

PUBLIC REVIEWS SPILL RESPONSE PLAN

Public hearings scheduled in five railbelt communities

he Railroad's contingency plan ("C-plan") for responding to spills is undergoing a public review process that began February 15 and will end April 1. The C-plan was filed with the Alaska Department of Environmental Conservation (DEC) on October 1, 2001, to comply with the settlement reached between the Railroad and the state following the Gold Creek spill.

The Railroad and DEC will hold public hearings at five locations. Meetings start with an hour-long information session beginning at 6:00 p.m., followed by time for comment from 7:00-9:00pm. Meeting dates and locations are outlined below:

Many fuel tank cars underwent repairs in 2001 to reduce the risk of derailment. As part of the C-plan, the Alaska Railroad contracted with Alaska Chadux (www.chadux.com) to provide spill response coordination services. A major tabletop spill response drill with state and federal governments took place in November 2001, and a deployment drill occurred in December. More drills are planned for this year.

In addition to the public review, the plan is being reviewed for compliance with requirements governing oil discharge prevention and contingency plans (AS 46.04.030) and for consistency with the Alaska Coastal Management Program (6 AAC 80). It is posted on ARR's web site at www.alaskarailroad.com — and is also available in public libraries.

For more information on the C-plan, public comment, or public hearings contact Marc Peterson at 265-2440. ●



Community	Date	Location
Seward	March 12	AVTEC
Anchorage	March 13	UAA Merrill Field
Wasilla	March 14	Best Western Lake Lucille Inn
Talkeetna	March 19	Talkeetna Alaskan Lodge
Fairbanks	March 21	Noel Wein Library

Alaska Railroad Ongoing Projects:

Anchorage Airport Rail Station

Fairbanks Intermodal Facility

Fairbanks/North Pole Rail Relocation Study

Whittier Equipment Maintenance Facility

Anchorage-to-Wasilla Track Realignment

Anchorage Capacity Study

Denali Depot Improvements

Anchorage Yard Expansion

Ship Creek Improvements

Improved Sidings & Signals

Avalanche Program

South Anchorage Double Track

WILLIAMS PROJECTS TO REDUCE X-ING DELAYS

Improvements at North Pole Refinery and Anchorage Port Facility

wo projects involving
Williams Petroleum
facilities — one in
Fairbanks, the other in
Anchorage — will reduce
traffic delays and improve
safety at nearby crossings.

In Fairbanks, the Railroad installed a self-restoring power switch near the entrance to the Williams' North Pole Refinery, significantly reducing traffic delays at the 5th and 8th Ave. crossings. Previously, trains coming into the facility would stop to allow a crew member to get off and manually throw the switch. On the way out, a crew member was left at the switch to manually throw it back into realignment. Then the train would back up to pick up the crew member, again blocking traffic, before leaving the facility for good.

Consequently, traffic at the two crossings often faced delays of



Williams Petroleum fills 8-1/2 acres of tidelands around its port facility.

several minutes. With the new switch, delays have been reduced to a only few minutes. The onboard engineer remotely controls the switch on the way in, and the switch realigns itself when the train leaves the refinery. The Railroad funded this \$13,000 project.

In Anchorage, Williams is footing the bill for improvements to its port-area facility, which receives trains that haul fuel from its North Pole Refinery. This summer, Williams filled in eight and a half acres of tideland surrounding its facility, creating the foundation for a

planned new loop track system. Three loop tracks would be laid during summer 2002 and would be up and running by fall. When the project is finished, the plan has trains entering into the facility, moving into the loop track, and crossing Ocean Dock Road less frequently than they currently do.

The existing unloading rack can accommodate only 14 cars at a time, so the typical 70-car train has to be split into several segments. It takes more time to split, switch and unload, with train segments frequently crossing Ocean Dock Road.

PROJECT OPEN HOUSES WRAP UP

2002 events provide venue for public dialogue

he Railroad has wrapped up a series of public open houses to showcase its proposed program of capital projects (POP) for 2002. A total of 431 people attended the events held Jan. 9 in Anchorage, Jan. 16 in Fairbanks, Jan. 23 in Wasilla and Feb. 12 in Seward.

One reason for conducting open houses is to inform the public about

construction activity, as well as plans for new facilities along the railbelt. Another purpose is to solicit public input. More than a dozen attendees took time to write their comments regarding one or more projects presented in the proposed POP.

Those who were unable to attend an open house, can access updated fact sheets at www.AlaskaRailroad.com.
Public comment is accepted year-round via email and other means.



Project Manager Bob Hanson explains the Anchorage-to-Wasilla track realignment.

