



# COMMUNITY

Alaska Railroad Corporation  
4th Quarter 2013



www.AlaskaRailroad.com • (907) 265-2300



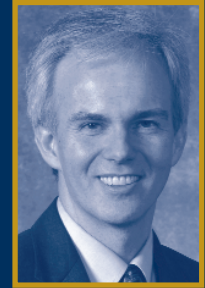
Visit our web site at  
[www.AlaskaRailroad.com](http://www.AlaskaRailroad.com)  
Take advantage of exclusive  
Alaska Resident discounts  
on great rail travel trips.

## RAILROAD NAMES NEW CEO, COO, CMO

### In-house promotions fill top-level chief positions in November

**N**ovember saw three top-level in-house promotions occur in rapid succession at the Alaska Railroad (ARRC), beginning with the ARRC Board of Directors' selection of Chief Operating Officer (COO) Bill O'Leary to become President & CEO, effective on November 1. A week later, Chief Mechanical Officer (CMO) Doug Engebretson was named COO, and a week after that, Locomotive Operations Manager Don Freestone filled the CMO position. Remarkably, all three tenured ARRC employees have ties to Fairbanks in common. Born and raised in the Golden Heart City, O'Leary earned a bachelor's degree in accounting from the University of Alaska Fairbanks. Engebretson and Freestone have both spent years working in the ARRC's Fairbanks mechanical shops.

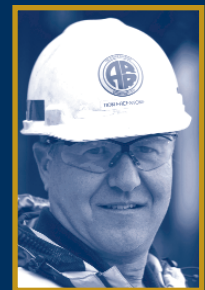
*(see "Three New Chiefs" on page 3)*



*Bill O'Leary*



*Doug Engebretson*



*Don Freestone*

## MONITORS HELP CONSERVE ELECTRICITY

### Monitors and modified workflow lower Car Shop power demand

**E**arly in 2013, the Alaska Railroad (ARRC) established a new goal to lower facility power use and utility expense with a multi-faceted approach using technology, workflow management and employee education.

Like many commercial consumers, the railroad pays a "demand charge" to guarantee availability of a specified level of power. The demand charge is based on peak use levels during the year. Recent analysis of railroad utility data revealed that the maximum power level is reached infrequently in most facilities where a demand charge is levied, meaning the railroad pays for power it does not use. The cost is significant. For example, the demand charge for the Anchorage Yard Car Shop alone in 2012 was \$99,344, which accounted for nearly 42% of the shop's 2012 electric bill totaling \$239,214.



*Left: Railcar repair work in the Anchorage Car Shop can be adjusted when the facility power monitors indicate demand for electricity is reaching costly maximum levels.*

*(see "Lowering Power Demand" on page 2)*

*(Photos by Judy Patrick)*

# ARRC APPROVES RESIDENTIAL RIGHT-OF-WAY USE POLICY

During its regular November 12, 2013, meeting, the Alaska Railroad (ARRC) Board of Directors approved a new policy to guide residential use (gardens, yards, sheds, storage, etc.) of the railroad right-of-way (ROW). The ARRC Residential ROW Use Policy (RRUP) establishes a permit process for existing uses and structures that do not pose a safety hazard or interfere with railroad operations or uses.

ARRC envisions Residential ROW Use Permits with renewable terms of up to 5 years.

The policy is the product of more than two years of planning and listening to comments from potentially impacted residents who live along the ROW boundary. The process began in 2011, when the railroad surveyed the ROW through Anchorage and then installed new delineation markers. The ROW segment between Potter Marsh and Eklutna is the most heavily populated, and thus, includes the majority of instances where residents have encroached with lawns, gardens and structural uses of railroad land within the ROW. This has been an area of growing con-

cern, as residential users potentially put themselves, railroad employees and customers at risk.

Initially, the railroad created a policy draft that would phase out residential uses altogether, and establish more stringent parameters and higher permit costs for transitional use of the ROW. The final version of the policy reflects extensive modifications based on resident observations, concerns and suggestions. The approved policy and a summary of policy revisions is available on the railroad's web site at: [www.AlaskaRailroad.com](http://www.AlaskaRailroad.com) > Land Leasing & Permitting.

