

ALASKA RAILROAD INITIATES CHANGE

Derailment prompts safer procedures

The Alaska Railroad has made several operational changes following last December's derailment at Gold Creek near Talkeetna. The changes, which will improve safety and responsiveness, include giving loaded fuel trains top priority on the main line and adding cabooses to most trains.

Work at Gold Creek will proceed throughout the winter as the Railroad continues to drill wells to extract fuel. As of February 15, more than 7,000 gallons of fuel have been recovered.

To prevent such derailments in the future, the Railroad has increased track and equipment inspections, empowered employees to order sidings out of service, and added a night duty officer and a daily operations session to better analyze ongoing situations. It has also stocked additional response equipment along its routes.

In addition to immediate actions, the Railroad developed long-term improvements to its response and prevention capabilities. It is expanding its current



As the Alaska Railroad heads into a new era, new procedures have been established to ensure greater safety.

response plan, adding a formal risk assessment and beginning Incident Command System training for key personnel.

"I am confident these procedures will improve the overall safety of the Railroad," said Alaska Railroad President and CEO Bill Sheffield, who added that he supports current state legislation that subjects the Railroad to a contingent spill-response requirement. "As a public corporation, we should be leaders in setting the highest standards for safety, going beyond compliance with regulations. The Alaska Railroad is committed to becoming the safest and most environmentally secure form of transportation in Alaska." ♦

Alaska Railroad
Ongoing Projects:

Anchorage Airport Rail Station

Denali Depot

Seward Dock Improvements

Whittier Pedestrian Underpass

Anchorage/Wasilla
Line Changes

Fairbanks Intermodal Facility

Anchorage/Fairbanks
Railyard Study

On-Board Communications
System Upgrade

Anchorage Depot Sidewalk
and Landscaping

Anchorage Rail Depot

Whittier Dock Improvement
Study

RAILROADERS GIVE FREELY TO CHARITIES

Aron Pascar, a carman at the Alaska Railroad, could easily be honored for his 30 years of service at the Railroad because of the high quality of his work. But Pascar could just as easily be recognized for his countless volunteer hours spent making life more positive for his community.

Pascar leads a Boy Scout troop, serves on community patrolling and emergency response teams, has participated in the PTA and been spotted on weekend holiday trains as one of Santa's Elves. "I like teaching kids about safety and leaving them with a positive impression that we can have a good time in life if we make time for fun and laugh at ourselves," said Pascar.

Pascar is just one of many Railroad employees who have contributed their time and energy for such organizations as Toys for Tots, Food Bank of Alaska, Special Olympics, United Way, Rotary and Kiwanis clubs, and the Alaska Center for the Performing Arts.

Backing those efforts is a corporate mission to make charitable giving, especially to Alaska's youth, a high priority. The Alaska Railroad Corporation donated more than \$351,000 in



Aaron Pascar, a carman for the Alaska Railroad, is one of many employees who volunteer for charities and non-profit organizations.

cash and \$160,000 in "in-kind" contributions to various organizations, communities and charitable events in 1999.

With an eye toward education, the Alaska Railroad participates in two school/business partnerships.

The Railroad's longest running partnership prepares high school juniors and seniors to be tour guides on the summer passenger trains. The Railroad also sponsors Government Hill Elementary School events and Railroad employees tutor students in the classroom.

"Giving back to the community through donations, train rides and time is something the Alaska Railroad supports – both from a corporate and employee standpoint," said Gov. Bill Sheffield, president and CEO of the Alaska Railroad. "Our goal is to ensure that, as the Railroad grows, so does our community outreach." ♦

ALASKA RAILROAD "DID YOU KNOW?"

Q: Where do the Alaska Railroad's profits go?

A: All of net income and cash are put back into the Railroad for capital improvements.

Q: Have revenues grown since the Railroad was purchased by the state in 1985?

A: Revenues have increased from \$62.2 million to \$89.2 million, a 43 percent increase.

Q: How many passengers does the Railroad carry today?

A: Ridership has increased from 230,897 (1984) to 671,967 (1999), an increase of 191 percent.

Q: Do net operating earnings include federal grants?

A: No. Earnings are generated from real estate income and freight and passenger operations.

Q: How does the Railroad spend the federal grants?