STATE RAILROAD-RELATED LEGISLATION

Various bills could affect leases, routes, operations

number of bills this session that would affect the Alaska Railroad in several ways.

Railroad Leases. At the Railroad's request, legislation was introduced this session to increase the maximum railroad land lease from 35 years to 55 years. Land investors, particularly those planning to build, often need a lease that is at least 50 years long. This enables

he Alaska State Legislature is considering a

a lease that is at least 50 years long. This enables investors to secure long-term financing and it creates a more adventageous debt amortization schedule. Railroad land that is not used for the track right-of-way (ROW) or to support rail operations, is available for commercial and community use through leases and permits. Over \$10 million of the Railroad's income comes from real estate revenue.

Rep. Lisa Murkowski sponsored HB298 — Legislative Approval of Railroad Leases. Her bill passed the House unanimously, and was sent to the Senate, joining an identical companion measure, SB 209, sponsored by Senator Loren Leman. During early committee hearings both bills were broadened to include all non-ROW land. Original bills only included lands in the Seward, Anchorage, Healy and Fairbanks reserves.

Canada Corridor. Rep. Jeannette James sponsored HB 241 — Rail and Utility Corridor to Canada. The bill would authorize the Railroad to delineate and evaluate

a proposed 500-foot wide rail corridor stretching from the existing mainline track to the Canadian border. It would also allow the Railroad to investigate an extension from the border to Whitehorse, Yukon Territory. Funding is not identified. The bill passed the House and was transferred to the Senate. At press time, the Senate Transportation Committee had passed the bill and forwarded it to the next and final committee of referral, Senate Resources.

Natural Gas Pipeline Funding. In early February, Governor Tony Knowles introduced companion bills HB 423 and SB 296 to authorize the Alaska Railroad Corporation to issue \$17 billion in tax-exempt bonds to finance the proposed Alaska Highway natural gas pipeline. The railroad's ability to issue tax-exempt bonds to finance industrial development was authored by Alaska Sen. Ted Stevens and approved by Congress when it approved the transfer of the Alaska Railroad from federal to state ownership in 1983. According to ARRC President/CEO Pat Gamble, the tax-free bonding capacity was designed by Congress to allow the railroad to continue its role as an economic engine for Alaska.

Although the Alaska Railroad Corporation would serve as the conduit for issuing the tax-exempt bonds, neither the railroad nor the state would own the gas line nor be liable for the debt. That responsibility would fall on the privately owned companies that will build, own, and operate the gas line.

2002 SUMMER SPECIALS: BOOK BY MARCH 31 AND SAVE

Visiting family and friends should check out the Railroad's summer Adventure Packages (two are described below). Rail fare discounts are available for reservations made by March 31. More details are available on-line at www.AlaskaRailroad.com. For more information, call 265-2494; or 800-544-0552 outside Anchorage.

- Alaska by Daylight (8 days) Rail from Anchorage to Seward for a dinner cruise, overnight, dog sledding and glacier land tour. Rail back to Anchorage and overnight. Rail on to Talkeetna for a jet boat safari and overnight. Rail on to experience Denali National Park and overnight. Rail to Fairbanks for a riverboat cruise, gold mine tour and overnight. Fly back to Anchorage. \$1,465 to \$1,679 per person.
- National Park Sampler (5 days) Rail from Anchorage to Denali and overnight. Tour Denali National Park by bus and overnight. Rail on to Talkeetna and overnight. Motorcoach to Seward and overnight. Tour Kenai Fjords National Park and overnight. Rail to Anchorage and overnight. \$949 to \$1045 per person.

RAILROAD ENHANCES SECURITY PROCEDURES

Visitors may notice new building access restrictions

ince the terrorist attacks on September 11, the Railroad has closely reviewed existing security policies and procedures. A number of enhancements have been made to provide better security for facilities, employees, customers and passengers.

Working closely with local, state and federal law enforcement and transportation agencies, the Railroad has identified the types of threats that are most

likely to occur, and determined how best to safeguard against them. Emphasis is on the safety of passengers and employees, safe transport of petroleum and hazardous materials, and the integrity of critical infrastructure (track and facilities).

In the short term, the Railroad has increased security patrols along the track. Building access is restricted. Employees are asked to heighten awareness of unusual or suspicious activity. Rail-related mandates from the





Receptionist Pamela Dotomain will assign visitors a security badge before they proceed into the Railroad headquarters building. Federal Railroad Administration, Federal Transit Administration, U.S. Coast Guard and other government agencies are being implemented. Long-term efforts call for the design and/or construction of new facilities and infrastructure with better security features, such as blast-proof glass and metal detectors.

