



COMMUNITY

Alaska Railroad Corporation
1st Quarter, 2010



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ARRC UNVEILS NEW INTERNET PRESENCE

Two web sites serve different needs of travelers and general public

Internet users are invited to check out the Alaska Railroad's revamped web presence featuring two new sites, each serving different public needs. The new Traveler web site facilitates the exploration and purchase of rail tickets and rail vacations. The Corporate web site describes the organization and provides information for freight customers, suppliers/vendors, job-seekers and those looking to lease land.

The separate Traveler site launched in late 2009. Customers will notice a new layout and design with brighter, larger photos and easier navigation. The Travel site also features a new modern and user-friendly reservation system. In March 2010, the new Corporate web site went live.

Like the Travel site, the Corporate site has been updated with the latest information, and re-organized to be more intuitive. It is also re-designed to match the Travel site's modern look and feel. Together, the two sites offer better web-based tools and design to improve information delivery to the public. Both sites can be accessed via the common portal www.AlaskaRailroad.com.



Alaska Railroad Portal to Traveler and Corporate sites.



Alaska Railroad "Corporate" web site



Alaska Railroad "Traveler" web site



Alaska Railroad
Ongoing Projects:

Northern Rail Extension
and Tanana River Crossing

Fairbanks Intermodal
Improvements

Nenana Rail Relocation

Positive Train Control

Port MacKenzie Rail Extension

Healy Canyon Safety and
Reliability Improvements

Ship Creek Intermodal Center

Chugach Forest Whistle Stop

South Wasilla Rail Relocation

Anchorage Capacity
Yard to Airport Spur

Seward and Talkeetna
Depot Restroom Facilities

For updates or comments on
these projects, visit the Alaska
Railroad web site at
www.AlaskaRailroad.com

ARRC SELECTS ARTIST TO CREATE 2011 PRINT

Palmer artist plans to depict a freight train crossing the Matanuska River Bridge

The Alaska Railroad selected Palmer artist Douglas Girard to create the artwork for the 2011 ARRC print/poster. Girard was among more than two dozen Alaskan artists who submitted entries. He proposes to depict a freight train crossing the Matanuska River Bridge. "I feel privileged to be a part of Alaska Railroad history, even if only in a small way. I also feel lucky to be able to follow in the footsteps of some of Alaska's best artists," said Girard.



Girard earned a Bachelor of Fine Arts degree with Distinction in Illustration from the Art Center College of Design in California. He has worked as a freelance illustrator, taught art classes and completed numerous private commissions. His artwork is sold through galleries in Anchorage, Wasilla and Palmer. Girard has been featured by local and national news media, and his paintings are included in national and international collections.

Since 1979 the Alaska Railroad has commissioned an artist annually to produce artwork as the basis for limited edition prints, posters, lapel pins and other collectables. The artist is paid \$3,000, and given 10 artist proofs and 20 posters, while ARRC retains all exclusive rights to the artwork.

The annual Alaska Railroad print/poster remains a favorite among rail fans and Alaska art collectors. As in years past, the Railroad will produce 750 signed and numbered prints and 4,000 posters. The 2011 prints/posters will be available for sale in December 2010 through the Anchorage Historic and Fairbanks depots, as well as the online Gift Shop. ●

RAILROAD RELEASES 2009 ANNUAL REPORT

ARRC remains on solid financial footing thanks to 2-year cost cutting efforts

The Alaska Railroad released its 2009 Annual Report showing earnings of \$13.9 million on total revenues of \$169.4 million. "Despite the economic challenges of 2009, the Alaska Railroad has remained financially solid," noted ARRC Board of Directors Chairman John Binkley. "We are poised to weather any further economic downturn or to take advantage of any major Alaska project in the future."



The theme of this year's report is *What We're Made Of*, which recognizes the strength and resiliency of the railroad's people and infrastructure. Continued financial uncertainty spurred a downsized workforce to maximize efficiency and work smarter than ever. As another challenging year unfolded, railroad employees proved what they were made of by making tough decisions and implementing resourceful, innovative solutions. The recession triggered substantial changes that address unsustainable revenue losses in ARRC's core train business. The result is a leaner, more focused organization.

ARRC net income is not a typical corporate "profit" to be used for shareholder dividends, nor is it tucked into an account waiting to be spent. Rather, the 2009 net income was spent throughout the year on capital infrastructure, employment and debt/loan obligations, and other critical business investments.

Railroading is a capital- and maintenance-intensive business. Equipment, facilities and track are in constant use and must be repaired, refurbished and replaced regularly. Some capital funding comes from federal grants, which often require a match. Some projects are not eligible for federal grants and must be funded internally. Without net income, ARRC could not adequately invest in essential safety and efficiency improvements.

