ANCHORAGE, Alaska – The Alaska Railroad Corporation (ARRC) has released its 2018 annual report. Audited financial statements show total revenues of $171.6 million, including transportation and real estate business revenues of $132.2 million, and grant revenue and investment income of $57.3 million.

ARRC posted a net income of $18 million and a 0.99 operating ratio. The 2017 net income of $22.4 million included over $7 million in grant money intended for 2016 but received during 2017. With this in mind, the 2018 net income represents real performance gains over 2017.

Gains were perhaps most apparent in ARRC’s passenger business, which transported 531,611 passengers during 2018. Passenger numbers increased 5 percent and passenger revenue grew by 10 percent compared to 2017.

Freight volumes declined by about a third, dropping from 4.77 tons in 2017 to 3.2 ton in 2018. The decrease was largely due to hauling significantly less gravel and petroleum products. Thanks to a diverse freight customer base, ARRC absorbed these hits to end the year with total freight revenues very close to 2017. An 8 percent increase in rail-barge business, along with military movements, helped.

The railroad’s real estate business also helped, contributing about a half million more to the bottom line in 2018, compared to 2017. Several real estate transactions drove economic opportunity along the rail belt, promoting home ownership, fostering visitor and petroleum industry investments, and supporting community infrastructure. Some transactions were made possible by legislation passed in 2018, allowing ARRC to sell select parcels of non-operating land that were not otherwise used for railroad purposes.

Whether generated by real estate or train services, cash flow from revenues-over-expenses is plowed back into rail operations and real estate infrastructure. Railroading is a capital intensive business that requires tens of millions of dollars spent annually to repair, upgrade and replace equipment and infrastructure. Much of that spending finds its way to Alaska businesses and Alaskan pocketbooks.

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“Ours is a railroad for all seasons,” said ARRC President & CEO Bill O’Leary. “The Alaska Railroad serves and contributes no matter the time of year, no matter the fiscal backdrop. Certainly the railroad is an economic driver during boom years, but more importantly, we continue to support industry and commerce in tough economic times, including the current recession.”

Weathering the seasons safely and efficiently is the product of preparation, planning and compliance. 2018 was a significant year for regulatory compliance, in particular. ARRC met key installation and testing milestones for implementing the federally mandated Positive Train Control (PTC) safety system designed to prevent accidents caused by human error. PTC is fully funded and on-track to meet the alternate Dec. 31, 2020, implementation deadline. As prescribed by the Federal Transit Administration, ARRC developed a Transit Asset Management Plan and other asset planning tools by the October 2018 deadline. ARRC also completed a comprehensive System Safety Program Plan and created a training program for safety-related employees and contractors — both mandated by recent changes to federal law.

Successfully meeting complex regulatory compliance requirements showcases ARRC’s depth and wealth of experience and employee dedication. Those qualities are just as evident as the railroad handily deals with emergency situations. Prime examples in 2018 were the Susitna River flooding and ice flows in mid-May and the 7.1 magnitude earthquake on Nov. 30. In both cases, railroad response to heavily damaged infrastructure was immediate, coordinated and effective in restoring rail supply lines and passenger transportation within a few days.

“The way our people tackle daunting tasks — whether complex regulatory mandates or natural disasters — it’s part of our can-do culture,” said O’Leary. “It’s why we are absolutely a railroad for all seasons. Day in and day out, year-round, through the ups and downs and in-betweens.”

“The Alaska Railroad’s resiliency is reflected in a strong balance sheet that shows $1.1 billion in assets and low debt,” said Board Chair Jon Cook. “We’ve operated for 95 years, through the state’s ups and downs, to the benefit of communities along the rail belt and the state as a whole. The Alaska Railroad is well-positioned to weather economic changes and cycles, and to capitalize on new opportunities that serve the economic good for all Alaskans.”

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

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