

2019 REPORT TO THE STATE

# FIVE-YEAR CAPITAL PLAN

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(Stacy Ammerman)



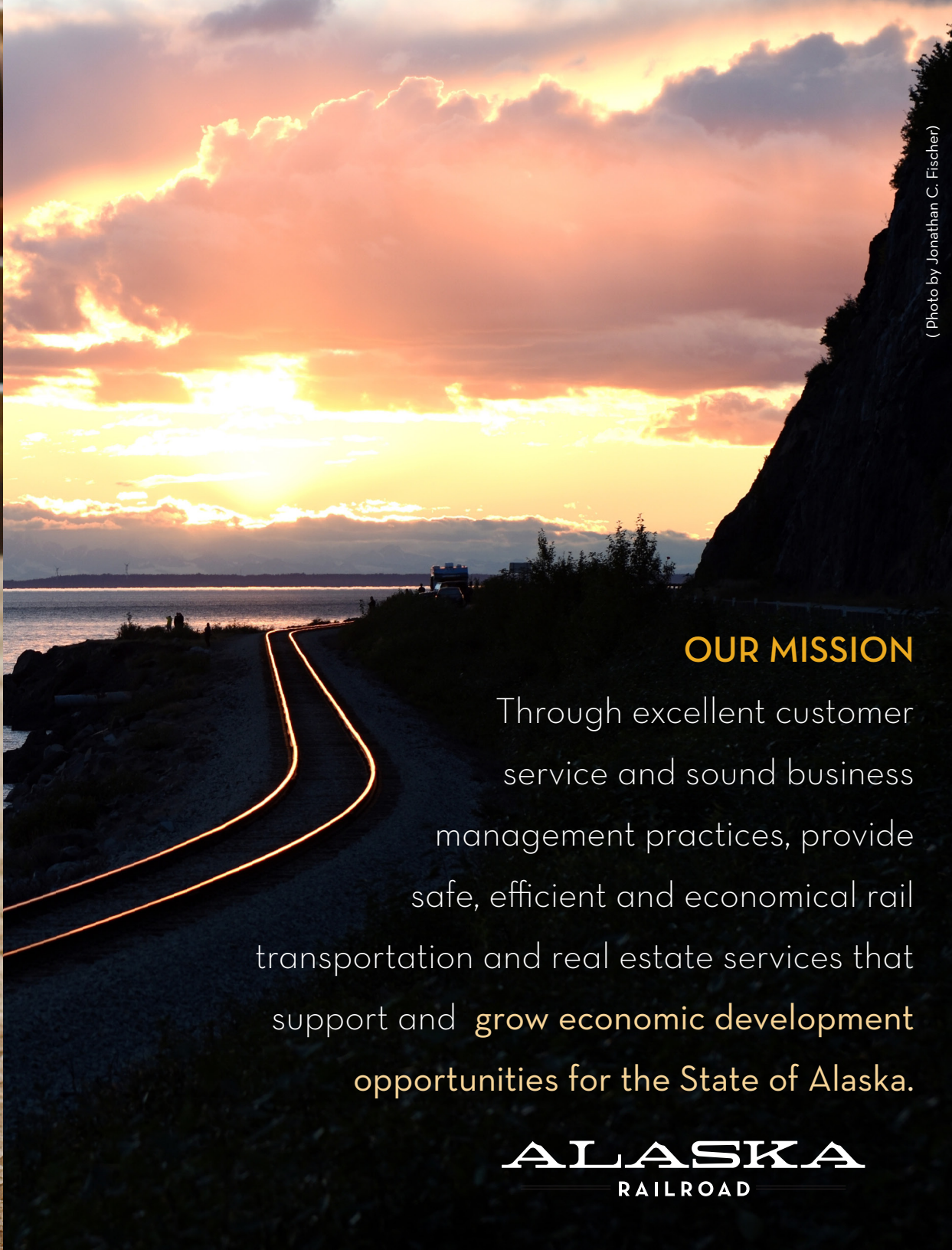
ALASKA

RAILROAD



(Photo by Judy Patrick)

(by Judy Patrick)



(Photo by Jonathan C. Fischer)

## OUR MISSION

Through excellent customer service and sound business management practices, provide safe, efficient and economical rail transportation and real estate services that support and grow economic development opportunities for the State of Alaska.