Solid financial footing offers stability and security to employees as well. ARRC workers are not part of the State's personnel system. Compensation and retirement benefits are funded entirely by the railroad. Like many retirement funds, the Railroad's retiree pension and medical benefit funds were hard hit by the financial downturn. Net income is also used to fill any shortfall in fully funding these obligations. ●

ICE ALASKA SOLUTION WITHIN REACH

Railroad, Fairbanks North Star Borough negotiate for long-term location

The railroad has been a generous champion of Ice Alaska's success for 15 years. Since 1996, the ARRC has forgiven debt, waived rent, reduced rent, negotiated in good faith and offered extensions to foster opportunity and assist this spectacular event. The good news is that a legal, equitable and permanent resolution is within reach. For the past year, the railroad has worked with Ice Alaska and the Fairbanks North Star Borough on two viable options. One is for the borough to execute a lease on behalf of Ice Alaska. Alternatively, Ice Alaska could spend some of its \$2 million state grant to move to a new location and upgrade existing facilities if needed. While a permanent solution is negotiated, ARRC has agreed to allow the ice championship to continue in 2011 via a one-year land use permit with the borough.

The railroad originally spent more than \$2 million to develop the Chena Landings Subdivision in Fairbanks specifically to attract business leases. Over the years, ARRC has turned away potential high-value tenants because the situation with Ice Alaska leaves the land in limbo. After eliminating nearly 200 jobs over the past two years due to dwindling revenue streams and financial uncertainty, the railroad cannot justify continu-

ing an arrangement by which high-value land is used three months out of the year and the tenant pays just 20% of fair market value (FMV) for its use. By law, ARRC must lease its land at FMV. Concessions were made in exchange for Ice Alaska's promises to make substantial improvements and to pay up in the future. These promises were not realized. As a result of lost lease revenue, ARRC has contributed about \$1 million to Ice Alaska.

As a state-owned corporation, the Alaska Railroad owes it to Alaskans to be good stewards of its land resources. Railroad real estate was always meant to generate income as a means to help ARRC remain self-sufficient. Because train operations typically generate just enough revenue to cover costs, we rely on real estate lease income to provide the means to invest in capital repairs and improvements and to fund employee retirement and benefit accounts. In lean times, such as the last two years, real estate income helps to underwrite some operations expenses.

The Alaska Railroad wants to see Ice Alaska succeed. A legal, equitable, workable and permanent solution is essential to that end. ●

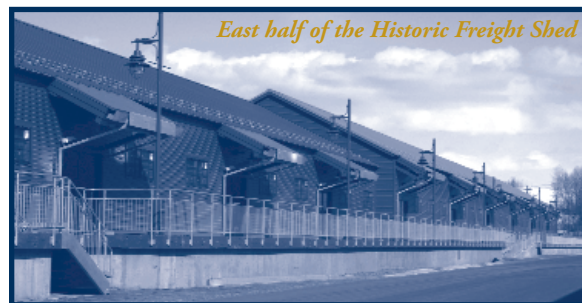
FREIGHT SHED READY FOR TENANTS

LEED renovation project uncovers buried debris discoveries

The Anchorage Historic Freight Shed project has brought a few discoveries to light in unexpected ways. Construction crews were surprised to find decades-old debris each time they dug into First Avenue. Debris included numerous old bottles (beverages and medicine, among others),

cooking equipment, a boiler, ash from fuel coal and even some old moose bones. Some surmise that the 1964 earthquake could have been a catalyst for such impromptu debris burials.

The underground discoveries set the project timeline back by a few months as debris was stockpiled, tested and removed from the area. However, renovation of the facility's core-and-



shell was not affected and was completed in November 2009. Site work, including two parking lots, will be completed by summer 2010.

In the meantime, the ARRC Real Estate & Facilities Department is prepared to accept tenants. Several organizations have expressed interest in leasing space. Some potential tenants are impressed by the shed's transformation into a modern, green office space. Some value a downtown location with plenty of parking. Others are intrigued by the project's pioneering status as Alaska's first historic building to be renovated with Leadership in Energy and Environmental Design (LEED) standards. ●

BOARD APPOINTS CFO AS ACTING PRESIDENT

Board thanks Gamble and expresses confidence in management team during interim

The Alaska Railroad Board of Directors appointed ARRC Chief Finance Officer (CFO) Bill O'Leary to serve as acting President/CEO, effective April 1, as the search for a new CEO progresses. Pat Gamble, who was ARRC President/CEO for nine years, was recently selected to head the University of Alaska (UA) when current UA President Mark Hamilton retires in May.



Bill O'Leary



Pat Gamble

"We thank Pat Gamble for his service," said ARRC Chairman John Binkley who expressed congratulations on behalf of the ARRC Board. "Pat is deserving of the trust that the university regents have placed in his leadership, management and familiarity with Alaskan issues. He will undoubtedly be an equally excellent asset to the university. We wish him well in his new position as he continues to serve the people of Alaska."

"It's been a great run, and it's been a great privilege," said Gamble of his time with ARRC. "If I leave the Alaska Railroad in better shape than I found it, then I have done my job. I had a lot of help from an amazing workforce team."

The Alaska Railroad Board of Directors met on April 1 to begin developing the executive search process for its next CEO and President. Part of this process involves formulating strategic objectives for where the Board wants to take the corporation in the next five to 10 years. "Fortunately, the Alaska Railroad is in good hands under our current management team. As a result, the Board can take the necessary time to assess what attributes and leadership qualities we need in our next Railroad CEO," said Binkley.