Many of the Railroad's enhanced security measures are taking place behind the scenes, however, some are more visible. For example, visitors to the Alaska Railroad headquarters building on Ship Creek

Avenue in Anchorage will need to check at the front desk and obtain a security badge before proceeding to meet railroad personnel and departments. Visitors may also notice that all Railroad people are wearing identification badges, and other entrances into the building are tightly controlled.

The Alaska Railroad remains in strict compliance with Federal Railroad Administration regulations for the transportation of people and freight. •

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SHIP CREEK BECKONS PEDESTRIANS

Sidewalks, lighting, landscaping, shuttle add to amenities

he Alaska Railroad is giving Ship Creek a more appealing ambiance with a number of pedestrian-friendly projects. These represent first steps in the Railroad's and Anchorage Municipality's joint master plan for development of the Ship Creek area.

During 2000, the Railroad added sidewalks, street lighting, pedestrian crossing gates and landscaping between the railroad depot, long-term parking and Ship Creek Ave. This year, more is being done to enhance pedestrian safety and enjoyment. Street lighting, along the north side of Ship Creek Ave. near the corner with C Street, is due for repair and replacement. Fencing, landscaping and interpretive/directional signs will be installed in front of the ARR headquarters on Ship Creek Avenue, along 1st Avenue in front of the depot, and along C Street between the depot and headquarters. In the same areas, the Railroad is adding new curbs and sidewalks to complete pedestrian access to this area.

Last October, Railroad contractors poured concrete to form the radial foundation for a new plaza located at the corner of North C Street and Ship Creek Avenue. Landscaping started this May, followed by installation of benches, trash receptacles and planters in June. Several vendors have expressed interest in providing services at the plaza.

Public-private partnership (involving over a dozen local businesses and hotels, the Municipality of Anchorage, and the Railroad) is also at the heart of support for the first regular public transit service to the Ship Creek area. In May, the Ship Creek Shuttle began connecting key downtown Anchorage locations to Ship Creek area stops. The bus service operates 7:30 a.m. to 5:30 p.m. Monday through Friday yearround. Weekend service, 10 a.m. to 6 p.m., began Memorial Day weekend and will run through Labor Day. A route map and schedule are available in the "community" section of ARR's website.



Ship Creek offers a popular urban fishing spot. Situated next to the Anchorage Rail Yard, the area also holds potential for trouble when trespassing on nearby tracks is put into the mix. Whatever your summer activity, please keep a safe distance away from the track.

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Ship Creek Improvements

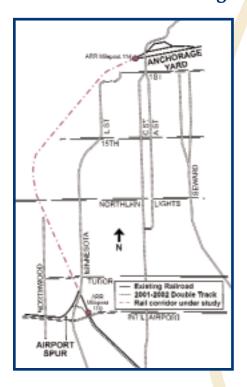
Improved Sidings & Signals

Avalanche Program

South Anchorage Double Track

RAILROAD PROJECT SEEKS TO IMPROVE CAPACITY

Corridor from Anchorage Yard to 4 miles south is topic of studies, discussion



he Railroad recently initiated a new project aimed at minimizing delays along the track from the Anchorage Yard (MP 114) to the Tudor Rd. and Minnesota Dr. intersection (MP 110). This four-mile stretch is one of ARR's most congested due to increased train traffic coming into and out of the yard.

The first phase of the project, entitled *Anchorage Rail Capacity Improvements MP110-MP114*, is to look at current and projected track use, engage citizens in discussion, conduct preliminary engineering, and evaluate alternatives. Options include adding a parallel track, installing signals or constructing

more sidings (pullout lanes to facilitate passing). Part of phase one includes noise and vibration studies. The purpose is to determine existing conditions, seasonal variations, effects at various speeds, and the conditional differences between freight trains and lighter passenger trains. From this analysis, ARR can better predict potential noise and vibration impacts, and adjust our improvement plans accordingly.

The Railroad expects to initiate the NEPA (National Environmental Policy Act) process by the end of the summer. This process includes a thorough environmental analysis of the options for enhancing capacity. Public input is encouraged throughout the project.

CAPITAL PROJECT HOTLINE

The Alaska Railroad (ARR) has established new hotlines for Alaskans to express opinions or ask questions regarding any of the Railroad's capital projects.

Anchorage: 265-2449Fairbanks: 458-6009

• Seward: 224-5550, Option 4

The recording phone lines will enhance opportunities to contact project decision-makers as the summer construction season gets underway. The public already has a number of other ways to get more information or to comment on the Alaska Railroad's program of projects. They may:

- Write Capital Projects
 Alaska Railroad Corporation
 P.O. Box 107500
 Anchorage, AK 99510-7500
- Fax: (907) 265-2365
- Email: public_comment@akrr.com
- Web: www.AlaskaRailroad.com

SIGNS OF SUMMER



Above: Celebrating sunny skies and the promise of summer, the Alaska Railroad hosted about 7,000 residents in Anchorage and 2,000 in Fairbanks during annual open house events May 4 and May 11, respectively. Upper Right: Track rehabilitation and replacement is a consuming activity along the mainline as spring and summer weather afford maintenance crews ice-free access to the track. Lower Right: a new rail fan.