The Real Estate Department is currently developing an RRUP permit packet — including procedures and permit/application forms. The packet will be available from Real Estate and posted on the ARRC web site by the end of January 2014, when residents with existing uses can begin applying for a permit. The deadline to apply for an existing use permit will be the end of June 2014. For more information about the policy, contact the Real Estate department at 265-2450. ●

## LOWERING POWER DEMAND ...

*(continued from page 1)*

ARRC initiated a program to minimize spikes in power use in order to lower demand charges. Facility crews installed energy monitors in the Car Shop and Headquarters buildings, and documented the kilowatt (kW) power draw for each electric-powered machine. Railroaders in the shop are now notified when electrical draw is nearing the maximum demand level — a strobe light blinks at 80% and an alarm sounds at 90%. Such warnings spur corrective action, such as switching workers to tasks using equipment with a lower electrical draw. ARRC Facility and Mechanical managers have also made workers more aware of the part they play in avoiding wasted energy. Actions as simple as turning off unused high-draw equipment have made a big difference.

Early results look promising, particularly in the Car Shop where power load management and employee conservation efforts are saving more than \$8,000 per month. Comparing November 2013 to November 2012, electrical use was down by two-thirds (100,000 kW vs. 302,720 kW), peak power



Anchorage Rail Yard Car Shop.

demand was halved (293 kW vs. 658 kW), and the monthly utility bill was \$8,653 less (\$18,103 vs. \$26,756). This remarkable progress came despite an increase in the base utility rate (up \$0.02733 per kW) and a sizeable \$4.30-per-kW jump in the demand charge. Indeed, if the railroad had to pay November 2012's bill at 2013 rates, the cost would have been \$11,128 higher (\$37,884 vs. \$26,756).

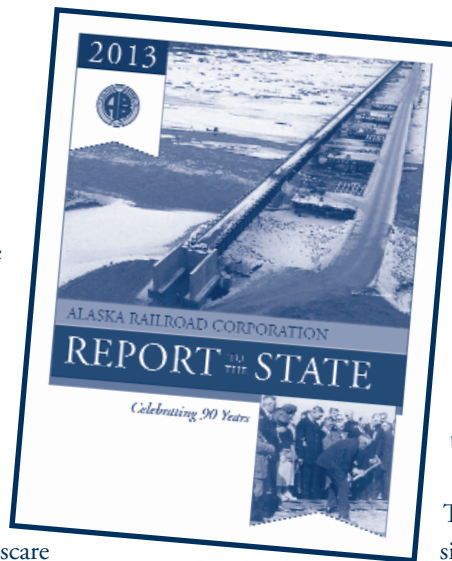
The ARRC Facilities Department expects such savings will double by 2015, when two years of lower peak demand levels can be established, enabling a demand charge reset. The railroad plans to install similar monitoring systems in 11 other high-use facilities over the next few years. ●

# RAILROAD OUTLINES 5-YEAR CAPITAL PLANS

## Report to State provides capital and operating outlook and recaps 2013 finances

In early December the Alaska Railroad released its *2013 Report to the State*, which includes a nod to the 90th anniversary of the railroad's construction, completed July 15, 1923.

By state statute, the report outlines the railroad's 5-year (2014-2018) capital program. The outlook reflects the reality of shrinking capital resources, the status of three mega projects (Tanana River bridge/levee at Salcha, Port MacKenzie Rail Extension, and Positive Train Control), and promoting safety. Reconciling infrastructure investment with scarce financial resources is as dominant a concern today as it was 90 years ago, illustrating its enduring importance to the capital-intensive business of railroading.



The 8-page document also recaps the year's financial forecast that accounts for cost- and personnel reduction efforts, declining freight revenues from petroleum and coal, a drop in federal capital grant funding, some growth in passenger and rail-barge business, and an upswing in real estate activity. While a better-than-budgeted net income is anticipated for 2013, the bottom line is still well shy of the net income needed to underwrite an adequate capital program.

The report is posted on the railroad's web site at [www.AlaskaRailroad.com](http://www.AlaskaRailroad.com) > About ARRC > Reports & Policies > Legislative Reports ●

## THREE NEW CHIEFS ...

*(continued from page 1)*

O'Leary succeeds retiring CEO Chris Aadnesen. He is the first lifelong Alaskan to take the railroad's helm. O'Leary joined ARRC in 2001 as the Chief Financial Officer/VP Finance, overseeing finance, accounting, human resources and supply management. In March 2013, he was promoted to COO, responsible for rail transportation, engineering, mechanical, safety, labor relations, marketing, customer service and grant administration. He also served as interim President/CEO April-September 2010. A certified public accountant, O'Leary has worked in a variety of financial positions since 1988, including Controller of the Alaska International Airport System.