"The board has every confidence that ARRC's strong management team will facilitate a smooth and stable transition," Binkley added. ●

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OPPONENTS APPEAL HERBICIDE PERMIT

Federal regulators continue to issue vegetation-related violations

In 2009, the Federal Railroad Administration (FRA) issued 130 vegetation-related violations that may result in fines of up to \$16,000 each. FRA inspectors returned to Alaska in late May 2010 and issued 19 violations when the growing season had just begun. Inspectors are due back in July. Well beyond the regulatory costs, the Alaska Railroad (ARRC) must control vegetation for safety reasons. FRA stated in a warning letter sent to ARRC in April 2009:

“Persistent vegetation on and around the track structure presents a recognized safety risk. Plant roots growing under the tracks



A ballast regulator was recently modified to include a rake attachment to help pull brush out of the track bed. It is about 20 miles north of Seward within the permit area.

(see “Herbicide Permit” on page 2)

BOARD, LEGAL NOTICES NOW ONLINE

Web site notices offer around-the-clock access to public

The Alaska Railroad’s public notice of its board of directors’ meetings and land disposals (including leases and material sales) has migrated to the corporation’s web site — www.AlaskaRailroad.com/corporate — beginning mid-June. A new rule change approved by the Board of Directors in May 2010 means most ARRC legal advertising in newspapers will be replaced with online notices that are available to the public around the clock.

As Internet access and use continue to rise, online notice is viewed as a preferred forum for reaching the public. (For example, Municipality of Anchorage officials note that 85% of the city’s households have a computer and Internet access.) The railroad expects to save thousands of dollars each year by advertising board meetings, land leases, gravel sales and similar activities on the railroad’s web site. ●

ARRC ESTABLISHES 'GRAVEL TRAINS' WEB PAGE

Page offers information about gravel train activity and detours for impacted crossings

Drivers in Palmer and Anchorage have noticed an increase in summer train traffic, particularly at crossings, as gravel trains are added to the Alaska Railroad's daily mix. To help drivers plan ahead to avoid delays at train-occupied crossings, the Alaska Railroad has added a "Gravel Trains" page to its corporate web site. The page includes information on road/rail crossing delays in Anchorage and Palmer along with alternate routes to avoid those delays. The section also includes background information about how and why gravel trains are scheduled, impacts to specific road/rail crossings,



and the economics of moving gravel. Visit: www.AlaskaRailroad.com/Corporate (click on Community, then Gravel Trains).

With summer comes Alaska's construction season and a corresponding demand for gravel. Alaska Railroad hauls between two and three million tons of gravel each year in support of southcentral Alaska capital projects, such as the major expansion project at Ted Stevens Anchorage International Airport and numerous road improvement projects. Train transport remains one of the most economical, least disruptive and safest ways to move gravel and other bulk commodities. ●

HERBICIDE PERMIT APPEALED...

(continued from page 1)

can undermine the rail bed... overgrown vegetation can hinder railroad employees from visually inspecting crossties, fasteners, tie plates, rail bolts, and other parts of the track structure. This can lead to track defects that go undetected and result in accidents. Considering that ARRC transports over a half million passengers and 30,000 freight cars containing hazardous materials each year, an accident on the railroad could be catastrophic."

For 26 years, the Alaska Railroad has been trying to control weeds without herbicides, but manual and mechanical methods are clearly not sufficient. Given FRA warnings, the railroad submitted a permit application to the Alaska Department of Environmental Conservation (ADEC) a year ago, proposing a limited herbicide program between Seward and Indian. The permit was accompanied by a University of Alaska study that specifically addresses glyphosate use on the track in the very area that we propose to apply it.

ADEC approved the permit in late spring. On June 1, several groups and one individual appealed the permit decision, asking for an adjudicatory hearing on the decision to issue the permit and a stay to prevent herbicide spraying until the appeal is decided. On June 30, the ADEC commissioner denied the stay except for seven small stretches of track near drinking water wells. A decision on the adjudicatory hearing is expected in early August. With the permit currently active,

ARRC mobilized its herbicide contractor to begin application July 9. However, opponents appealed the commissioner's order to superior court and requested a stay to prevent application until a decision is made. On July 12, the court denied the request but entered a brief stay to allow for appeal to the state supreme court. That appeal was filed on July 13. At press time, the supreme court is considering the case and a temporary stay is in place. A lengthy stay issued by the court would effectively prevent application this growing season.

The appeal has generated significant media coverage to include comments from opponents that are incorrect. At least two points of clarification are in order: 1) The permit states that AquaMaster will only be applied in areas more than 100 feet from any surface water body. 2) Herbicide opponents claim that glyphosate can cause human health effects. An independent environmental toxicologist concludes that information cited by opponents is "misleading and inaccurately represents the potential health risks".