SEWARD DOCK BEEFS UP SECURITY

Stricter measures include 100% bag screening

n April 2, the U.S. Coast Guard published new guidelines to

make the nation's cruise ship terminals more secure. In turn, the

Alaska Railroad (ARR) crafted a new plan and implemented more restrictive security measures at the Seward Passenger Dock to meet the Coast Guard's May 1 deadline

ARR spent about \$50,000 to install temporary fencing, concrete barriers, and audible door alarms. Another \$100,000, previously earmarked, was used to purchase an emergency generator and to establish a back-up power supply for x-ray machines and magnetometers. Cruise companies have provided additional screening equipment, including three new checked-baggage x-ray machines that allow

100% screening. Other beefed up security measures include security

cameras, additional guards, and a requirement for non-cruise ship vessels to keep at least 100 feet from the dock when a cruise ship is present.

The Railroad has applied for federal assistance to make more permanent security enhancements to the entire area. A list of requests includes permanent fencing, a paved bus turnaround area, and better public screening facilities. The Railroad also hopes for funding to relocate the Marine Highway ferry. New USCG regulations prohibit cruise ships from sharing a dock with other vessels. This means the ferry must use the freight dock several times this summer, whenever a cruise ship is in port. Future security enhancements will depend on USCG funding.

LEASE BILL

The Alaska Railroad now has a better tool for marketing land that is available for commercial and community use. The State legislature passed legislation sponsored by Rep. Lisa Murkowski and Sen. Loren Leman, allowing the Railroad to lease land for 55 years — up from the previous limit of 35 years. The successful effort is due in part to overwhelming constituent support from many railbelt businesses and organizations.

Longer lease terms help investors to secure long-term financing, and they create a more advantageous debt amortization schedule. More than \$10 million of ARR's revenue comes from real estate leases and permits, which enables ARR to operate without State subsidies.

ARR JOINS FAIRBANKS TRANSPORTATION GROUPS

Railroad to play more significant role in road-rail-trail planning

he Alaska Railroad now has a seat on the Fairbanks Metropolitan Area **Transportation System** (FMATS) Technical Committee and an ARR representative regularly attends the FMATS Policy Committee. These groups provide counsel to the Northern Region office of the Department of Transportation as it relates to local highway project spending. Railroad participation adds a new interface mechanism during the early stages of project development, ensuring coordination of many highway/rail, trail/rail, and other crossing projects. ARR has also been appointed as a member of the Fairbanks North Star Borough (FNSB) Rail Task Force, which was established by the FNSB Assembly in January in order to create a vision for rail in the area for the next 100 years. The Rail Task Force is comprised of local public and private leaders, including those from the military, tourism industry, environmental representatives, industrial/manufacturing activities, and four members of the public at-large. FNSB Mayor Rhonda Boyles is appointing task force members. The group is expected to complete its task by March 2003.

Coordination with local planning extends up and down the railbelt. ARR was recently named an official member of the Anchorage Metropolitan Area Transportation System (AMATS) Technical Advisory Committee. ARR is part of the Regional Transportation Steering Committee that advises and prioritizes regional transportation projects. ARR sits on the Palmer **Urban Revitalization Steering** Committee seeking to rehabilitate the railroad right-of-way. Also in the Valley, the Railroad is a member of the Meadow Lakes Community 2020 Strategic Planning Committee, which is focused on area growth.

RAILROAD NAMES NEW MAINTENANCE ASSISTANT VP

30-year veteran railroader to head maintenance team

he Alaska Railroad recently named 30-year railroad veteran Steve Pfeiffer as Assistant Vice President for Maintenance. He is tasked with keeping the railroad's tracks, bridges, facilities, yards and right-ofway in good working order.

Pfeiffer comes to ARR by way of Alliance, Nebraska, where he marked a 30-year career with Burlington Northern Santa Fe. A native of Kentucky, Pfeiffer began his railroading career in the maintenance of way craft. Starting as a laborer, he rose through the

craft. Starting as a laborer, he rose through the ranks to become a heavy equipment operator, roadmaster, manager of production gangs, and division engineer. Along the way, he



Steve Pfeiffer

obtained a locomotive engineer's license and worked as a trainmaster, adding to his wellrounded experience.

