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Alaska Railroad Corporation
1st Quarter, 2003

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2003 ALASKA RAILROAD FREIGHT UPDATE

Rail and rail-barge business capitalizes on new opportunities

The Alaska Railroad freight business has capitalized on several new opportunities to expand service.

Rail to the Rescue

In the first week of March, Spenard Builders Supply commissioned ARRC to rail its barged-in materials from Seward to Anchorage for the first time.

During the winter, the inlet ice and tide make it difficult for a barge to tie up in Anchorage, so SBS traditionally docks its chartered barge in Seward, and trucks the cargo to Anchorage.

The trucking company wasn't able to handle the entire load, so the railroad hauled what it is best equipped to haul... big, heavy materials. The transaction proved a good deal for all parties — revenue for the railroad, savings for SBS and compatible

assistance to the trucking company. Another SBS rail haul is scheduled in spring.

Rail-Barge to the Rescue

When TOTE (Totem Ocean Trailer Express) needed to provide one of its three steamships to the U.S. military for service in the Persian Gulf area, ARRC's rail-barge partnership stepped in to help pick up the slack. During the first few months of the year, TOTE usually moves a large number of vehicles to the Alaska market. With one steamship gone, TOTE fell short of capacity.

ARRC partner Lynden is moving some of the overflow via rail-barge through Whittier. While Lynden will provide the logistics, equipment and barge container space, ARRC will rail the containers into Anchorage for offload and delivery to the Alaska West Express yard.

(see "Freight Update" on page 3)



Coated pipe is prepared for offload onto trucks headed to the Kenai Peninsula for Enstar's Kenai-Kachemak gas pipeline project. The California and Texas pipe was barged to Whittier and railed to Anchorage via ARRC's rail-barge business, which is becoming increasingly successful in such sectors as oil and gas. For example, BP Alaska recently signed a three-year extension to the contract to transport pipe and chemicals for the North Slope.

Alaska Railroad
Ongoing Projects:

Fairbanks Intermodal Facility

Nenana Rail Relocation study

Denali Depot Improvements

Palmer Park-and-Ride Center

Anchorage-to-Wasilla
Track Realignment

Anchorage Rail Capacity Study

South Anchorage Double Track

Anchorage Yard Ops Center

Ship Creek Intermodal Center

Improved Sidings & Signals

Whittier Equipment Maintenance

Seward Intermodal Terminal

For updates or comments on
these projects, visit the Alaska
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SHIP CREEK: COMMUNITY CONNECTIONS, INVESTMENTS

Railroad supports local Anchorage business, government plans and efforts

LEGISLATURE CONSIDERS RAIL EXPANSION BILLS

This year's railroad-related hot topic has legislators debating whether the mainline ought to extend to Fort Greely and beyond.

House Concurrent Resolution 2 (HCR2), sponsored by Rep. Bob Lynn, encourages the Alaska Railroad to extend its main line to Fort Greely to support resource development, agriculture and military activities. If approved, this measure puts the State of Alaska's support for the project on the record and initiates a more in-depth look at the opportunities for building such a project.

Senate Bill 31 (SB31), sponsored by Senator John Cowdery, authorizes the Alaska Railroad to delineate and survey a transportation and utility corridor from its terminus at Eielson Air Force Base to the Alaska-Canada border, an extension of approximately 270 miles. While a route has been identified by previous studies conducted by both the military and the State Department of Transportation, an official survey has not been conducted. Passage of this legislation would enable the state to establish and preserve an important right-of-way for future railroad and utility projects. At press time, Senate Bill 31 was still in the Senate.

The Alaska Railroad supports both of these measures and is working with legislators as the process unfolds.

The downtown Anchorage business community's enthusiasm is growing for plans and projects that will enhance and connect downtown and Ship Creek areas. As a business member, the Alaska Railroad is coordinating with the Municipality of Anchorage, Downtown Partnership, Anchorage Chamber of Commerce, Anchorage Convention & Visitors Bureau and others to incorporate compatible design into its own capital projects and real estate strategies. Common goals include connectivity, pedestrian appeal, and private investment.

Railroad plans for a Ship Creek Intermodal Transportation Center will not only establish a strong link to downtown, but also provide a hub for convenient connections between various modes of transportation. Environmental documents will be forwarded to the Federal Transit Administration (FTA) this spring for consideration. Over \$16 million in the 2003 appropriation for final design and the start of construction. FTA will fund 80%; ARRC 20%.