We encourage everyone interested to review *all* the data, not just data from either the proponents or the opponents. That is what the ADEC did to arrive at its decision to issue the permit. ADEC's Permit Decision Document and Responsiveness Summary are at <http://dec.alaska.gov/eh/pest/index.htm>. ARRC vegetation management information is at www.AlaskaRailroad.com/Corporate (click on Environmental, then Vegetation Management). ●

NORTHERN RAIL EXTENSION'S FIRST PHASE BEGINS

Alaska Railroad is preparing to award a Phase One construction management contract

The Surface Transportation Board (STB) completed a final Environmental Impact Statement (EIS) for the Northern Rail Extension project in late September 2009. In early January 2010, the STB issued a Record of Decision granting authority to construct and operate the rail extension stretching from North Pole to Delta Junction.

Since then, the Alaska Railroad has moved forward with final design and permitting activities for Phase One, which includes a road-rail bridge over the Tanana River and a levee near Salcha. Construction is expected to begin in late 2010.

The Alaska Railroad is in the process of awarding Kiewit Pacific Co. the contract for construction management and general contracting (CMGC) for Phase One. Kiewit is one of the nation's largest employee-owned construction firms and has been working in Alaska for more than 60 years.

"Kiewit is a local contractor with robust national resources and support," said ARRC Project Manager Brian Lindamood. "We are confident in Kiewit's ability to build what will ultimately be the largest bridge in the state."

Phase One funding includes \$104 million in previous Department of Defense appropriations, and a recent \$40 million appropriation from the State of Alaska. Phase One key elements include final design, permitting, right-of-way acquisition, material procurement and construction.

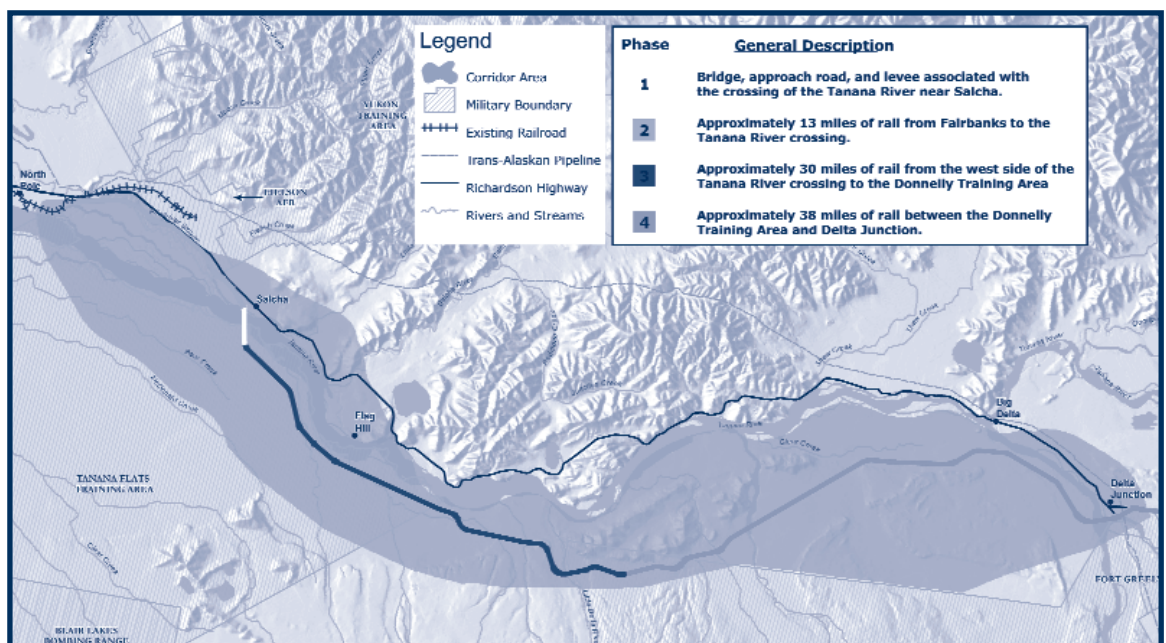
"Hiring Kiewit brings us one step closer to significantly improving transportation options for the United States military, for mass transit, and for freight

movement within Alaska. This project will put Alaskans to work and is a win-win for ARRC, the state, and our economy," said Bill O'Leary, ARRC Interim President/CEO and Chief Financial Officer.

Phase One will create approximately 100 temporary construction jobs. Completion of the entire project is expected to create up to five permanent ARRC positions in Salcha. It will also provide year-round access to one of the largest military training areas in North America. Construction on Phase Two, linking North Pole to the bridge, may begin in 2012.

The Northern Rail Extension entails an 80-mile long rail line that extends rail infrastructure from the existing northern terminus of the Alaska Railroad. The new rail line will provide freight and potential future passenger rail services that serve commercial interests and communities in Interior Alaska. The extension will be operated as part of the Alaska Railroad system. As a common carrier, the line will be available to the general public, commercial, and military shippers including agricultural and resource development businesses.

More information is available on the project web site at www.northernrailextension.com.



The project will occur in four phases, with the first phase building a bridge over the Tanana River at Salcha.

RAILROAD DONATES, SELLS USED TIES

Used ties not needed for RR projects are sold to the public or donated to non-profits

The Alaska Railroad typically replaces tens of thousands of worn wooden ties along the main line each year. Some used ties are suitable for re-use on low-speed sidings and spurs, but thousands are sold to the public or donated to non-profits and agencies.