Over the years, Pfeiffer spent considerable time working in cold, snowy and mountainous territory — in Montana's Glacier National Park, and in Wyoming's Powder River Basin. This is valuable background as Pfeiffer prepares for work in Alaska.

Pfeiffer also has experience in maintaining large terminals with mechanical facilities in Montana

and Nebraska. He is familiar with construction projects, and in 2000, he oversaw construction of 45 miles of second main line track west of Armarillo, Texas.

RAIL CHARTERS OFFER BUSINESSES A MEETING CHOICE

Few things are classier than touring along Turnagain Arm in your own private rail car. Anyone looking for an unique place to hold a business meeting, executive retreat or customer appreciation party should consider an Alaska Railroad charter. A number of coaches are available including the single-level dome car, the 50's diner, the Tikki lounge car and regular passenger coaches. For more information, contact Jeff Johnson, sales account executive, (907) 265-2447 or johnsonj@akrr.com.

CONTACT CORRECTIONS?

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INTERIOR FIRE DEPT. GETS TANK CAR

Donation helps to drop property owner insurance costs



The Alaska Railroad trucks a donated tank car to Fairbanks for "burial."

n a time of sky-rocketing insurance costs, to realize a drop in premiums seems incredible! Yet that's what the Alaska Railroad's donation of a TILX fuel tank car will help to do for home and business owners in an area north of downtown Fairbanks.

According to Chena Goldstream Fire & Rescue (CGFR) Chief Eric

Mohrmann, transforming the tank car into a water-holding tank for the fire station has lowered the fire risk status of nearby structures. Thus, homeowners will realize insurance premium savings of about \$220 per year, and businesses will realize savings as much as \$1,500 per year.

The railroad donated the tank car to the fire department in July. Crews soon outfitted the tank with pumps and pipe, effectively turning it into a water outlet for fire trucks. Availability of water at this new location eliminates the need for trucks to drive to hydrants in downtown Fairbanks in order to refill. This saves about 40 minutes during fire responses to the Chena Goldstream area.

Depending on the size of fire truck in use, the TILX tank holds enough water to fill from seven to 10 truckloads. Three other tank cars donated by the railroad 15 years ago also serve as holding tanks for CGFR.

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DISHING OUT THE DOGS

Railroad marks over 10 years as school partner



At the end of August, the Alaska Railroad marked over a decade of dishing out hotdogs, fixings and helium-filled balloon for families attending the annual Government Hill Back-to-School picnic. This is just one of many ways the railroad supports the school through a long-standing partnership.

1 A truck unloads the barge to the front of the dock. 2 Construction of new side platforms will facilitate efficient side unloading. 3 Distinctive signs mark tunnel entrances. 4 Covered pathways lead to both tunnel entrances. 5 The tunnel is lighted from end to end.





4



ARR CONSTRUCTION IN WHITTIER

Three projects enhance safety and services

esident safety and railroad customer services are getting a boost

with the advent of three significant capital projects in Whittier.

Opening July 1, a new pedestrian underpass traversing the rail yard provides safe passage for people walking betwen the harbor and townsite. Funded 80% by the Federal Transit Administration (FTA), the \$2.285 million project includes a 330-foot-long, 10-foot-diameter corregated pipe enclosing a lighted concrete pathway, and covered asphalt pathways leading to each entrance.

The railroad's barge dock is outfitted with new unloading features as part of a \$2.1 million Alaska Railroad-funded effort. Initiated this spring, completion is expected by early fall. The project includes construction of two 34-by-60-foot elevated platforms to accommodate more efficient unloading from the side. The structures connect the dock and a parallel roadway, and facilitate pass-pass unloading, whereby forklifts on the barge can pass containers to forklifts operating on the platforms.

Construction of a new equipment maintenance facility is just underway with ground breaking late summer. The \$2.225 million project funded 80% by FTA features a 4,793-square-foot steel building that will be used to store and maintain heavy equipment, such as graders and dozers. When completed next spring, the railroad will be able to finish demolishing the old transit shed, currently used to store equipment. Two-thirds of the transit shed was previously torn down and carted away to address safety concerns.

Another aging facility — the marginal wharf — was closed this summer, as it also posed safety problems. The railroad is outfitting nearby DeLong Dock with water and electricity to serve as an alternative base of operations.

500 MILES OF MEETING SPACE

Rail charters offer unconventional experience

ith over 500 miles of meeting space, the Alaska Railroad offers the ultimate way to arrange a meeting, entertain clients or throw a party. The railroad's big-window passenger coaches and full-service dining cars can turn an ordinary gathering into something memorable and productive.

