Alaska Railroad: Gearing up for 2017

Presented by Alaska Railroad Corporation CEO Bill O’Leary
Safety Campaign

- Workplace priority
- Operation Lifesaver
  - 500+ killed on tracks annually
- Social media
  - Bi-Weekly “Safety Saturday”
- Media placements
  - Seasonal Letters to the Editor
  - Bus signs
  - Radio interviews and PSAs
- Trespassing Mitigation
  - Fences in problem areas
  - Notices to Professional Photographers

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Trespassing Issues
Passenger & Freight Operations

- Freight down significantly
  - Export Coal & Refined Petroleum
  - SCLF in Cold Storage
- Passenger Service Rebounding
  - 2016 estimates up slightly
  - Near max capacity on south end
  - Variety of summer services
Net Income & Revenue Breakdown
(in $ millions - 2016 est.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Income ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>16.3</td>
</tr>
<tr>
<td>2008</td>
<td>12.6</td>
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<tr>
<td>2009</td>
<td>13.9</td>
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<tr>
<td>2010</td>
<td>13.4</td>
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<td>2011</td>
<td>13.4</td>
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<tr>
<td>2012</td>
<td>12.5</td>
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<tr>
<td>2013</td>
<td>14.3</td>
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<tr>
<td>2014</td>
<td>14.1</td>
</tr>
<tr>
<td>2015</td>
<td>10.9</td>
</tr>
<tr>
<td>2016</td>
<td>6.1</td>
</tr>
</tbody>
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- Freight: $81,525 (44%)
- Real Estate: $19,700 (11%)
- Passengers: $30,754 (17%)
- Grant: $49,965 (27%)
- Other: $1,636 (1%)

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LNG By Rail

- Demonstration Project
  - First in nation
  - Two tanks from Hitachi
  - 8 round trips to Fairbanks
  - Multi-modal project
  - FRA and other railroads on the ground to observe

- First Responder Training
  - 10 Sessions along Railbelt
  - 200+ First Responders
  - Classroom & full consist training
Federal Issues & Regulatory Environment

- Transit Asset Management
- Safety System Plan
- Training Standards & Verification
- Positive Train Control
  - Deadline Extended to Dec. 2018
  - Bonded against federal funding
  - $165 Million R&D Project
  - $8 - $12 Million annual care & feeding
- Federal Formula Funding
  - State of Good Repair
    - 656 Miles of Track
    - 2 Million Ties
What’s Next – Real Estate

- Ship Creek Development
  - Residential & industrial opportunities
- Fairbanks Leases
- Seward Master Plan
  - Railport Seward
  - TIGER Grant
- Exploring Wetlands Mitigation
- Marijuana

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What’s Next - Passenger Service

- Overall growth in ridership
  - Projecting 5% 2017 over 2016
- More hospitality and tourism partnerships
  - $50 million in statewide labor income
  - Nearly 2,000 Alaska jobs
  - Removes 7,000 motorcoaches from Alaska highways
- Shoulder season specialty trains
  - Fair Trains
  - Beer Trains in ANC and FBX
  - New Kid’s Halloween Train

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What’s Next – Passenger Service

- Expanded winter and spring service to Fairbanks
- Aurora Car Charters
- With capacity stretched on south end, expect growth to Denali and day trip opportunities
  - Spencer Glacier
  - Hurricane Turn
What's Next - Freight Service

- LNG Opportunities
  - Interior
  - Railbelt communities
  - River system
  - Interim solution
- Interline barge service
  - Seattle or Prince Rupert to Whittier
  - Longest Rail-Haul in North America
    - Alaska Railroad from Seattle to Fairbanks - 1815 Miles
    - Interline service from Panama City, Florida to Fairbanks - 4842 Miles
- Military opportunities
  - F-35s in FBX
  - Clear Air Force Station

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Gearing up for 2017...

- Despite challenges, the Railroad will continue moving forward
  - Critical piece of transportation infrastructure in a state woefully lacking in such infrastructure
- Almost all large development projects in Alaska will need the Railroad
  - Gasline variations
  - Mining
- Alaska needs a strong Alaska Railroad
  - Externally sound
  - Internally sound

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