Donated railroad ties are used for the foundation and vertical supports on a pig shelter at the Point MacKenzie Correctional Facility farm. (Photo courtesy of the farm)

Two public sales were held earlier this summer and a few more are expected through early fall. Notices are published in Anchorage and Mat-Su Valley newspapers, CraigsList.com and AlaskasList.com (General and Material sales). For information on used tie sales, contact Muriel Lewis at (907) 265-2630. "Ties are heavy — 160 pounds or more — so folks should come prepared," Lewis advises.

The railroad may donate several hundred used ties each year to non-profit and government agencies. This year, 266 ties

were donated in May and June alone and were used to improve infrastructure and jump-start projects. For example, the 200 used ties donated to the Point MacKenzie Correctional Farm (PMCF) allowed inmates to build pig shelters and greenhouse foundations. "Your generous donation of the railroad ties saves the Department of Corrections on our budget," said Kenny Moss, PMCF Administration

Officer. "Every institution that receives produce from PMCF gets to cut back on their food budget and those funds are put to good use throughout the correctional institutions."

Non-profit organizations and agencies can request a donation of used ties by writing a letter describing the need and tie use to Wendy Lindskoog, VP Corporate Affairs, Alaska Railroad, P.O. Box 107500, Anchorage, AK 99510-7500. ●

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ARRC NEW PRESIDENT/CEO ON THE JOB

37-year industry veteran begins top executive job in late September

Even before his official start date of September 23, the Alaska Railroad's (ARRC) new President and CEO Christopher Aadnesen attended a railroad leaseholder meeting and board meeting in Fairbanks mid-September. The next couple of weeks he was on the road, getting acquainted with the railroad's infrastructure and people.



This is familiar territory for the 37-year industry veteran, who is well-versed in railroads large and small, privately and publicly owned, and located in America and abroad.

He most recently (2007-2010) worked for HNTB Corporation, a nationwide consulting firm. Based in Austin, Texas, Aadnesen led national freight rail services for all seven of the U.S. Class One railroads. From 2004 to 2007, Aadnesen was CEO and chairman of the management board for Estonian Railways (ER). Like ARRC, ER provides passenger and freight services and is owned by a government (privatized in 2001, ER ownership was sold back to the

(see "New President/CEO" on page 2)

RAILROAD GIVES PHOTOS TO MUSEUM

Ownership transfer to enhance public access to historic collection

In late September, the Alaska Railroad formally transferred ownership of its historical photo collection to the Anchorage Museum at Rasmuson Center. The collection consists primarily of photographs, but also includes postcards, invitations, brochures, commemorative buttons and pins, anniversary press packet, reports, rail tickets, and video film.

The museum has had physical custody of the collection for decades through an informal loan agreement. During this time the museum has helped to preserve, organize, repair, duplicate, describe and exhibit the materials. The deed of gift provides the formality required for the museum to obtain grants and other funds to enhance future efforts to preserve, protect and display the collection.

(see "Museum Now Owns" on page 3)

RAILROAD USES WEED CONTROL PERMIT

First herbicide application in 28 years provides safe, effective tool

In late July the Alaska Railroad (ARRC) applied a glyphosate herbicide along 30 miles of the track between Seward and Indian and within the Seward Yard. This followed a year-long Alaska Department of Environmental Conservation (ADEC) permit process, and two months of subsequent legal actions.

To recap, in summer 2009, ARRC requested an ADEC permit to use AquaMaster (an herbicide EPA approved for use in and around water). After a year-long review, ADEC approved the permit in late April 2010. On June 1, environmental groups appealed, asking the ADEC commissioner for: 1) an immediate stay to prevent spraying; and 2) an adjudicatory hearing to decide if ADEC improperly issued the permit. The commissioner denied the immediate stay except around a handful of private wells. Represented by the Trustees for Alaska, opponents appealed. In late July, the Alaska Supreme Court declined to overturn the commissioner's decision, allowing ARRC to proceed with the herbicide application.

The railroad hired a licensed and experienced contractor to apply the herbicide in select areas where water bodies were further than 100 feet away, as stipulated by the permit. Spraying occurred July 25-27. The herbicide did an excellent job of getting rid of weeds between the rails and ties, allowing inspectors to easily see the track. Even so, vegetation remains on the track shoulders where train and maintenance crews walk so that track maintenance crews still manually and mechanically clear vegetation in these areas.

An adjudicatory hearing is set for April 5-15, 2011, to decide: 1) Does herbicide application near water wells pose an unreasonable adverse effect? And, 2) Does applying herbicides under the conditions set in the permit pose a risk of adverse effect and would that effect be unreasonable? Depending on the answers, the permit may be revoked or the permit may be reaffirmed. Additional stipulations could also be imposed on the permit. The commissioner's decision can be appealed in court.

In the meantime, ADEC has monitored the railroad's use of AquaMaster. A month after application, ADEC conducted a post-application evaluation around Seward. "There was a clear line of demarcation along the edge of the spray area," noted Karen Hendrickson, ADEC Pesticide Program. "Most vegetation within the spray area was dead or browning, and vegetation outside of the sprayed areas was green and showed no signs of pesticide impact."