To give folks a taste of the special charter experience, several events have been scheduled, which are open to the public. This includes a new *Great Alaska Beer Train* venture with the Glacier Brewhouse in early October, the traditional *Holiday Train* running roundtrip from Anchorage to Seward on December 7, and the annual *Easter Train* running between Anchorage and Portage. To make reservations, call the Alaska

Railroad at (907) 265-2494 or 1-800-544-0552.

Businesses, conventions and other organizations have the same opportunity for getting down to business in a relaxing atmosphere. The Alaska Railroad Charter Tour packages allow planners to reserve just what they need, whether it's a single car or the entire train, catered dining or brown bag, family-oriented or adults only.

A new brochure outlines all the railroad has to offer. For a copy, or for more information, call Passenger Services Account Executive Jeff Johnson at 265-2447.

CROSSINGS: KEEP IT SAFE

- Every two hours, around the country, a collision occurs between a train and vehicle or a train and a pedestrian.
- Motorists are 40 times more likely to die in a collision with a train than in a collision involving another motor vehicle.
- At 55 mph, it takes a family vehicle about 200 feet to stop. At the same speed, a train may take up to a mile or more to stop. A train cannot swerve.

ARR OFFERS NEW DAY TRIP TO GRANDVIEW SUMMIT

Glacier Discovery affords exceptional, affordable experience near Anchorage

oin the Alaska Railroad on a new day excursion bound for a profoundly unspoiled summit that is unreachable by any other surface transportation mode.

Debuting in May 2003, the *Glacier Discovery* tour includes options to leave from Anchorage or Portage. On the train, sit back in our comfortable, roomy seats and soak in breath-taking views through our super-sized windows. As the scenery passes, a naturalist will provide enlightening narrative on the area's glaciology and history.

There's plenty to talk about along the route that first winds south along Turnagain Arm, tucks into Whittier, then turns away from the highway at Portage and travels deep into the Kenai Mountains. The trail rolls past three glaciers, over river gorges, through glacial valleys, and stops at Spencer Glacier's massive



Passengers can choose to include a raft float tour from Spencer Glacier.

ice field. The finale is Grandview — bordered by towering peaks, the summit of the pass offers vast valley views clearly defining its namesake.

Priced at \$89 from Anchorage or \$69 from Portage, *Glacier Discovery* offers a quality, educational and affordable experience for visitors and residents. A guided two-hour float down Placer River may be included for an additional \$60.00. Children (2-11) are half price.

For more information, visit www.AlaskaRailroad.com, or call ARRC reservations at (800) 544-0552 or (907) 265-2494.

DO YOU WANT THIS NEWSLETTER VIA EMAIL?

Railroad offers readers a choice between electronic and paper formats

n an effort to add convenience and control costs, the Alaska Railroad is offering to send the *Community Ties* newsletter by email. The railroad plans to continue printing and mailing the newsletter to those who prefer to receive paper copies.

In this era of electronic communication, people in communities statewide have expressed interest in receiving correspondence via the Internet. Benefits, they say, include faster receipt of information, less cost associated with disposal of paper waste, and the ability to discard after reading (archived copies are available on the ARRC website — www.alaskarailroad.com).

If you wish to receive *Community Ties* electronically (PDF file), please write your email address legibly in the block below. Because your name and mailing address are already imprinted on this page, you can fax this page to 265-2365. Alternatively, you can email your email address to *public_comment@akrr.com*. Please be sure to include your name and affiliation in your email, so we can properly identify you.

EXERCISING THE "VIA EMAIL" OPTION

Yes, I wish to receive the Community Ties newsletter via email to the address below:

RAILROAD HAS SEAT IN REGIONAL PLANNING

The Alaska Railroad Corporation (ARRC) has a seat on the newly-formed Regional Transportation Planning Organization (RTPO), which met officially for the first time September 16. The RTPO is charged with a) creating a vision of the transportation system required for long term growth in the Anchorage and Mat-Su region; b) speaking with a united voice on regional transportation project priorities; and c) and soliciting maximum funding for those priorities. Members represent the Municipality of Anchorage, Matanuska-Susitna Borough, Alaska Dept. of Transportation & Public Facilities, Alaska Legislature, ARRC and the military.

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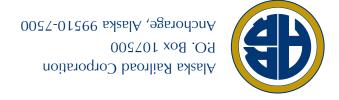
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2002 YEAR IN REVIEW

ARR operations remain safe, steady in declining economy

by Patrick Gamble, President & CEO

ven as the State economic climate worsened, as expenses increased, and as key revenue sources derailed, the Alaska Railroad Corporation (ARRC) remained steadily on track in terms of safe day-to-day operations, imbedding efficiency and productivity in our train operations, as well as upholding our commitment to investing for the future.