In a quest to create an appealing pedestrian environment, the railroad continues to build on recent pedestrian projects that promote the area's exceptional fishing, walking trails, and historic attributes. The most recent efforts include an interpretive kiosk at the landscaped pedestrian plaza and interpretive signs on the pathway stretching alongside the creek.

An objective of the ARRC Real Estate department is to cultivate the Ship Creek area as both a resource for public enjoyment and a catalyst for private investment. One example is a new lease allowing the Ulu Factory to relocate and build on a railroad-owned waterfront lot between the Denali Park Resorts office and the Comfort Inn hotel. This summer, the Ulu Factory can consolidate operations and provide a unique experience for its nearly 200 daily summertime visitors.

Improvements to the historical covered bridge are on the drawing board as well. The quaint facility already has electricity, and the addition of water and sewer utilities will improve its usability. ●



Above: An interpretive kiosk adds to the new pedestrian plaza. Right: The Ulu Factory builds a new facility across from the plaza.

2003 PROJECT OPEN HOUSE EVENTS

Commuter rail topped list of public comments

The railroad wrapped up four open house events in January, which presented proposed capital projects to residents in Anchorage, Fairbanks, Seward and the Mat-Su Valley. A record 25 project-related comments were submitted, ranging from opinions on the Fairbanks Depot to concerns over Anchorage Capacity Improvement options.

Interestingly, the highest number of comments (10) expressed support for a commuter rail service between Anchorage and the Mat-Su Valley. While a commuter rail study and operating plan was developed last year, it was not presented as part of the 2003 Program of Projects.

Public support for such service has formalized somewhat with

formation of the Commuter Rail Advocacy Committee, which includes community leaders and interested individuals. The railroad provides technical support. Brown bag lunch meetings are held monthly. For more information, contact Maryellen Oman, 276-4068, or visit www.sierraclub.org/sprawl/transportation. ●



A Mat-Su resident talks with ARRC VP of Projects, Engineering, Technology & Signals Eileen Reilly.

FREIGHT UPDATE...

Barge Dock purchase

The railroad just made a commitment to purchase 50% interest in the Harbor Island Terminal in Seattle. The move comes on the heels of Crowley's decision to sell its 50% interest. ARRC and Seaspan, the other half-owner, are developing an agreement for joint operations of the floating barge slip.

Once the deal closes mid-April, the railroad expects to gain strategic control of the infrastructure necessary to the rail-barge business, which accounts for about one-third of ARRC's freight revenues. The railroad also anticipates savings by capitalizing the facility instead of paying annual rental fees.

Possible Rescue for Coal

The railroad may see a resurrection of the export coal business that ended abruptly last year following cancellation of Usibelli's contract to supply coal to Korea. U.S. Senator Ted Stevens has advanced the cause through federal funding to buy down the capital cost of the Seward Terminal, effectively making the coal more competitive on the world market.

The railroad is negotiating with Hyundai, Usibelli and Korea East-West Power Corporation. The possibility of a renewed contract looks better than it has for the past year, but is certainly far from a done deal. Negotiations are expected to wrap up in spring. ●

SEWARD CENTENNIAL

Happy 100th Birthday!

The Alaska Railroad extends a very happy 100th birthday to the City of Seward. A dozen years after this port community was established in 1903, the Alaska Railroad constructed the first mile of its main line track in Seward. This is one of several milestones to be celebrated via Seward Centennial events held each month throughout 2003.

Honoring the prominent legacy shared with Seward, the Alaska Railroad is supporting a number of centennial activities, including the Railroad Days weekend celebration September 20-21, 2003. This festive occasion will allow participants to revel in the fall colors on a special train traveling to Seward on Saturday, returning to Anchorage on Sunday. Once in Seward, participants will enjoy a fun afternoon featuring a chance to compete in a handcar race or a spike-driving contest. There are also many youth activities planned for the weekend.

Discounted rail tickets and lodging packages for this event will be available early this summer.

The centennial celebration has many other remarkable events to engage in. For example, the Founder's Day Weekend, August 28-30, features a street dance, parade and more. Information on Seward Centennial events can be found at www.seward100th.com or call (907) 224-5623. ●

ARRC WINS MULTIPLE ONBOARD SERVICE AWARDS

“Overall Best Railroad” tops list of seven prestigious honors

Earlier this year, *Onboard Services* magazine announced its annual awards and the Alaska Railroad Corporation (ARRC) won in seven categories, including Overall Best Railroad. Other awards included first place in Safety, Equipment, Entertainment, Uniforms and Food Services, and second place for Onboard Services.