This observation underscores initial findings of an ongoing University of Alaska Fairbanks study on herbicide use along the Alaska Railroad. The study demonstrates that AquaMaster does not migrate or linger in the soil.

The two-year study first focused on the railroad's south end, and is now researching herbicide behavior on the northern end. A final report on south end results, and preliminary data from the north end research, are expected before the end of the year. ●

NEW PRESIDENT AND CEO...

(continued from page 1)

country in a year-long process overseen by Aadnesen). In 1996, Aadnesen founded Capitol City Group, a consulting firm in Austin. Through 2009, Aadnesen specialized in rail transportation and logistics, management, planning, and quality systems development.

From 1996 to 2000, Aadnesen held several executive positions for the Texas Mexican Railway and TFM (the first privatized Class One section of the old Mexican National Railway), including COO and executive VP. The previous two decades he was employed by Union Pacific, working with nearly every department involved with railroad management.

Aadnesen earned a bachelor's degree and a master of business administration degree from the University of Utah. Subsequently, he completed University of Pittsburgh and Harvard University executive management programs.

Wherever he goes, Aadnesen becomes involved in the community. While in Georgetown, Texas, he chaired the local planning and zoning commission, served on a local theatre board and wrote columns for the local newspaper. While in Europe, Aadnesen served on the board of the Community of European Railway and Infrastructure Companies in Belgium, and was VP of Estonia's American Chamber of Commerce. ●

ARRC DIALOGUES WITH REAL ESTATE CUSTOMERS

Anchorage and Fairbanks meetings invite discussion from leaseholders

The Alaska Railroad Real Estate Department organized two Tenant Town Hall meetings in Anchorage and Fairbanks in mid-September to provide a forum for face-to-face dialogue on issues important to real estate customers. Members of the ARRC Board Real Estate Committee (John Binkley, Jack Burton and Jon Cook) and of the Real Estate & Facilities Department were on-hand to greet customers and answer their questions. About 40 people attended the Fairbanks event and about 50 attended the Anchorage event.

As noted during the events, real estate customers are very important to the Alaska Railroad. During economic downturns, real estate's stable net income is even more crucial to ARRC remaining self-sufficient. Lease revenues also help to fund capital projects that don't qualify for federal funding.

"Not surprisingly, many of our leaseholders were interested in HB 357, the land sale law that passed the legislature last session," said VP Real Estate Jim Kubitz, who moderated both

forums. "The law has raised expectations for the sale of railroad land, and we spent quite a bit of time explaining what the law means to our leaseholders. We explained that the process for land sale or transfer remains relatively the same in that the railroad board and legislature must still approve a proposed land sale. The railroad board is currently working on a policy to interpret the law's language and to clarify land sale criteria."

Railroad staff and board members assured both gatherings that leaseholders and the public at large would have ample notice and opportunity to comment on the board policy as it is developed.

Other topics included the cap and floor on lease rents, the land appraiser selection process, responsibility for lease land improvements such as sewer and water service, municipal tax assessments, lease contract insurance and immunity provisions, tenant representation on the railroad's board of directors, and the appraisal appeal process. ●

MUSEUM NOW OWNS HISTORICAL PHOTO COLLECTION...

(continued from page 1)

The transfer agreement stipulates that the collection must remain in Anchorage. Requests for commercial use of the photos must still be approved by the railroad. The museum may convey some materials that are better suited for the National Archives and Records Administration (NARA). Last year, the railroad transferred ownership of Railroad documents and records from federal ownership era (1914 to 1985) to the NARA Anchorage facility.

The railroad collection has always been important to the museum, said Chief Curator Marilyn Knapp. "This collection gets a huge amount of use. We consider it a heritage / legacy collection because of the railroad's significance to state history."

Now that the museum owns the collection, more staff time can be dedicated to expanding opportunities to enhance in-person and electronic access. "We plan to make more of the collection accessible online through two fronts," explained

Knapp. "We have our own collection database management system linked to an e-museum that we expect to finalize in a year or so. Secondly, we'll continue to partner with the Alaska Digital Archives (<http://vilda.alaska.edu>)." Alaska Digital Archives is backed by a consortium of libraries with main support and servers at the University of Alaska Fairbanks. ●



Museum Curator Marilyn Knapp, left, and Railroad VP of Corporate Affairs Wendy Lindskoog sign the agreement.

2011 COLLECTORS PRINT/POSTER SOON AVAILABLE

Sales-and-signing events scheduled for Dec. 4 in Anchorage and Dec. 18 in Fairbanks

The Alaska Railroad's 2011 commemorative annual poster/print will be available in early December, in time for holiday gift giving to railroad fans and art enthusiasts. The artist will be on-hand at sale-and-signing events slated for December 4 at the Anchorage Historic Depot, 411 W. Ship Creek Avenue, and on December 18 at the Fairbanks Depot, 1745 Johansen Expressway. Both Saturday events are from 10:00 a.m. to 2:00 p.m.



freelance illustrator, taught art classes and completed numerous private commissions. His artwork is sold through galleries in Anchorage, Wasilla and Palmer. Girard has been featured by local and national news media and his paintings are included in national and international collections.