**ALASKA**  
RAILROAD

# MANAGEMENT

**President and Chief Executive Officer**

Bill O'Leary

**Chief Financial Officer**

Barbara Amy

**Chief Human Resources Officer**

Susan Lindemuth

**Vice President**

**Marketing & Customer Service**

Dale Wade

**Chief Operating Officer**

Clark Hopp

**Chief Counsel**

Andy Behrend

**Vice President**

**Real Estate**

Jim Kubitz



# BOARD OF DIRECTORS



**Board Chair**  
Jon Cook



**Vice Chair**  
Bill Sheffield



**Director**  
John Binkley



**Director**  
Jack Burton



**Commissioner**  
Mike Navarre



**Director**  
Linda Leary



**Commissioner**  
Marc Luiken



# 5-YEAR CAPITAL IMPROVEMENT PLAN

## FEDERAL FUNDING

### FEDERAL TRANSIT ADMINISTRATION (FTA) FORMULA FUNDS

	2019	2020	2021	2022	2023	5-Year Total
FTA Funding Estimate	\$ 33,269,549	\$ 37,965,379	\$ 36,594,577	\$ 37,251,560	\$ 37,920,409	\$ 183,001,475
ARRC-funded 20% Match	8,317,387	9,491,345	9,148,644	9,312,890	9,480,102	45,750,369
<b>Total FTA Funding (including 20% match):</b>	<b>\$ 41,586,936</b>	<b>\$ 47,456,724</b>	<b>\$ 45,743,222</b>	<b>\$ 46,564,450</b>	<b>\$ 47,400,511</b>	<b>\$ 228,751,843</b>
Preventive Maintenance	16,031,595	16,272,069	16,516,150	16,763,892	17,015,351	82,599,057
2015A Bond Debt Service	15,919,825	15,902,875	–	–	–	31,822,700
2015B Bond Debt Service	1,886,550	1,884,050	17,768,000	17,747,875	–	39,286,475
Total Programmed Items	33,837,970	34,058,994	34,284,150	34,511,767	17,015,351	153,708,232
<b>Total FTA Funds Available for Projects</b>	<b>\$ 7,748,966</b>	<b>\$ 13,397,730</b>	<b>\$ 11,459,072</b>	<b>\$ 12,052,683</b>	<b>\$ 30,385,160</b>	<b>\$ 75,043,611</b>
Projects Funded by FTA Funds:						
Track Rehabilitation	5,625,456	5,280,000	5,913,000	6,990,560	4,014,874	27,823,890
Track Rehab - 2019 funds dedicated to 2020	–	2,520,163	–	–	–	2,520,163
Passenger Car Rehabilitation	1,380,000	1,444,395	1,572,545	1,170,996	961,000	6,528,936
Transit Asset Management	–	2,685,389	1,458,738	1,502,500	–	5,646,626
Seward Depot Comm Enhancements	124,200	–	–	–	–	124,200
Locomotive Truck Overhaul	103,810	–	–	106,990	216,140	426,940
Dispatch Radio Modernization	362,500	–	–	–	–	362,500
Historic Depot Sidewalk Enhancements	153,000	–	–	–	–	153,000
Wheel Chair Lift Replacement	–	12,500	12,500	12,500	12,500	50,000
Bridge Replacement	–	1,455,283	2,502,289	2,269,137	25,180,646	31,407,355
<b>Subtotal FTA Projects (net Programmed)</b>	<b>7,748,966</b>	<b>13,397,730</b>	<b>11,459,072</b>	<b>12,052,683</b>	<b>30,385,160</b>	<b>77,043,611</b>
Remaining FTA funds reallocated to 2020	2,520,163	(2,520,163)	–	–	–	–
<b>Total FTA Projects, net Programmed Items</b>	<b>\$ 10,269,129</b>	<b>\$ 10,877,567</b>	<b>\$ 11,459,072</b>	<b>\$ 12,052,683</b>	<b>\$ 30,385,160</b>	<b>\$ 75,043,611</b>

## INTERNAL FUNDING

### NON-DISCRETIONARY PROJECTS

	2019	2020	2021	2022	2023	5-Year Total
All Seasons HVAC Upgrades	\$ 150,000	–	–	–	–	\$ 150,000
Fiber Channel Switch Replacement	41,000	–	–	–	–	41,000
<b>Subtotal - Non-Discretionary Projects</b>	<b>\$ 191,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>\$ 191,000</b>

