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Alaska Railroad Corporation
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TANANA RIVER BRIDGE, LEVEE WRAP UP

Alaska's longest bridge to be completed on-time and on-budget

Northern Rail Extension Phase One — a levee and bridge over the Tanana River near Salcha — wraps up this summer. The project's significance is reflected in the line-up of dignitaries attending a ribbon-cutting event to be held on site at noon August 5. Members of Alaska's congressional delegation, the governor, several legislators and local elected officials are slated to take part in the ceremony, followed by a community barbecue.

At 3,300 feet, the sturdy 19-pier bridge is now Alaska's longest. Construction involved more than 11,500 tons (23 million pounds) of steel, 12,000 cubic yards (CY) of concrete, 9,000 truckloads of riprap, and 600,000 CY of embankment. Even more remarkable is the fact that the project will finish on-time and well within its \$188 million budget — \$104 from the Department of Defense and \$84 million from the state.

Given the project's complexity, risk factors and inflexible budget, ARRC chose a Construction Management General Contractor (CMGC) model of project management. After selecting Kiewit as general contractor in mid-2011, the railroad's project managers (PMs) co-located with the contractors. For the next year and a half, the PMs worked side-by-side with subject experts from

(see "Tanana River Bridge" on page 3)



Phase 1 of the Northern Rail Extension is the Tanana River Crossing, which involves a levee and 3,300-foot bridge spanning the wide, meandering waterway near Salcha. (Photo by Judy Patrick)

PETROLEUM REMAINS IMPORTANT TO RAILROAD

Growth in oilfield exploration fuels growth in rail-barge traffic

The half-year point has arrived, and as expected, Alaska Railroad (ARRC) fuel-hauling revenues are declining since the Flint Hills Resources (FHR) facility in North Pole stopped refining fuel (as of May). This might lead some to think that petroleum no longer contributes much to the railroad's bottom line. To the contrary, activity in the oil and gas industry continues to be very important to ARRC's freight business, which accounts for two-thirds of our operating revenues.



Forecasts for 2014 and 2015 project fuel volumes to be about one-fifth of the peak petroleum volumes hauled a decade ago. Yet reinvigorated North Slope oilfield exploration has spurred an uptick in ARRC's barge-based freight business, offsetting some of the fuel-hauling decline. In recent years, the

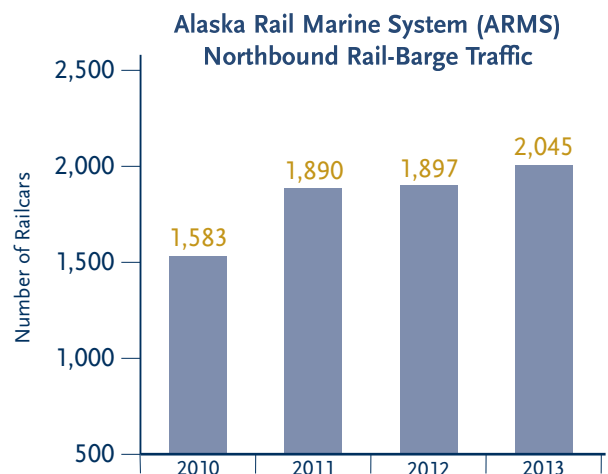
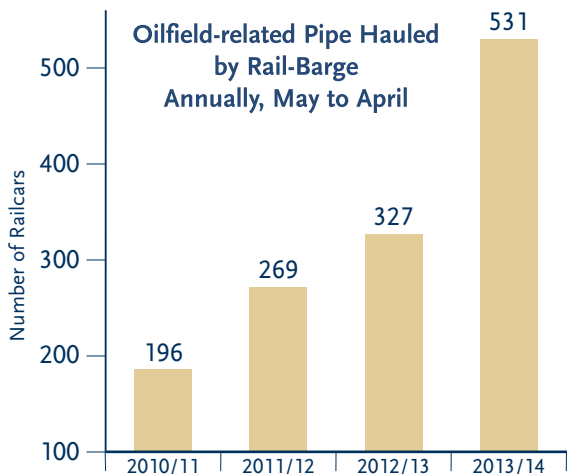
railroad has been tapped to haul more pipe, drilling supplies and other oilfield equipment.

Beginning June 2014, ARRC no longer hauls refined petroleum product from the refinery to Anchorage. As in the past, ARRC continues to haul diesel and unleaded gasoline from Anchorage to the interior. Once the North Pole facility is retrofitted as a fuel storage terminal (likely August or September) ARRC will begin hauling jet fuel from Anchorage north for the Fairbanks Airport. Even with the refinery closure, FHR remains ARRC's largest individual customer.

"Working closely with the Alaska Railroad, Flint Hills Resources Alaska Terminal Group will continue to be a key supplier of fuels to Alaska's interior and North Slope markets. FHR has appreciated the cooperative effort with the ARR as we have changed from shipping our products south to shipping gasoline, jet fuel and ultra-low sulfur diesel fuels north. Our goal in working with the ARR is to ship these products safely and efficiently to meet the needs of our fuel customers," said Jeff Cook, FHR External Affairs Director.

