

# COMMUNITY

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Alaska Railroad Corporation  
1st Quarter, 2004

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Photo by Sam Harrel

## 2003 PERFORMANCE SETS STANDARD

Railroad marks safest, most prosperous year in history

**M**otivated employees, a good plan executed well, and a more modern infrastructure boosted Alaska Railroad performance to the top of the charts in 2003. Here's how the Railroad stacked up when compared to both its 2003 goals and five-year objectives:

**Safety** — 2003 goal: Operate a safe railroad • Five-year objective: Reduce employee injuries to average no more than 2.0 injuries per 200,000 man-hours.

2003 was the Alaska Railroad's safest, ever. Perhaps the most important milestone was a reduction in injury severity, expressed as the number of days lost to injury per 200,000 man-hours worked. We finished the year at 3.66 — a 54% reduction over last year. The Railroad also reduced the number of reportable injuries to 26 incidents — the lowest number in company history. These reductions occurred even while Railroad employees worked the second largest

number of man-hours in modern times (1.42 million). Train derailments were also down in 2003. ARRC met its goal to reduce derailments by 20%, and ARRC's "train accident rate" (an industry measure of incidents with more than \$6,700 damage, for every million train miles run) was below the national average at 3.5.

**Financial** — 2003 goal: Grow overall revenue 2-4% per year.

The 2003 budget process pointed to a marginal, if not below average, year. However, a surprisingly strong Alaska economy and several unplanned business opportunities contributed to revenue growth of 7.5%. On the expense side, employee productivity and efficiency dropped expenses well below estimates. As a result, ARRC earned \$14.0 million (unaudited), surpassing its 2003 net income budget of \$5.5 million. The company's assets grew by 19% and are now valued at \$437.3 million.

(see "Banner Year" on page 2)

Alaska Railroad  
Ongoing Projects:

Fairbanks Intermodal Facility

Collision Avoidance System

Fish Passage Improvements

Palmer Park-and-Ride Center

Anchorage-to-Wasilla  
Track Realignment

Anchorage Rail Capacity Study

Whistle Noise Reduction System

Anchorage Yard Ops Center

Ship Creek Intermodal Center

Improved Sidings & Signals

Whittier Development Planning

Seward Dock & Port Security

For updates or comments on  
these projects, visit the Alaska  
Railroad web site at  
[www.AlaskaRailroad.com](http://www.AlaskaRailroad.com)



1922: A train leaves Anchorage.

## MOMENT IN HISTORY

The Railroad was the only foundation of Anchorage in 1923. The small city in the “westward” of Alaska - as distinguished from the Southeast panhandle that was considered the principal region of the territory - was created because of railroad construction. At the time, it was nowhere near on par with the busy mining towns of Nome and Fairbanks, which were well-established and well-known in this period. President Harding said during a 1923 visit to Anchorage, “...here in Anchorage, you have built a city on a foundation which contemplates a great and wonderful future.”

## Alaska Railroad 2003 Annual Report will be available in April

The Alaska Railroad’s 2003 Annual Report will be available on-line at the railroad’s web site — [www.alaskarailroad.com](http://www.alaskarailroad.com) — after the first of April. Hard copies will also be available upon request by contacting ARRC’s Public Affairs Officer Tim Thompson, 265-2695; or Public Involvement Officer Stephenie Wheeler, 265-2671.

## BANNER YEAR...

**Customers** — 2003 goal: Place more emphasis on customer service and on “the business” of the Railroad.

Freight: Track upgrades and efficiencies from Williams’ new offload loop track in Anchorage led to fuel transport volumes well over budget estimates. High demand from southcentral construction projects made 2003 the second highest year for gravel tonnage in company history. The export coal contract with South Korea resumed last year, adding two coal trains per week. Finally, the Bird Point road project along Turnagain Arm used rail to transport 22,000 cars of bulk rock, adding nicely to unbudgeted revenues.

Passenger: This year, customers were able to book rail packages via the Internet. Alaska Railroad (independent traveler) passenger numbers grew by 9% over last year. Passenger purchases generally continued a 2002 trend toward shorter, less expensive packages. Rail trips to Seward booked at an all time high, growing by 17%. Also popular were day trips out of Anchorage, the new Spencer Glacier and Grandview service in particular.

**Real Estate** — Five-year objective: Achieve and sustain an annual real estate income of at least \$10 million per year.

This long-term objective was met with real estate earnings of \$10.5 million in 2003, exceeding the \$9.6 million budget figure. With an eye toward development, ARRC focused on Ship Creek in 2003, securing the area’s first retail tenant — the Ulu Factory. The railroad also partnered with the Municipality of Anchorage to plan a link between a downtown E-Street corridor proposal and the Railroad’s future Ship Creek intermodal center.

**Operations/Maintenance** — Five-year objectives: Achieve and sustain an operating ratio of 0.95 by 2006; Consistently run trains between Anchorage and Fairbanks under 12 hours.

Operations and maintenance personnel produced an operating ratio of 0.92 in 2003, surpassing the Railroad’s five-year objective early on. Operating ratio measures the direct train operational costs over its revenues (excluding real estate and interest). The Railroad also advanced its objective to run trains from Anchorage to Fairbanks in less than 12 hours, achieving a 75% success rate.

**Employee Initiatives/Labor** — 2003 goal: Improve employee quality of life.  
• Five-year objective: Establish a formal recruitment and training program.

The Railroad spent \$1.8 million in 2003 to enhance personnel training and education efforts. We introduced industry-standard training for new hire train service and student engineers. We delivered more than 1,200 hours of locomotive simulator and new computer-based training. And, we rolled out coursework in leadership and management supervisory skills.