Internally-funded projects continued on next page

## INTERNAL FUNDING

### CONTINUING CAPITAL PROGRAMS

	2019	2020	2021	2022	2023	5-Year Total
Track Rehabilitation Program	1,125,000	10,024,837	10,612,000	11,134,440	12,510,126	45,406,403
Vehicle & Equipment Program	7,516,000	5,690,550	5,751,350	6,820,500	4,397,000	30,175,400
Multi-year Bridge Replacement Program	–	–	3,592,428	22,488,863	3,929,354	30,010,645
Bridge Program	3,560,000	4,000,000	4,000,000	4,000,000	4,000,000	19,560,000
Docks & Slips Program	890,000	2,250,000	5,030,000	1,760,000	1,910,000	11,840,000
Freight Car Replacement	–	5,268,000	3,203,000	3,242,000	–	11,713,000
Culvert Program	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Rip Rap & Drainage Maintenance	500,000	500,000	500,000	500,000	500,000	2,500,000
Yard & Branch Improvements	500,000	500,000	500,000	500,000	500,000	2,500,000
Avalanche Program	79,000	933,000	525,000	25,000	525,000	2,087,000
Passenger Car Rehabilitation Program	302,000	237,605	594,455	405,004	524,000	2,063,064
Accelerated Energy Program	463,000	400,000	400,000	400,000	–	1,663,000
Network Services	388,160	250,000	250,000	250,000	250,000	1,388,160
Locomotive Truck Overhaul	356,630	314,580	317,760	213,980	108,070	1,311,020
Section Improvements	350,000	350,000	350,000	100,000	100,000	1,250,000
Roofing Upgrades Program	100,000	350,000	15,000	400,000	35,000	900,000
Public Transportation System Security	145,000	146,355	149,282	152,268	155,313	748,219
Detector Upgrades	142,000	150,000	150,000	150,000	150,000	742,000
Locomotive Engine Overhaul	–	–	289,660	292,580	147,770	730,010
Telecom Site Standardization	74,000	150,000	150,000	150,000	150,000	674,000
Tenant Improvements	225,000	75,000	75,000	75,000	75,000	525,000
Desktop Replacement Program	259,250	259,250	–	–	–	518,500
Land and Utilities Program	100,000	100,000	100,000	100,000	100,000	500,000
Building Maintenance	100,000	100,000	100,000	100,000	100,000	500,000
Electrical Upgrades	75,000	75,000	75,000	75,000	75,000	375,000
General Repair Program	55,000	55,000	55,000	55,000	55,000	275,000
GOB HVAC Upgrades	65,000	85,000	–	–	–	150,000
Printer Replacement	30,000	30,000	–	–	–	60,000
Tier 2 MSA Storage Replacement	30,000	30,000	–	–	–	60,000
<b>Subtotal - Continuing Programs</b>	<b>\$ 18,430,040</b>	<b>\$ 33,324,177</b>	<b>\$ 37,784,935</b>	<b>\$ 54,389,635</b>	<b>\$ 31,296,633</b>	<b>\$ 175,225,421</b>

*Internally-funded projects continued on next page*

## INTERNAL FUNDING

### STRATEGIC BUSINESS INITIATIVES

	2019	2020	2021	2022	2023	5-Year Total
Seward Passenger Dock Replacement	–	8,000,000	41,000,000	–	–	49,000,000
Bridge 25.4 & 25.7 Replacement	500,000	8,700,000	6,500,000	–	–	15,700,000
Bridge 190.5 Pier Replacement	350,000	150,000	3,207,000	–	–	3,707,000
MP 53.35 Culvert Replacement	1,700,000	–	–	–	–	1,700,000
Access Improvements to The Rail Complex	850,000	150,000	150,000	150,000	150,000	1,450,000
System Bridge Rating	575,000	575,000	-	-	-	1,150,000
Crew Calling System Implementation	350,000	–	–	–	–	350,000
CP LED Upgrade	286,000	–	–	–	–	286,000
Wheel Truing Machine Control Upgrade	255,000	–	–	–	255,000	
Bridge 467.8 Replacement (Phase I)	–	250,000	–	–	–	250,000
Sterling Generator	116,700	–	–	–	–	116,700
Brake Boss Yard Air Brake Test Device	115,000	–	–	–	–	115,000
Ambient and Rail Temp Monitor	82,000	–	–	–	–	82,000
Flat car 188XX Twist Lock Mods	70,650	–	–	–	–	70,650
<b>Subtotal - Strategic Business Initiatives</b>	<b>\$ 5,250,350</b>	<b>\$ 17,825,000</b>	<b>\$ 50,857,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 74,232,350</b>