ARRC's interline business — freight hauled to Alaska via the Alaska Rail Marine System (ARMS) — has grown by about 29% since 2010, driven largely by activity on the North Slope. The vast majority (85-90%) of freight hauled aboard ARMS rail-barges is oil & gas related. The growth in pipe in particular (a predominantly oilfield commodity) is telling. For example, during the 12-month period between May 2012 and April 2013, 327 railcars hauled 22,728 tons of pipe. The following year, May 2013 to April 2014, 531 railcars hauled 35,907 tons of pipe — a 58% increase in tonnage and 62% more railcars.

Oil and gas also figure into some short and long-term freight opportunities, thanks to the railroad's land assets and bulk commodity hauling experience. For example, the railroad is a viable interim energy solution for Interior Alaska as a safe and efficient mode should liquified natural gas from Cook Inlet move to Fairbanks. And, any of the huge gas pipeline project options would require railroad participation. ●



GREEN LINE: AFFORDABLE DIRECT-TO-FAIR TRAVEL

Railroad partners with Green Star to expand fair train service over two long weekends

The Alaska Railroad and Green Star have joined forces to support expanded service between the Anchorage Historic Depot and the Alaska State Fair station in Palmer. Compared to 2013, the special service train features more railcars, doubling capacity from 260 to about 500. Per-day round-trips also increases from two to three. Service will run seven days — a three-day increase over 2013, thanks to service on both Fridays and Labor Day in addition to Saturday-Sunday service on both weekends. The schedule is posted at www.AlaskaRailroad.com > Special Event Trains.

Dubbed *The Green Line*, the fair train has the potential to replace 125 cars (assuming an average of 4 to a car) on the road per day. This equates to an estimated savings of 5,250 gallons of fuel and \$3,125 on gas per day for train riders. Round-trip fare is just \$12/adult or \$8/child — a whopping 80% less than 2012 rates (and the same as 2013). This is often less than the cost of gas and parking to travel by car. Plus, while passengers can buy a ticket for a specific departure time leaving Anchorage, they are not restricted to a particular train to return to Anchorage.



The Green Line offers direct service between Anchorage and the Palmer State Fair park-and-ride station (pictured).

The 2013 test of this expanded direct inter-community service was highly successful, and the railroad anticipates that increased ridership, along with sponsorships, will make the reduced rates feasible. ARRC is working with Green Star to find sponsors. As of press time, six of the seven sponsors needed have committed: Alaska Energy Authority, ConocoPhillips, Council of Alaska Producers, Denali PEAK Homeschool/Correspondence, Lynden and Shell. ●

TANANA RIVER BRIDGE ... *(continued from page 1)*

Kiewit, HDR Alaska, Hanson Professional Services, Shannon & Wilson and PDC. The project team also worked closely and often with regulatory agencies that sometimes had overlapping authorities. Participating agencies included State Fish & Game and Natural Resources, and U.S. Corps of Engineers and Fish & Wildlife Service. “Through ongoing dialogue, the agencies understood engineering and construction limitations, and the contractors understood agency concerns. It worked very well,” said ARRC Project Management Director Brian Lindamood.

To enhance cost management, ARRC also enlisted a Project Advisory Committee comprised of three experts — engineering, construction and project costing — who had been involved in large bridge projects in Alaska. Quarterly, the committee reviewed construction and payment estimates and then provided input to project and senior management, assessing how the project was going and the areas that may need more attention. This averted potential problem areas.



(Photo by Judy Patrick)

“We paid a premium to ensure thorough project planning and development, reliable cost management and responsive community relations,” said Lindamood. “We realized the value on the back end with a project finishing on time and on budget.” ●



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RAILROAD FORMS FAIRBANKS DISCUSSION GROUP

ARRC Community Discussion Group program expands beyond Seward

For the past two years, the Alaska Railroad has hosted a successful *Community Discussion Group* in Seward. This June, the program expanded into Fairbanks. Comprised of 6-10 members of the public, the discussion groups meet three to four times a year and are designed to foster conversations about local issues and events and how they relate to the Alaska Railroad. They also offer a forum for Alaska Railroad representatives to discuss the railroad's place in the community; explore new opportunities, changes or issues of interest to the community; and collaborate to prevent conflicts before they occur.



Railroad docks in Seward on a busy day.

Coordinator Katrina Martolano. Liaisons often advise the Alaska Railroad about recent, ongoing or upcoming issues that should be addressed at the meetings. One or two members of the ARRC management or executive team also attend some of the meetings to provide details about railroad projects and programs.

The first Fairbanks meeting in June yielded discussion about railroad crossings and track safety, special theme trains in Fairbanks, and the upcoming ribbon-cutting for the Tanana River Bridge project. In Seward, discussion has focused on ARRC safety drills, potential dock expansion, and increased freight and cruise passenger traffic.

ARRC External Affairs Manager Tim Sullivan organizes, facilitates and attends these meetings, along with the local railroad employee who also serves as a community liaison. ARRC's Seward community liaison is Dock Operations Manager Christy Terry and the Fairbanks liaison is Freight Service

“Expansion of the *Community Discussion Group* program is being considered for other communities as well,” said Sullivan. “Change being the one constant at the Alaska Railroad, these groups will play an important part in the ARRC community outreach program as we aim to remain a good neighbor to all Alaskans.” ●