Plans and site work were completed for a new centralized train operations center in Anchorage, which will provide many employees with improved working conditions and will provide space for corporate training and crisis response activities. Construction starts in 2004. In Wasilla and Whittier, employees moved from substandard workshops into professional shop

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workspaces. Systemwide, renovations were made to several employee breakroom and restroom facilities. Finally, a company-wide employee performance recognition program was implemented last year.

**Capital Projects** — *2003 goal: Continue to shape our future through the beneficial effects of world-class capital improvements • Five-year objectives: Invest an average of 20% of annual revenue in infrastructure maintenance; Successfully complete our federally-funded capital construction program; Fund and apply technology to train dispatching, signals and switching; Redesign/build Anchorage and Fairbanks yard facilities to meet business, growth and community needs.*

2003 was a remarkable year for ARRC depots. May 17th marked an intermodal milestone, as Seward passenger dock and terminal improvements were completed just in time to accommodate the season's first cruise ship. Some of those passengers boarded the first cruise ship train to pull into the new Bill Sheffield Rail Depot at the Ted Stevens Anchorage International Airport. At Denali Park, ARRC constructed new passenger shelters and restrooms as part of our expansion and upgrade to the passenger facilities and surroundings.

Ground broke on the Fairbanks Intermodal Project. The Ship Creek Intermodal Transportation Center project moved from the planning stage into design. In the Mat-Su Valley, ARRC joined a unified Wasilla Intermodal Planning effort that prioritized many city, borough and state transit projects in the area. In Palmer, the Railroad designed a park-and-ride facility, preparing the project for construction in 2004.

ARRC completed the initial phases of a state-of-the-art Collision Avoidance System. The South Anchorage

Double Track Project was completed in the fall, relieving congestion along this busy five-mile corridor. The Railroad made substantial progress on the Anchorage-to-Wasilla track-straightening effort. In Whittier, ARRC completed a new downtown heavy equipment maintenance facility, invested in additional freight dock safety features, and spent \$500,000 to improve the DeLong Dock for use by local businesses and fishermen.

**Community Cooperation** — *2003 goal: Continue to participate in community planning and development.*

The Railroad continued its active membership in numerous local and statewide civic groups and government transportation planning efforts, including the Fairbanks Rail Task Force, the Anchorage/Mat-Su Regional Transportation Planning Organization, the Whittier Planning Group, as well as both the Anchorage and Fairbanks Metropolitan Transportation Planning Organizations. ARRC also contributed to North Pole's 50-year anniversary and Seward's centennial celebrations.

#### **LOOKING AHEAD**

For all the success experienced in 2003, our "To Do" list is still daunting. Future capital improvement plans include rail-relocations, track-straightening, intermodal projects, commuter rail service, high-tech safety systems, and potential rail extensions to Delta Junction and beyond. Estimates run into hundred of millions of dollars to plan, design and construct these projects.

In addition to projects, the Railroad anticipates a busy operational side. Passenger reservations are a very bright spot, with growth expected to be 5-7% in 2004. For freight, ARRC expects only a small reduction in 2004 revenue compared to 2003, which was a record year. ●



**ARRC Chairman John Binkley explains several Rail Task Force recommendations at the Open House in Fairbanks.**

## **OPEN HOUSE EVENTS SHOWCASE CAPITAL PROJECTS**

The Alaska Railroad recently completed four Program of Projects Open House events to inform the public about the railroad's capital improvement plans in 2004. Several hundred people attended these events, which were held January through February in Anchorage, Fairbanks, Seward and Wasilla.

ARRC's project managers were on-hand to answer questions and explain projects in more detail. Exposure to ARRC plans elicited nearly two dozen comments from Alaskan residents, ranging from support for commuter service to concerns over potential rail bypass routes around Fairbanks and Wasilla. ●

# RAILROAD NAMES NEW PUBLIC AFFAIRS OFFICER

## Anchorage Channel 2 News assignment editor becomes ARRC spokesperson

**T**imothy Thompson has joined the Alaska Railroad as the Public Affairs Officer. In this position, he is responsible for the railroad's media relations, employee newsletter, advertising programs, special events and community outreach activities, such as the annual open house, school tours and school business

partnership activities. Thompson will also serve as a corporate spokesperson for media and community inquiries.

"I am really excited about working with the Alaska Railroad Corporation," said Thompson. "The railroad is an important part of Alaska's infrastructure, which is why I am committed to keeping the community informed on its role in the state's economic future and the great strides that are being made to continue its growth."

Thompson comes by way of KTUU Channel 2 News, where he worked as the manager and assignment editor since 1995, and as producer from 1992 to 1995. As



*Tim Thompson*

assignment editor, he managed all aspects of news gathering for the state's largest broadcast news organization. With more than a decade of experience in public and media communications, Thompson has also served as an adjunct professor for the University of Alaska Anchorage (UAA) Journalism and Public Relations Department.

During his tenure with Channel 2, Thompson's work was recognized with an Emmy award for local newscasts/documentary features, and with an Edward R. Murrow Award for small market national and regional news coverage. In 2001, he was named among the "Top Forty Under 40" by the Alaska Journal of Commerce and Anchorage Chamber of Commerce.

Born in Minnesota and raised in Anchorage, Thompson has been an Alaska resident since 1968. He earned a master of business administration degree in telecommunications management from Alaska Pacific University, and a bachelor's degree in journalism and public communications from UAA. ●

**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](mailto:wheelers@akrr.com).

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P.O. Box 107500  
Anchorage, Alaska 99510-7500