“The variety of awards we won demonstrates excellence throughout the railroad,” Steve Silverstein, ARRC Vice President of Markets, Sales & Services, said. “These awards acknowledge our shops, our crews, our safety programs, as well as our tour guides and our food service contractor.”



Onboard Services’ prestigious international awards involve competition against Amtrak, the ARRC’s industry partners, and a number of tourist operations around the world.

“I am very proud of the men and women of the Alaska Railroad,” said Pat Gamble, ARRC President & CEO. “We set high standards for taking care of our customers, and we met them. The fact that our standards are of international award winning caliber is a great tribute to our railroaders.”

Onboard Services magazine is an international publication focused on passenger services in the airline, cruise line, railroad, and duty-free markets. ●

Book online www.AlaskaRailroad.com

The Alaska Railroad is now accepting on-line bookings for rail-only itineraries -the Coastal Classic between Anchorage and Seward; Denali Star between Anchorage, Talkeetna, Denali, Fairbanks; Glacier Discovery all new day trip Anchorage to Whittier, Portage, Spencer Glacier and Grandview; and the Easter Train, scheduled for April 20th. The on-line booking process lets guests create and confirm their own rail bookings with an easy-to-follow booking process. On-line booking for package tours (rail + accommodations, tours, etc.) are not yet available. For package bookings contact your travel agent or call (800) 544-0552 to speak with a railroad agent.

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GRAVEL BUSINESS GOES GANGBUSTERS

ARRC heads into summer with high freight expectations

The Alaska Railroad Corporation moves into the busy summer season with projections for 2003 to be the busiest year for gravel since the mid-1980s.

Gravel operations got off to an early start in mid-April, as ARRC coordinated with its three largest gravel customers to meet a huge

level of demand this year. Initial estimates indicate that Anchorage Sand & Gravel (AS&G), Wilder Construction (Central Paving Products) and Quality Asphalt & Paving (QAP) will collectively need just under 4 million tons. Part of the gravel demand can be attributed to Wilder's successful bid to provide 700,000 tons of gravel for re-construction of the north-south runway at Ted Stevens Anchorage International Airport.

In addition, QAP won a Dept. of Transportation construction project at Bird Point, a segment of DOT's road-straightening effort along Turnagain Arm. The railroad is hauling blasted rock from Bird Creek to Bird Flats, where it is used as fill for new track and road realignments. Using the train avoids adding to the summer traffic congestion on the Seward Highway. (ARRC is moving 350 side-dump carloads per day, which is equivalent to over 1,000 dump trucks.)

Robust construction and road-building activity are responsible for the steadily increasing gravel volumes over the past few years. ARRC moved 3.5 million tons of gravel in 2001 and 3.7 million tons in 2002. ARRC estimates 3.9 million tons will be moved in 2003. Already, end-of-May reports show gravel movements are 181% over projections. ●



Conductor/brakeman Mike Fazar assists a young rail fan at ARRC's annual Open House in Anchorage. Open houses drew about 7,000 people May 3 in Anchorage; 2,000 people May 11 in Fairbanks; and 150 people at the inaugural open house in Seward May 22.

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RAIL-RELATED LEGISLATION

Session bills address extensions, bond financing

The 23rd Alaska State Legislature championed several issues to enhance the business and economic development climate in Alaska. In the mix were measures calling on the Alaska Railroad to extend rails to resources and authorizing the railroad to provide conduit financing to construct a gas pipeline.

Specifically, the legislature passed HCR 2 by Representative Bob Lynn encouraging ARRC to extend rail to Fort Greely to support military, agricultural and resource development activities.

Lawmakers also debated SB 31, which asks ARRC to delineate and pay to survey a 500-foot-wide transportation corridor to the Canadian Border to accommodate a combination of rail, road, pipeline and communications uses. SB 31 remains in the Senate Finance Committee.

HB 267 authorizes ARRC to issue up to \$17 billion in tax-exempt bonds for construction of a gas pipeline from the North Slope to the Lower 48. By using tax-exempt bonds, industry can shave more \$1 billion off the cost. ●



ARRC's dock in Seward provides new intermodal connections — from cruise ships to buses and trains headed for the Anchorage airport.

MAY 17TH MARKS INTERMODAL MILESTONE

Intermodal improvements to the Seward passenger dock and terminal were completed just in time to accommodate the first cruise ship arriving May 17.