Engebretson and Freestone are third-generation railroaders, each with more than three decades of railroading experience. Both joined the Alaska Railroad in the early 1980s just before ARRC became a state asset. Originally a certified and journeyman railcar mechanic, Engebretson is a mechanical expert and experienced leader, having supervised the Fairbanks Terminal, managed the company's car operations and directed ARRC's mechanical maintenance function. He was promoted to CMO in 2010. Engebretson follows in the footsteps of two previous generations who worked for

railroads in Montana. His paternal grandfather Carl worked for the Northern Pacific (NP) Railway; and his father Albert worked for the NP, Burlington Northern (BN) and eventually retired from the Montana Rail Link. Born and raised in Missoula, Montana, Engebretson served as a track vehicle mechanic in the U.S. Marine Corps from 1974 to 1977.

Freestone began a railroading career right out of high school, starting with four years at a California hub of the Southern Pacific (SP) Railroad, which trained him as a Locomotive Electrician. In 1983, Freestone joined the Alaska Railroad. He held a number of mechanical positions in Anchorage and Fairbanks, each with growing responsibility, including a mechanical supervisory position in Fairbanks working under Engebretson. In 1996, he was promoted to Locomotive Operations Manager, a position he held until becoming CMO. Born in Utah and raised in California, Freestone grew up in a railroading family. His father was a mechanic who retired from the SP, and a paternal uncle retired from the Union Pacific (UP) Railroad as a conductor. Freestone's paternal grandfather was a railcar mechanic in Nevada, and his maternal grandfather an iceman for the Pacific Fruit Express, a refrigerated railcar manufacturer. ●



Alaska Railroad Corporation  
 P.O. Box 107500  
 Anchorage, AK 99510-7500



PRSR STD  
 U.S. POSTAGE PAID  
 ANCHORAGE, AK  
 PERMIT NO. 845

**Contact Corrections**

Please correct the following errors in your newsletter mailing list:

<input type="checkbox"/> Receiving more than one copy	<input type="checkbox"/> Address wrong
<input type="checkbox"/> Contact person changed	<input type="checkbox"/> Name Misspelled

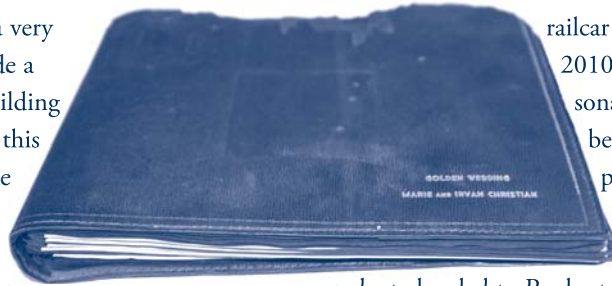
Yes, I want *Community Ties* sent to me by email to the email address below:

# 1956 PHOTO ALBUM FOUND IN WALL DURING DEMO

## Facility demolition crews discover a little bit of mystery in a little bit of history



Demolition crews made a very interesting discovery inside a wall of an old railroad building off Whitney Road earlier this year. As the building came down, a 1956 photo album was found tucked inside a wall. Investigation revealed the album had been assembled by Gladys Kahler to commemorate the 50th wedding anniversary of her parents Irvan and Marie Christian of Round Lake, Michigan. Irvan was a 36-year retiree from the Chesapeake and Ohio Railway. As a railroader's daughter, Gladys jumped at the chance to work for the Alaska Railroad (ARR) and she became the Operations Superintendent Secretary 1950 - 1959. Gladys' husband Howard had also joined ARR in 1950 as a trucker, and filled several positions before retiring in May 1960. Three months later, he died in Michigan at age 52. Gladys died in February 1960 in Anchorage at age 50.



railcar mechanic helper. He died in 2010 at age 73. Phillip worked seasonally in several blue collar positions between 1952 and 1960. Railroad personnel tracked down Phillip through ESPN. As it turns out, the Anchorage High School graduate headed to Rochester, NY, where he became head coach for St. John Fischer College Women's Basketball team. For 34 years, Coach Kahler led the *Cardinals* and at his retirement in 2008, he was the all-time winningest coach in National Collegiate Athletic Association (NCAA) Division III Women's Basketball. With a record of 757-171 Coach Kahler, 80, is still one of only two coaches to have won more than 700 games in this NCAA division.

Gladys and Howard had two sons that worked for the ARR as well. Kent was employed 1955 to 1962 as a laborer and

Phillip Kahler was certainly excited to hear about the photo album discovery. However, he had no idea that his mother had crafted this special keepsake, let alone how it came to be in that wall. The album will be mailed to Coach Phillip Kahler in Rochester where he lives with his wife Fran, not far from his *Cardinals*. ●