual report. Audited financial statements show total revenues of $191.3 million, including transportation and real estate business revenues of $128.3 million, and grant revenue and investment income of $63 million. The net income of $22.4 million compares favorably to a net loss of $4.4 million in 2016.

“That result comes from the fortitude to face hard truths, make hard decisions and forge ahead,” said Bill O’Leary, ARRC President and Chief Executive Officer.

Total revenue increased nearly 13% and total expense decreased about 3% compared to 2016. In addition to growth in passenger and real estate revenues, grant revenue included $7.4 million in Federal Transit Administration money originally intended for 2016 but actually received during 2017. On the expense side, ARRC worked to trim costs, including a 50-position workforce reduction with some positions eliminated through attrition and unfilled vacancies.

The state’s ongoing recession was reflected in declines in most freight business lines — petroleum volumes were down 14%, barge-rail interline down 8%, domestic coal about the same and export coal no longer operating. Gravel was the exception, with Southcentral roadway projects driving volume up more than a million tons above a typical year.

ARRC responded to continued financial uncertainty by laying the groundwork for future growth across all business lines. On the freight side, ARRC proved the railroad to be an affordable and reliable transportation partner in support of military expansion projects in the Interior, and for potential new fuel storage and distribution facilities along the railbelt. ARRC facilitated exciting new real estate developments including a residential condo project in downtown Anchorage and rezoning land in Fairbanks to support a new waterfront residential district. Passenger business showed promise as well, as trains carried more than a half-million passengers for the first time in a decade. Plus, winter train ridership and revenues approximately doubled between 2013 and 2017.

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“Generating new revenues adds to our resiliency. How we spend also impacts our ability to forge ahead through difficult years,” said O’Leary, noting ARRC’s $52.9 million spending on capital investments in safety and infrastructure during 2017.

Significant capital dollars were spent on the federally mandated Positive Train Control (PTC) safety system designed to prevent accidents caused by human error. ARRC estimates PTC completion by year-end 2020, when total cost is estimated to total well over $150 million, an enormous amount for an organization of ARRC’s size. Other 2017 capital spending focused on track, bridges and depot improvements, adding to ARRC’s net value.

“The Alaska Railroad maintains a strong balance sheet and a strong foundation with over $1 billion in assets,” said Board Chair Jon Cook. “The Alaska Railroad’s resilience dates back to our beginnings. It’s why we’ve persevered through tough times and why we are ready for Alaska’s economic turn-around.”

The report is available online at www.AlaskaRailroad.com > CORPORATE > Leadership > Reports

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