Old criss-crossing tracks were removed from the dock surface before it was repaved. The terminal facility was upgraded to improve security, building esthetics and the flow of passengers and baggage transfer. Land near the dock has been cleared and leveled to provide employee and ferry passenger parking, a staging area for buses, and a one-way circular roadway for bus drop-off and loading.

After disembarking in Seward, some cruise ship passengers are choosing to ride the *Glacier Discovery* train, which takes them directly to the railroad's new depot at the Ted Stevens Anchorage International Airport. The first cruise ship train to pull into the Bill Sheffield Anchorage Airport Rail Depot also arrived May 17. ●

VENDORS AT SHIP CREEK PLAZA

Plaza vendors, shuttle offer pedestrian amenities

A number of vendors have hung their shingles at the Ship Creek Plaza this summer, thanks to a vendor management contract with Anchorage Markets, which also manages the Saturday Market in downtown Anchorage. The goal is to provide the Ship Creek community and visitors with daily attractions — such as food, arts and crafts — from May 19 to September 12. Vendors interested in plaza operations should call Anchorage Markets at 273-5634.

In the same vein, the railroad continues to support the Ship Creek Shuttle's summer operations by sponsoring additional Saturday service from Memorial Day to Labor Day. A daily shuttle schedule is available at www.alaskarailroad.com/community/shuttle_schedule.htm. ●



Vendors at the Ship Creek plaza offer food, arts and merchandise.

FAIRBANKS PLANNING CONSIDERS RAIL

Railroad projects to gain enhanced local public involvement

After meeting for nearly a year, the Fairbanks Rail Task Force (RTF) is ready to move into the public involvement phase this summer. Established by the Fairbanks North Star Borough Assembly in 2002, the group has spent considerable time reviewing existing area railway facilities, capacities, projects and projected needs.

Topics of discussion have included rail realignments around more urban areas and military bases, a new satellite yard, the new intermodal facility, and the potential for an expanded rail network that may extend north, east or west.

“Through the public process, we hope to gain more information on

possible alternatives,” said ARRC Strategic Planning Director Bruce Carr, who represents ARRC on the RTF. “We anticipate public meetings in September and October, a draft report by December, and a final report shortly thereafter.”

The task force will take public input into account, as it works with ARRC to formulate a long-term plan for the future placements and functions of the railroad in the Fairbanks area for the next 100 years. Final recommendations will be forwarded to the Fairbanks Metropolitan Area Transportation Study (FMATS) Technical Committee and to the Borough Planning Commission for advisory review, before they are forwarded to the Assembly for final approval and incorporation into the borough’s Comprehensive Plan.

In other Interior news, Fairbanks is now officially recognized as a Metropolitan Planning Organization (MPO). According to Carr, who also sits on the FMATS Technical Committee, this designation will result in better coordination with the local community, as well as more opportunity for public input, regarding federally-funded railroad projects within FMATS’ boundary.

As an MPO, Fairbanks develops a Long Range Transportation Plan (LRTP) and a Transportation Improvement Plan (TIP) to implement the LRTP. Through coordination with FMATS, railroad projects will now be included in these local documents and their associated public involvement processes. This will complement ARRC’s extensive public involvement efforts. ●

ARRC INSPIRES THROUGH EDUCATION SYSTEM

Fairbanks 3rd grader’s award-winning science project features Alaska Railroad

The Alaska Railroad provided blue-ribbon inspiration for Fairbanks 10-year-old Richard “Yuri” Goldsmith, whose science project featured ARRC. A third-grader at Anne Wien Elementary, this young man’s academic pursuits come into focus when he’s able to tie them into railroad-related subjects, according to his father. “Yuri is really into trains and his favorite engines are the SD 70 MACs,” said Jeff Goldsmith. “We gathered most of our information

from the Alaska Railroad Web site. We also found some information at other various sites as well as from the employees of the ARRC.”

ARRC has worked with several railbelt schools to form School Business Partnerships through which railroad employee volunteers contribute to the educational experience by participating in, and supporting, school projects and functions. ARRC also partners with high school vocational institutions to train high school juniors and seniors as tour guides on the railroad. ●



Fairbanks student’s rail-related science project wins a blue ribbon.

COMMUTER-SUITED DMU MAKES ALASKA DEBUT

New bi-directional rail car sparks interest from railroads nationwide

Colorado Railcar — a manufacturer of rail cars used by the Alaska Railroad, Princess, Holland America and Royal Celebrity Tours — is bringing its latest innovation to Alaska this summer.