A: The federal grant money is used to improve the Railroad's infrastructure. The last major capital improvement occurred right after World War II. When ownership was transferred to the state in 1985, numerous capital improvements were needed. The funds allow safety and efficiency improvements to be made sooner than would otherwise be possible with internal funding.

LYNDEN, RAILROAD BEGIN NEW PARTNERSHIP

A 10-year contract has been signed between the Alaska Railroad and Lynden Transport recently that will result in an upgraded freight hauling system to make the sea-to-land transportation route safer and more efficient.

The contract calls for the Railroad to connect its freight operations to Lynden's Alaska Railbelt Marine Service, a freight/hauling operation to begin in March 2001 with more depend-



Soon, the Railroad will haul freight on improved barges in conjunction with Lynden Transport.

ability, greater safety and less environmental impact than what currently travels on the route.

Chief among the service's upgrades will be the addition of

three new barges that allow tugs to pull the barges with less horsepower and fuel, thus producing lower emissions. The current barges, built nearly 30 years ago, are less efficient moving through water because of their design. The new barges feature a new design that makes it easier to cut through water.

Improving rail/barge operations is crucial to the Railroad, which depends on barges to haul locomotives, railcars, ties, rail, heavy equipment and bulk freight in and out of Alaska for a variety of customers. ♦

SHIP CREEK OPEN HOUSE SOON

The Alaska Railroad's master plan to develop the Ship Creek area will be unveiled in March as preparation begins for this summer's construction of sidewalk and landscaping improvements in the area.

Construction will focus this summer on upgrading pedestrian access around Ship Creek and the Railroad's Anchorage Passenger Depot. The Railroad will help provide fishing and recreation amenities along Ship Creek.

The improvements are part of a long-range plan to develop the Ship Creek area into a transportation network that would include a plaza area, a transit center, public housing, a public market and arts center and a community center.

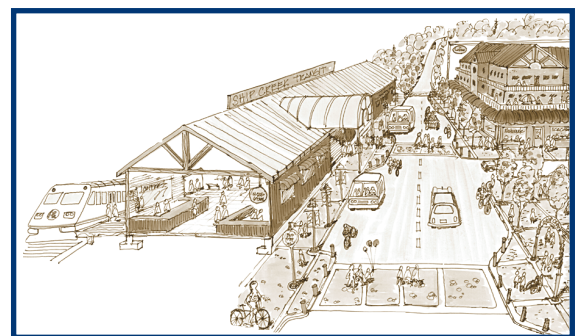
"Our plans for Ship Creek provide an exciting opportunity for transforming the area into a thriving center to attract residents, tourists, businesses and industry," said Gov. Bill Sheffield, president and CEO of the Alaska Railroad. "These initial projects are the first step in realizing the untapped potential of our Ship Creek lands."

The master plan for the Ship Creek development will be presented at a March 23 open house from 4pm-8pm at the Anchorage depot.

The improvements at Ship Creek will help accommodate one of the state's busiest areas during the tourist season. More than 600,000 rail passengers travel through the area every year and Ship Creek is

Alaska's second-most popular sport fishing site, attracting more than 60,000 anglers in 1999.

To better inform the public on the Ship Creek plans, the Railroad



A perspective view of proposed First Avenue Transit/Pedestrian Street with residential and plaza development.

has established a Ship Creek Design Studio on the west end of the depot, located at 411 W. 1st Avenue in Anchorage. The studio is open throughout the winter from 1pm-4pm every Wednesday. ♦

IN MEMORY OF KERRY BROOKMAN

Recently, the Alaska Railroad lost an employee in the line of duty. Between storms, Kerry Brookman worked with Department of Transportation and Public Facilities crews to clear the Seward Highway of avalanche debris. Railroad and DOT avalanche specialists scrutinized conditions and determined the area to be stable. Work resumed and shortly after, another slide broke free. Kerry was critically

injured and later died at Providence Hospital.

It is with deep sadness that we mourn the loss of Kerry Brookman. We offer our sincerest condolences to his family. Kerry was not only a valuable employee to us, but also a friend. To the men and women of the Railroad who worked with him over the last 21 years, Kerry was well liked and respected. He was a tremendous asset to our company – one of our best heavy equipment operators.

Kerry put his life into working for the Alaska Railroad. The

Railroad will never be able to fully thank him for that.