Financial Picture. Similar to the economic landscape across Alaska, many segments of ARRC's business remained flat. The unexpected cancellation of Korean export coal, interruption of fuel from the North Pole Refinery for one month, and the World Net/Alaska Fiberstar bankruptcy dramatically reduced revenue. At the same time, ARRC saw a significant increase in health insurance and employee retirement benefit costs. Unexpected expenses also came in the spring when severe flooding caused track damage and resulted in costly repairs and service delays. ARRC managed to offset a marginal financial year with solid reductions in corporate expenses, while preserving union-negotiated wage and benefit increases.

Safety & Environmental. So far this year, ARRC reduced reportable injuries by 65 percent from 1997, marking our lowest

corporate injury frequency rate to date. In 2002, ARRC's Mechanical and Transportation departments have injury rates that rank them among the safest in the country and ARRC's 2002 derailment record also beat the national average.

During the year, ARRC developed and completed both our oil spill contingency plan (C-Plan) and an environmental management system that goes beyond regulatory requirements. Filed with the Alaska Department of Environmental Conservation, the C-Plan has been tested through a number of spill response drills that have actively engaged state and federal regulatory agencies, as well as the Department of Defense.

With regard to equipment upgrades, the Railroad initiated a program this year to install auxiliary power units and software technology on locomotives, which will reduce diesel emissions and noise. The Railroad worked with petroleum customers to repair fuel tank car wheel assemblies as part of a preemptive program to enhance safety by reducing the risk of derailment.

Customers & Revenues. The year 2002 saw overall freight revenue below last year's level. Helping to offset coal revenue loss, gravel came on strong in the latter part of (continued inside)

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Whittier Equipment

Maintenance Facility

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Improved Sidings & Signals

ANCHORAGE AIRPORT RAIL DEPOT GRAND OPENING

Visionary project provides revolutionary road-rail-air-marine link

he Alaska Railroad Corporation (ARRC), in conjunction with Commonwealth North, organized a ceremonial grand opening of the new visionary rail depot at Ted Stevens Anchorage International Airport on Dec. 4, 2002. The event recognized a revolutionary step in the evolving effort to connect road, rail, air, ferry and cruise ship travel in Alaska.

Participants traveled on the inaugural passenger train journey from the downtown depot, located on 1st

Avenue, to the new airport depot, located next to the parking garage. The depot will receive trains in spring 2003.

The depot was named after former ARRC President & CEO Bill Sheffield. The dedication bust, created by Cordova artist Joan Busgby-Johnson, stated: "Dedicated to Governor Bill Sheffield whose vision, dedication and service to the State of Alaska and the Alaska Railroad made this depot possible." Due appreciation was also extended to Senator Ted Stevens for his part in making the airport depot vision a

reality by helping to obtain Federal Railroad Administration funding. The \$28 million project was completed on time and on budget, thanks in large part to ARRC Project Manager Diana Brake.

Thanks also went to now Governor Frank Murkowski, Congressman Don Young; Kumin & Associates, depot design; Unit Company, general contractor; Locher Interests, construction management; Alaska Department of Transportation & Public Facilities and Ted Stevens Anchorage International Airport.





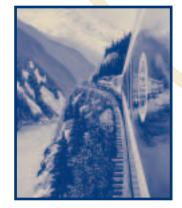




RAILROADER PAINTS ARR 2003 PRINT

Fairbanks-based employee creates original for commemorative poster

ailroad mechanical laborer
Sue Dranchak recently
competed a painting that
will serve as the original for
the Alaska Railroad
Corporation's 2003
commemorative print and
poster. Fairbanks-based Dranchak, who
earned her bachelor of fine arts degree
from the University of Alaska - Fairbanks, was selected from among a
pool of over a dozen Alaskan artists.



Saturday, January 11. About 4,500 posters and 750 prints are made and are on sale at the depot ticket windows in Anchorage and Fairbanks. Posters cost \$25 and prints are \$75.

The painting depicts a view from the vestibule of a passenger train as it passes through Healy Canyon. The scenery is reflected in the side of the passenger coach. This is the first north end scene painted since 1998.

The first official Alaska Railroad painting was produced in 1979 by John Van Zyle. Since then, the annual rendition (except 1984) has evolved into a popular collector's item, with requests coming from all over the world.

Dranchak will be on hand to sign prints and posters in the Anchorage Depot noon-2 p.m., Saturday, January 4, and in the Fairbanks Depot noon-2 p.m. the following

2002 YEAR IN REVIEW

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the year, surpassing 2001 levels. Petroleum shipments from Williams' North Pole Refinery came in under the mark.