Known as a Diesel Multiple Unit (DMU), the new equipment is specifically designed to provide commuter rail service. Each DMU includes seating for 92, and is capable of pulling two to three additional single-level coaches at speeds of up to 70 mph. Colorado Railcar notes that it was the Alaska Railroad's early



The DMU manufacturer hopes to interest ARRC in new passenger rail equipment, which is why they enhanced this image with Alaska Railroad colors and markings.

interest in a DMU that would match ARRC's existing single level dome cars, that led to the new DMU concept.

The visiting DMU should arrive mid-July in Seattle, where it will hitch a ride on ARRC's rail barge to Whittier. Soon after, there will be public viewing of the equipment.

The Alaska visit is part of Colorado Railcar's DMU display and demonstration schedule to inform transit planners and the public in dozens of communities nationwide. ARRC's interest lies in meeting future demand for expanded services, including commuter rail service between the Mat-Su Valley, downtown Anchorage, Ted Stevens Anchorage International Airport, and other points south.

Because DMUs are bi-directional, they are well suited for service to spur locations, such as the Bill Sheffield Anchorage Airport Rail Depot. Unlike traditional "light rail" equipment, the DMU also meets Federal Railroad Administration crash worthiness standards for rail systems like ARRC, which hauls both freight and passengers. ●

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PREMIER COMMUTER RAIL CAR VISITS

Self-propelled "DMU" car makes an impression in Alaska

Colorado Railcar's new self-propelled commuter railcar (a DMU) made quite a splash in Alaska during its visit July 23-August 13, 2003. From Seward to Anchorage to Fairbanks, the new DMU drew train enthusiasts out to experience a rail car of the future.

Local and state transit planners and policy leaders joined the railroad for a test ride. The sleek red car inspired positive discussion on development of a commuter rail service in Southcentral Alaska.

Aboard the DMU, former state legislator Katie Hurley said, "There is just no good reason why we can't do this. I'm ready." Mat-Su Borough planning commissioner Chris Rose agreed, stating, "This is too important not to do."

Being part of Colorado Railcar's demonstration tour not only enticed the public, it provided a fantastic opportunity for Alaska Railroad train crews and mechanical employees to examine the new equipment.

"The Colorado Railcar DMU performed perfectly on our railroad during its

demonstration tour," said Robert Stout, Vice President and Chief Mechanical Officer. "The DMU would be a good match with our existing low level dome passenger equipment and any similar equipment that the Alaska Railroad might purchase. I was particularly impressed with its performance on the 3 percent grade [incline]..."

(See "DMU in Alaska")



Government and civic leaders, and transportation planners from Anchorage and the Mat-su Valley took the DMU for a test ride between the Anchorage depots and Wasilla depot.

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Seward Intermodal Terminal

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WHITTIER SEES FLURRY OF ARRC ACTIVITY

Railroad addresses maintenance, operations, customer and planning needs

From docks and buildings new and old, to plans for the future freight and passenger operations, Whittier has been a hotspot for railroad attention and activity over the past couple of years.

The Railroad completed the \$2.25 million Equipment Maintenance Shed this spring. The rest of the old transit shed, which had previously housed heavy equipment (bulldozers, etc.), was demolished in late summer.

Like the transit shed, the adjacent Marginal Wharf is far past its prime and was condemned this spring. To accommodate the handful of displaced tour boat and fish processing operations that had been using the wharf, ARRC upgraded the Delong Dock to provide water and electrical service. Cruise West's *Spirit of Columbia* vessel, and Great Pacific and RC Collins fish processing operations began using Delong Dock this summer.

Looking out recently from Delong Dock, ARRC Dock and Real Estate Manager Lester Lunceford pointed to a small tug boat pulling a hefty load. "See that big floating dock? That's part of the private dock Lynden is building for use by Princess Cruises," he said. To coincide with the dock's opening in 2004, ARRC will construct a covered platform to accommodate cruise ship passengers heading from Whittier to Anchorage. Pulling these and other railroad projects together is the



Cruise West's Spirit of Columbia moves to Delong Dock in summer 2003.

Whittier Master Plan, an ongoing effort that considers present and future freight operations, evaluates existing facilities, and conceptualizes rehabilitated or new marine facilities. Major goals include: improving rail passenger and pedestrian safety, increasing passenger service, separating freight and passenger operations, and constructing a new passenger terminal and maintenance facilities. The plan will be made available for public review and comment by the end of the year. ●



The new heavy equipment maintenance facility (top), replaces the old transit shed, which is being demolished.



The Marginal Wharf was condemned in spring 2002 for safety reasons.

IS THERE ENOUGH TIME TO CLEAR THE TRACK?