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COMMUNITY

**Alaska Railroad Corporation
4th Quarter, 2010**



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**Alaska Railroad
Ongoing Projects:**

**Northern Rail Extension
and Tanana River Crossing**

**Fairbanks Intermodal
Improvements**

North Pole Crossing Reductions

Positive Train Control

Port MacKenzie Rail Extension

**Healy Canyon Safety and
Reliability Improvements**

Ship Creek Intermodal Center

Chugach Forest Whistle Stop

South Wasilla Rail Relocation

**Bridge Improvements and
Track Rehabilitation**

**Seward Coal Loading Facility
Improvements**

**For updates or comments on
these projects, visit the Alaska
Railroad web site at
www.AlaskaRailroad.com**

FREIGHT SHED TO HOUSE FOREST SERVICE

Historic LEED building marks 93% occupancy in 2011

In November, the U.S. General Services Administration (GSA) selected the Alaska Railroad's Historic Freight Shed in Anchorage to be the new office space for about 120 employees of the U.S. Forest Service (USFS). The 10-year lease includes an option to extend up to an additional 10 years. The USFS requires about 25,500 sq. ft. of the building's 35,000 sq. ft. of leaseable space, making it the building's largest tenant. Space renovations will begin in early 2011, with Forest Service move-in expected by fall 2011.



In stark contrast to the gloom that dominates stories about the real estate sector these days, the Alaska Railroad's Historic Freight Shed offers a success story that stems from vision and persistence. In 2008, the railroad sought to salvage a historic facility, while making new history by pursuing it as a

(see "Forest Service in Freight Shed" on page 2)

ARRC TO RESUME TOUR GUIDE PROGRAM

Popular high school program part of King Career Center curricula

The Alaska Railroad (ARRC) is re-establishing the Tour Guide Program in 2011, resuming a very successful school business partnership that began in 1981. The program has worked with high school vocational-technical career centers in Anchorage and Fairbanks to instruct students to assist with train loading and unloading, passenger comfort and service, and narrated

commentary. Last year, the railroad suspended the Tour Guide Program as part of broad cost-cutting measures in light of shrinking revenues.

The Tour Guide Program returns on a limited basis with ARRC hiring 10-14 student guides from a pool trained through the Anchorage School District's King Career Center tourism curricula offered January 26 through April 6.

(see "Tour Guide Program Resumes" on page 3)

RAILROAD SCHEDULES 2011 PROJECT OPEN HOUSE EVENTS

The Alaska Railroad has scheduled a series of open house events to showcase capital improvement plans for 2011. The public can learn about capital projects with the help of project managers who will be on-hand to answer questions. The public is welcome and encouraged to comment on any individual project or the program of projects (POP) as a whole.

Project Fact Sheets will be available on ARRC's web site: www.AlaskaRailroad.com.

- **Anchorage:** 4:00 to 6:30 p.m.
Tuesday, January 11
Anchorage Historic Depot
411 W. Ship Creek Avenue
- **Mat-Su:** 4:00 to 6:30 p.m.
Wednesday, January 12
Evangelo's Restaurant
Parks Hwy in South Wasilla
- **Fairbanks:** 4:00 to 6:30 p.m.
Tuesday, January 25
Fairbanks Depot
1745 Johansen Expressway
- **Seward:** 10 a.m. - 1:30 p.m.
Friday, February 4
Foyer of the Breeze Inn.
This event will be held in conjunction with the Seward Chamber membership noon lunch event, which will include ARRC Vice Presidents Tom Brooks and Jim Kubitz as speakers. ●

FOREST SERVICE IN FREIGHT SHED ...

(continued from page 1)

pioneering environmental project. Built in 1942, the Freight Shed is Alaska's first historic building to be reconstructed with the high standards established by Leadership Energy and Environmental Design (LEED) criteria.

"We are pleased that we will be able to house the Forest Service in a LEED-certified historic building," said GSA Regional Administrator George Northcroft. "This will allow the federal government to take another step forward in meeting our sustainability goals."

Historic- and LEED-certified credentials, the appeal of a downtown location (161 E. First Avenue), and a unique blend of historic and contemporary, have proven to be a winning combination for this facility. "The Freight Shed's modern features include LED lighting, high-tech heating, wireless thermostats, under-floor utilities, individually adjustable air circulation, and a raised 600-foot heated sidewalk that runs the length of the building," said railroad VP Real Estate Jim Kubitz. "The original heavy timber, ceilings and walls remain exposed, preserving the charm of a solid

foundation. It was built to last in 1942, and we've just extended its lifespan."

"The Forest Service has a strong tradition of working closely with communities and we're excited to be part of the restoration of a historic district that keeps us in the heart of Anchorage near many of our stakeholders," said Chugach Forest Supervisor Terri Marceron.

While the Forest Service will be the largest tenant, the Freight Shed has already welcomed its first tenant. The Alaska Humanities Forum occupied the Freight Shed in early October. Between the Forest Service and Humanities Forum, the Historic Freight Shed will be 93% occupied by the end of 2011.