Relative to our Passenger business, early predictions held that September 11 would have a big impact on tourism activity in Alaska. In fact, rail passenger revenue grew slightly over last year. Passenger purchases did reflect changing economic factors, however, as shorter, less expensive packages were chosen.

The Railroad's Real Estate segment remained an important contributor. It continued to perform well, again producing nearly \$10 million in revenues. Of note, the new Seward freight dock generated promising new business during its first full year of operation.

Capital Improvements. Infrastructure improvements continued at an accelerated pace throughout 2002. A highlight was completion of the Rail Depot at Ted Stevens Anchorage International Airport. The facility was finished in November, on time and on budget, with grand opening ceremonies occurring in December. Ground broke this fall on depot projects in Fairbanks and Denali as well.

Several miles of new track came on-line from the Anchorage yard onto the military installations this year. The environmental process to gain approval for curve-straightening efforts between Eagle River and Knik River was also complete in 2002. To date, about 25% of the 70 curves to be straightened through the Anchorage-to-Wasilla track realignment projects are accomplished.

Construction of a new bridge over Campbell Creek during the winter is the final step to finishing the South Anchorage Double Track and signalization project, which will ease congestion along this busy 5-mile stretch.

In Whittier, the Railroad constructed new side-unloading barge dock platforms that will allow more efficient operations for this growing segment of ARRC's freight business. The Pedestrian Underpass, traversing the rail yard underground, opened this summer to provide safe passage for residents and visitors who want to travel between the harbor and town site. The Railroad also

continued work on the DeLong Dock's electrical system and installed a water line to provide fresh water to ships and fishing boats. These improvements were made at Railroad expense to offset the loss of the Marginal Wharf, which had reached the end of its useful life.

Community Cooperation. As a busy partner in the economic well-being of railbelt communities, ARRC coordinated future transit plans, and facilitated an improved regional transportation planning process. The Railroad became an official member of the Anchorage Metropolitan Area Transportation System (AMATS) technical committee, Fairbanks Metropolitan Area Transportation System (FMATS) technical committee, Fairbanks Rail Task Force Committee, Palmer Urban Revitalization Steering committee, and the Anchorage-Mat-Su Regional Transportation Steering Committee. Additionally, the ARRC sits on the Alaska State Chamber of Commerce Board, the Anchorage Chamber of Commerce Board, and Vision Anchorage, adding to the numerous community-based groups our employees participate in each year.

ARRC continued to support local school business partnership programs and non-profit efforts through a generous corporate giving program. In addition, many parks and public use areas are located on ARRC lands — leased to communities well below market value.

Looking Ahead. Although ARRC significantly improved its personnel safety record, safety will remain a top priority. ARRC will continue to invest heavily in safety training in 2003, having set ambitious goals to achieve a 15% decrease in both lost time and derailments.

ARRC's freight business is expected to remain flat in 2003. The Railroad's focus will be on customer service, velocity, and on-time performance. On the passenger side, ARRC will introduce a new day trip service to Southcentral Alaska's Spencer Glacier and Grandview Pass ... actually a continuation of the *Glacier Express* train currently serving Whittier. Beginning in May 2003, the new airport rail depot will serve cruise ship customers traveling between Anchorage and Seward.

Plans for 2003 underscore the Railroad's commitment to Alaska: "To be profitable by focusing on safe, high quality service to our freight, passenger, and real estate customers. To foster the development of Alaska's economy by integrating Railroad and railbelt community development plans."

Alaska Railroad employees wish everyone in communities statewide a safe and happy holiday season and a prosperous New Year.



RR SETS UNITED W

\$65,000 employee contribution goal met

he Alaska Railroad United Way fund-raising campaign wrapped up just after Thanksgiving, having reached an ambitious goal of over \$65,000 in donations from railroad workers. ARRC matches employee contributions dollar for dollar, making this year's total campaign fund-raising effort the highest to date.

The annual call for contributions is an employee-led campaign, with volunteers directing fund-raising events and contact with the workforce. One effort included the United Way Express, a special train traveling round-trip between Anchorage and Fairbanks in October, allowing employees

working all along the mainline and at depots, to take part. ARRC donated the train and the United Transportation Union Local #1626 donated the train crew time. Employees whose work prevents them from attending standard presentations, donated more than \$8,300 during workplace lunch meetings.

"Everyone on our United Way team has worked very hard to make this the best year ever, and Railroad employees have once again been among the most generous in the city," said ARRC President & CEO Patrick Gamble in memo of thanks to employees. "We can once again assume our corporate position as a business with a big heart."

email to the address below: Yes, I want Community Ties via THE "VIA EMAIL" OPTION

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