Safety Dan says, 'Track trespassers put public, train crews in harms way'

Would you stroll on the airport tarmac, or ride your 4-wheeler down the middle of the highway? Of course not! Unfortunately, some folks believe that walking or riding on railroad tracks is safe; thinking there is plenty of time to clear the track if need be.

Statistics, however, prove otherwise. Wind, a helmet, engine sounds, and other distractions can, and do, prevent trespassers from realizing a train is coming. Sometimes with dire consequences. For example:

- On August 22, 2003, a train hit a dog on the track. When the dog's

owner was trying to yank the dog clear, both were thrown from the track. Eerily, this closely resembled an accident several years ago, when a pregnant woman trying to retrieve her dog was hit and killed by a train.

- In 2001, a southbound coal train struck a snowmachiner trying to free her machine from the track, It threw her and the machine a great distance and broke her leg.
 - In 1999, the engineer on a train full of children pulled the emergency brake, an action that greatly increases derailment risk, in order to avoid hitting snowmachiners on the track.
- The most recent incident happened

in late August 2003, when a passenger train headed for the Alaska State Fair in Palmer was barely able to stop before



Safety Dan

hitting a hunter on the Knik River bridge. Had it been one of ARRC's 80-car gravel trains, which require more than a mile to stop, the man would have been hit or forced to jump.

For these and other reasons, trespassing is illegal; we want you to be safe! Railroad security agents continually monitor the tracks to keep people off... for their sake and safety, yours and ours. ●

DMU IN ALASKA...

(continued from page 1)

The Alaska Railroad continues to coordinate with Anchorage and Mat-Su area local governments, whose support and involvement is critical to funding and establishing commuter rail service between Alaska's largest city and Alaska's fastest-growing communities in the Mat-Su Valley. ●



The premier DMU was on display for the public to view in communities along the railbelt.

WHAT YOU CAN DO

Efforts to promote commuter rail are now underway with the formation of an advocacy organization in 2002. The Citizens' Commuter Rail Advocacy Committee includes members of the Anchorage Assembly, and representatives from local media, local business, environmental groups and interested citizens. The Alaska Railroad provides technical support.

The committee holds monthly brown bag lunch meetings. People are welcome to get involved at the level that best suits them — either active participation in the committee and its sub-committees, or simply monitoring committee progress via email updates

For more information, leave a message at 227-6852. Someone from the committee will get back to you. ●

FOUR DEPOT FACILITIES OFFER UNIQUE MEETING SPACE

Railroad to publish policies & procedures for depot use on website

Looking for a new place to gather for a conference, employee event or other organizational function? Consider the Alaska Railroad's depots in Anchorage, Seward and Fairbanks. These facilities are available for use by non-profit entities and by private/corporate businesses, as long as they are not political.



Anabel Leigh

- **Bill Sheffield Alaska Railroad Depot at the Anchorage International Airport** — This striking, modern piece of architecture features a full catering kitchen, table/chair and audio/visual equipment rentals, and nearby paid parking. 3,400 sq. ft. Capacity is 500. Available year-round.
- **Anchorage Historic Ship Creek Depot** — Built in 1942, this depot features the classic charm of that era, with large pillars, wooden accents and gold trim. 3,400 sq. ft. Capacity is 250. Nearby paid parking. Available Sept. 14 to May 15.

- **ARRC Seward Dock Terminal** — ARRC's largest available facility features vast space and versatility. 24,000 sq. ft. Capacity is 1,675. Free parking. Available year-round.
- **Fairbanks Depot** — This centrally-located facility is perfect for small gatherings seeking a cozy, quaint atmosphere. 2,400 sq. ft. Capacity is 125. Free parking. Available Sept. 14 to May 15.

The railroad is putting the finishing touches on the *ARRC Depot Use Policies & Procedures* booklet, which outlines facility features and the steps to renting meeting space. It will be available soon at ARRC's Real Estate division at 327 Ship Creek Avenue in Anchorage or on-line at www.AlaskaRailroad.com.

For more information, or to reserve depot space, contact Anabel Leigh, Facilities Technician, (907) 265-2216 or leigha@akrr.com.

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RAILROAD DRAWS PRAISE FROM TAIWAN

Governor picks ARRC to showcase Alaska to Taiwan President

When Taiwan President Chen Shui-Bian stopped in Alaska November 5, on his way home from a trip to New York and Panama, Governor Murkowski had at his disposal all of the assets of the State of Alaska to showcase the state. He chose the Alaska Railroad to do this.