"We are still looking for an additional permanent tenant, perhaps to provide food and beverage service to a building full of employees," Kubitz said. "A variety of deli, coffee shops, breweries and other restaurant establishments have expressed interest in the Freight Shed. We see this as the perfect compliment for the Historic Freight Shed and the Ship Creek population." ●

Happy Holidays and Seasons Greetings!



Railroad President/CEO Chris Aadnesen and his wife Betty greet train passengers who were traveling to Fairbanks over the Thanksgiving weekend. As they entered the Anchorage Historic Depot, passengers were met with personal thanks for being a railroad customer. Small gift bags underscored the customer appreciation message, while boosting holiday spirits.

MUSK OX FARM MAKES USE OF OLD RAILS, TIES

Railroad's in-kind donation provides means to build essential farm equipment

In late July, the Palmer-based non-profit Musk Ox Farm asked the railroad for help with constructing a new “crowder” — a movable wall used to safely herd the animals into the barn. Farm Executive Director Mark Austin envisioned a thick wall mounted on wheels to roll along a short track. In late summer the railroad donated eight ties, eight hylrail wheels, 270 feet of salvage rail, and eight rail connectors. Used materials were valued at \$3,000.



A baby musk ox and newly-fabricated crowder (courtesy of Musk Ox Farm)

The farm's mission is to domesticate musk ox to harvest its wool-like qiviut and to promote qiviut production as a sustainable agricultural practice in the far north. In so doing, musk ox must be combed each spring to obtain the qiviut. “By regularly running the animals through the barn, this process is made safe and stress-free for animals and handlers,” said Austin. The crowder is used at least weekly when all the animals are run through the barn to observe, monitor weight, administer maintenance (hoof trimming, vaccinations, veterinary care, etc.).

Austin, Herd Manager Gunnar Babcock and Board Member Bill Mohrwinkel, brainstormed the new crowder design, and collaborated on its fabrication. “We wanted the whole appa-

ratus to be a piece of furniture, so it would not be affected by frost heaves, which was a problem with the previous crowder,” said Austin.

“Our crowder is complete and working fantastically!” said Austin in a late October email. “It is a 28-by-8-by-8-foot monstrosity weighing in at approximately 12,000 lbs. The wall alone weighs about 3,500 pounds. We ran our first animals into the barn a couple of weeks ago and not only did it operate wonderfully, but we also changed the layout, which has proven to be much less stressful to the animals. I can't thank the railroad enough for all your kind help in making this possible.” ●

TOUR GUIDE PROGRAM RESUMES AT KING CAREER CENTER...

(continued from page 1)

Class will be held 3:00-5:00 p.m. Monday-Thursday, as part of third session. Training includes customer service, cross-cultural communication, public speaking, Alaska geography, economy, history and visitor related interests.

Juniors and seniors are eligible to apply, provided they are at least 16 years old and have a 2.5 grade point average. Interested students should contact their counselors by early January. Applications are due by January 14.

The railroad will also hire six seasonal onboard supervisors in Anchorage and four in Fairbanks. Former tour guides are welcome and encouraged to apply for these supervisory positions. Fairbanks onboard supervisors will learn commentary and guide duties and work on the route between Fairbanks and Denali. Anchorage-based guides and

supervisors will be on routes between Anchorage and Seward and Anchorage and Denali.

“I am thrilled that we will have the program back this summer,” said Anchorage School District Superintendent Carol Comeau. “The loss of the program was very disappointing to us and many of our students. The training our students receive, and the opportunity to meet customers from all over the world, is a terrific way for our students to share their stories and adventures, and to have a wonderful summer job.”

“The railroad's 30-year history with the Tour Guide program is a hallmark of our School Business Partnership program,” said Corporate Affairs VP Wendy Lindskoog. “It has been one of our most successful community relations programs, and we are excited to resume a relationship.” ●

RAILROAD EXPANDS GIFT SHOP AVAILABILITY

Fairbanks Depot recently opened permanent physical gift shop with expanded hours

The Alaska Railroad recently expanded its gift shop availability on the north end of the railbelt with a permanent physical gift shop inside the depot at 1745 Johansen Expressway in Fairbanks. This gift shop offers a selection of the most popular items, including the railroad's annual poster/print, and matching lapel pin, ornaments, coasters and mugs. Items with the 2011 annual artwork went on sale in early December.

Since a gift shop is no longer on the train, we wanted to provide more ways for passengers to purchase railroad items as a memento of their trip," said Guest Services Manager John Simmons. "We can also accommodate Fairbanks and Interior residents and visitors who are looking for special railroad gifts."



The Fairbanks Depot Gift Shop is open during the depot's regular business hours. Winter Hours: Sunday 7:00-11:00 a.m., Monday/Tuesday 8:00 a.m. to 4:00 p.m. Summer Hours will be 7 days a week, 6:30 a.m. to 3:00 p.m.

Most gift shop items are available via the online store at <http://www.alaskarailroadgiftshop.com>.

Fairbanks customers can order items online and have them shipped to the Fairbanks Depot for pickup. In this case, no shipping and handling charges would apply.

For more information, contact the Alaska Railroad Gift Shop at (907) 265-2210. ●

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