### RANKED CAPITAL PROJECTS

	2019	2020	2021	2022	2023	5-Year Total
MP 52 Rock Protection	–	3,500,000	–	–	–	3,500,000
Replacement Anchorage Fueling System	2,000,000	–	–	–	–	2,000,000
Anchorage Yard Drain Rehab	200,000	200,000	200,000	200,000	200,000	1,000,000
MAC QNX CPM 500	576,510	–	–	–	–	576,510
ARRC Facilities Painting	75,000	75,000	75,000	75,000	75,000	375,000
Fairbanks Fiber	346,930	–	–	–	–	346,930
Replace B-26 Water Lines	175,000	–	–	–	–	175,000
Fairbanks TOFC Yard Improvements	–	172,000	–	–	–	172,000
Freight Customer Portal	80,000	60,000	20,000	–	–	160,000
Customer Relationship Mgmt System	65,000	30,000	35,000	–	–	130,000
Email & Proxy Security	45,000	78,000	–	–	–	123,000
Paint Fairbanks Car Shop	65,000	40,000	–	–	–	105,000

## INTERNAL FUNDING

(continued...)

### RANKED CAPITAL PROJECTS

	2019	2020	2021	2022	2023	5-Year Total
CAM WO JDE Enhancement	100,000	—	—	—	—	100,000
AEI Automation for Car Location - Car Shop	96,000	—	—	—	—	96,000
360 Track View	75,000	—	—	—	—	75,000
Website Optimizations 2019	60,000	—	—	—	—	60,000
Anchorage Fiber	52,000	—	—	—	—	52,000
Block Customer Booking Upload	—	25,000	—	—	—	25,000
<b>Subtotal - Ranked Projects</b>	<b>\$ 4,011,440</b>	<b>\$ 4,180,000</b>	<b>\$ 330,000</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ 9,071,440</b>
<b>Total Internally Funded Project Requests</b>	<b>\$ 27,882,830</b>	<b>\$ 55,329,177</b>	<b>\$ 88,971,935</b>	<b>\$ 54,814,635</b>	<b>\$ 31,721,633</b>	<b>\$ 258,720,211</b>
<b>Estimated Funds from Internal Cash flow</b>	<b>\$ 27,882,830</b>	<b>\$ 35,190,000</b>	<b>\$ 36,030,000</b>	<b>\$ 39,610,000</b>	<b>\$ 42,720,000</b>	<b>\$ 181,432,830</b>
<b>Total Internal Funding Surplus (Shortage)</b>	<b>\$ —</b>	<b>\$ 20,139,177</b>	<b>\$ 52,941,935</b>	<b>\$ 15,204,635</b>	<b>\$ (10,998,367)</b>	<b>\$ 77,287,381</b>

## POTENTIAL DEBT FINANCING

Freight Car End-of-Life Replacement	3,557,000	—	—	—	—	3,557,000
<b>Subtotal - Debt Financing</b>	<b>\$ 3,557,000</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,557,000</b>

## CAPITAL PROGRAM SUMMARY

	2019	2020	2021	2022	2023	5-Year Total
TOTAL FTA GRANT FUNDS AVAILABLE	\$ 10,269,129	\$ 10,877,567	\$ 11,459,072	\$ 12,052,683	\$ 30,385,160	\$ 75,043,611
TOTAL INTERNAL FUNDING AVAILABLE	\$ 27,882,830	\$ 35,190,000	\$ 36,030,000	\$ 39,610,000	\$ 42,720,000	\$ 181,432,830
TOTAL PRIOR YEAR ROLLOVER FUNDS *	\$ 4,859,544	\$ —	\$ —	\$ —	\$ —	\$ 4,859,544
TOTAL POTENTIAL DEBT FINANCING	\$ 3,557,000	\$ —	\$ —	\$ —	\$ —	\$ 3,557,000
<b>TOTAL CAPITAL PROJECT PROGRAM</b>	<b>\$ 46,568,503</b>	<b>\$46,067,567</b>	<b>\$47,489,072</b>	<b>\$51,662,683</b>	<b>\$73,105,160</b>	<b>\$ 264,892,985</b>

\* Track Rehabilitation funds