Governor Murkowski and Taiwan President Chen Shui-bian with salmon from an Alaskan business. Photo by Al Grillo.

“Our employees feel particularly proud of this, and take it as a great compliment,” said Matt Glynn, ARRC COO & VP Operations.

Indeed, compliments were voiced by President Chen who said, “The Alaska Railroad provides a fantastic opportunity to view glaciers, mountains and wildlife. I look forward to sharing my experience and encouraging people in Taiwan to visit this beautiful destination.”

According to Glynn, railroad employees pulled together a first-class operation for nearly 400 very influential visitors and residents on an expedited schedule. “It was the product of good planning, cooperation, communication and execution,” he said.

“Everyone knew we were in the spotlight, and the opportunity to shine was not lost,” he said.

“The Alaska Railroad was a natural first choice for the meeting we had in mind with President Chen Shui-bian,” said Governor Murkowski. “The scenery, the food service, and the accommodations were perfect. The Taiwanese were able to have productive meetings with Alaska producers of fish, timber, oil and gas, coal and other minerals — in a setting that was conducive to good conversation, leading to business agreements. I hope we are able to do this again in the future.” ●

On behalf of the

Alaska Railroad's

700 employees,

We wish all of our

customers, vendors

and supporters a

joyous, safe holiday

season, and a

prosperous year

in 2004.





The privately owned Alaska Central Railroad under construction.

MOMENT IN HISTORY

The first try at what would become the Alaska Railroad was the Alaska Central Railroad, begun at Seward in 1904. The line made it only a few miles north and construction shut down well before it reached Turnagain Arm. The U.S. Congress picked up the job in 1914. In December 1920, the crew near Nenana was blitized by an influenza epidemic. The labor was hard, under tough conditions, but work continued throughout the winters. The men were quarantined for up to eight weeks and 75 people died, including 11 railroad employees. Construction was complete in 1923.

United Way drive surpasses goal

Alaska Railroad employees surpassed their United Way goal of \$67,000, raising nearly \$70,000. The Alaska Railroad matches employee contributions dollar-for-dollar. (The railroad does not receive any state funding). "Once again our railroaders proved their commitment to the United Way by surpassing our goal," said ARRC United Way Chair Kevin Bergsrud, a railroad engineer. "It is an effort we can all be proud of."

GETTING INTO THE 'SAFE ZONE'

Employees benefit from fewer, less severe injuries

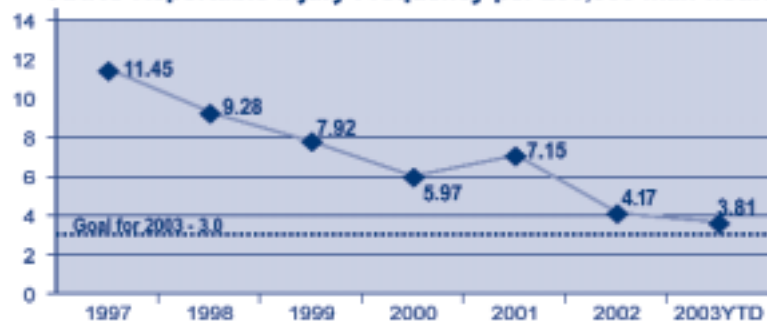
The railroad's focus on continually improving safety is yielding remarkable results. The frequency of reportable injuries has steadily declined, from 11.45 per 200,000 man-hours in 1997 to 3.5 in 2003 (year to date). Injury severity, measured by lost days per 200,000 man-hours, has also dropped significantly — from 152.85 in 1999 to just 14.58 this year.

Ideally, the railroad would like to post zeros in both categories, which is why safety remains the number one goal. Toward that end, railroaders were introduced to a new perspective on safety last quarter — the Safe Zone. The concept goes beyond traditional programs through which safety is imposed via workplace policies and procedures. Instead, each worker is asked to create their own safety buffer.

"The Safe Zone is personal responsibility at it's most basic," said Ernie Piper, Assistant VP, Health, Safety & Environment. Step One is taking charge of your own "personal zone." Step Two is recognizing a "shared zone" with co-workers. Step three is taking advantage of the "help zone" — those people and places an employee can access for information to keep safe.

The zone concept is the brainchild of heavy equipment operator Dwight West. His job involves constant monitoring of his machine, as well as the people, track equipment, trains, overhead wires, buried cables, vehicles, and everything else in the surrounding area. ●

ARRC Reportable Injury Frequency per 200,000 man-hours



ARRC Injury Severity (Lost Days) Rate



FORT RICH MILESTONE

Straightened track links to main

The Alaska Railroad closed the mainline track for 18 hours on October 29 to accomplish a “lineover” operation that hooked a brand new 10,000-foot stretch of track into the mainline system. The new straight segment traversing Fort Richardson replaces an old curvy alignment that was part of the railroad’s original route.

The Fort Richardson project is part of the railroad’s five-year program to straighten about 70 curves between Anchorage and Wasilla. Work on the Army post began last summer (on the heels of the track-straightening project on Elmendorf Air Force Base). Contractors literally had to move a mountain — about 1.2 million cubic yards of earth — to create a level new rail bed.

The lineover involved a crew of 22, who began work at the crack of dawn to replace four 200-foot sections of track. These were located where the two alignments tied together and where they intersected. ●



Crews tie the new track alignment into the mainline.

FREIGHT UP IN 2003

Gravel, fuel experience growth

The Alaska Railroad’s freight operations have had an extraordinary year in 2003. Year-end estimates place gravel and petroleum at some of the highest volumes in railroad history.

It was a huge year for gravel, with regular service hauling nearly four million tons — that’s the highest volume for gravel in the past decade. In addition, ARRC hauled about two million tons for the Alaska Dept. of Transportation & Public Facility’s Bird Point project, bringing total gravel moved to six million tons.

The petroleum business soared, with a remarkable 795 million gallons of fuel (equivalent to 25,000-26,000 rail fuel cars) hauled from Fairbanks to Anchorage and other places along the railbelt. ●



The railroad’s petroleum business soared in 2003. Photo taken in Fairbanks by Sam Harrel.

RAILROAD INVITES PUBLIC TO FOUR CAPITAL PROJECT OPEN HOUSE EVENTS

The Alaska Railroad invites the public to any of four open house events occurring early next year for an opportunity to review and provide comment on a proposed Program of Projects (POP) for 2004. Open houses will showcase continuing and proposed capital improvement projects that are in various stages — from conceptual planning to construction. Project managers will be on-hand to explain

projects that are located all along the railroad system from Seward to Fairbanks. Open Houses are:

- **Anchorage:** 4:30-6:30 p.m. Tuesday, January 6
- **Fairbanks:** 4:30-6:30 p.m. Friday, January 9
- **Wasilla:** 4:00-6:30 p.m. Tuesday, January 13
- **Seward:** 1:00-7:00 p.m. Friday, February 13

For details, visit www.alaskarailroad.com/projects

ARRC RELEASES COMMEMORATIVE POSTER IN JANUARY

2001 railroad poster artist selected for 2004 "return engagement"



Alaskan artist James Havens has completed the painting that will serve as the basis for the 2004 Alaska Railroad commemorative print and poster. This year's poster depicts a southbound intermodal train traveling to Whittier along Turnagain Arm. In the foreground are a pair of breaching Orcas (killer whales), which occasionally appear in the area.

The artist also painted the railroad's 2001 poster. That poster, depicting a ram on the cliffs above Turnagain Arm and the train, was one of ARRC's most popular, having sold out in short order.

"It was an honor to do the railroad poster again," Havens said. "This is somewhat of a continuation of the last one I did, showing the Turnagain Arm area and its inhabitants. I wanted the train to be shown as a *part* of the environment rather than something that dominates the environment."

Havens came to Alaska by way of his father's military career. His father retired from the Air Force in 1980-81, when Havens was in junior high school. Havens graduated from Wasilla High School and attended the Art Center College of Design in Pasadena, California. He owns an art studio and gallery in Anchorage.



The first Alaska Railroad poster, created by John Van Zyle, was printed in 1979. Since then, the annual (except 1984) poster has become a popular collector's item, with requests coming from all over the world.

Approximately 4,500 posters and 750 prints are published. The posters sell for \$25 and the prints for \$50. A matching lapel pin is also available for \$5.

Prints, posters and pins go on sale at the Anchorage and Fairbanks depots in early January. Poster signing events will take place 10:00 a.m. to 2:00 p.m. Saturday, Jan. 3, at the Anchorage Depot, and 10:00 a.m. to 1:00 p.m., Saturday, Jan. 10, at the Fairbanks Depot. ●

2004 COMMUNITY TIES MAILING LIST UPDATE

We need your help to update our newsletter mailing list. Please let us know if you wish to be removed from our list. Also please make any corrections needed to your contact information. Send changes via fax to (907) 265-2365 or email to wheelers@akrr.com.

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