It is therefore the honor of the Alaska Railroad to name the Bird Point siding after Kerry for his commitment and many years of service. Kerry cannot be replaced and he will forever be missed. We have lost a great friend and a great railroader. ♦



Kerry Brookman

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NEW OPERATING EXECUTIVE NAMED

The Alaska Railroad named Loren Mueller to the newly created position of Vice President and Chief Operating Officer effective May 10. He brings more than 30 years professional railroad experience and last served as the Vice President of Operations at Burlington Northern Santa Fe.



Loren Mueller, Chief Operating Officer

“We’re experiencing rapid growth in our business and with our increasing focus on operations and work safety, we’re going to need a strong, central

operating manager with extensive railroad experience. Loren is definitely the right person for the job,” said Gov. Bill Sheffield, President and CEO.

According to Sheffield, he will consolidate all traditional railroad operations under the new position in order to improve communication and coordination of critical functions. When he assumes his duties, Loren will manage and supervise the following areas:

- **Passenger Services**
- **Transportation Services**
- **Mechanical**
- **Engineering**
- **Health, Safety & Environmental**
- **Information Services**

“Once Loren has the opportunity to get completely oriented to the organization, I anticipate he will suggest changes to the management structure and rail operations that will improve our overall performance. I am looking forward to receiving the benefit of his management expertise, “ said Sheffield. ♦

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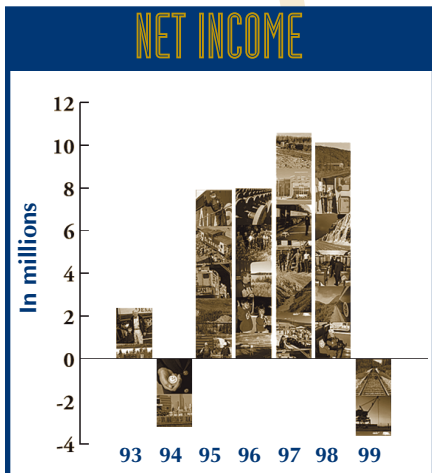
Anchorage Rail Depot

Whittier Dock
Improvement Study

For updates on these
projects, visit the Alaska
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www.akrr.com

ANNUAL REPORT HIGHLIGHTS

Over the last half of 1999, the Alaska Railroad showed a dramatic turnaround in employee injury trends after implementing a new, more aggressive safety system. During that time period, the Alaska Railroad's injury frequency rate dropped to among the lowest for railroads our size, helping us finish the year with the lowest rate we've had in four years.



Unfortunately, in 1999 we also experienced two significant derailments and resulting fuel spills in the last quarter of the year. Although we cleaned up more than 95 percent of the fuel spilled in the first incident, we are still cleaning up at the second site and success there will come more slowly.

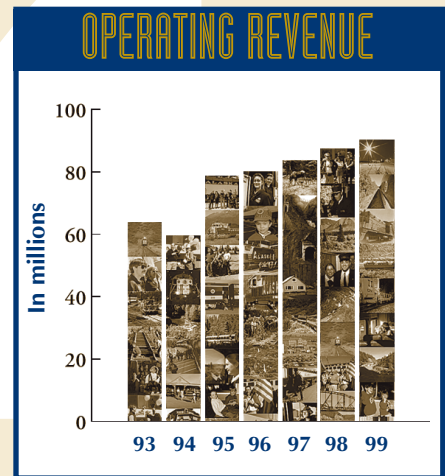
Regardless of the effectiveness of the cleanups and our ability to mitigate environmental harm, the incidents caused disruptions in ser-

vice and pulled many employees and managers off other projects. The ongoing costs of the response effort will have a significant impact on our net earnings in 1999 and 2000. We are looking closely at every aspect of our operating safety and have instituted both short and long-term measures, including initiating a comprehensive risk assessment that will guide investment in prevention measures and procedures.

Although the last three months of the year were very difficult, the Alaska Railroad remains a strong engine of economic growth for our state. Our fundamental business is strong and we continued to grow in many of our business lines.

With the help of the Alaska Congressional delegation, we are continuing to invest \$10 million in capital improvements above our usual corporate allocation for track and roadbed. We received the delivery of the first four of our 16 new SD70MAC locomotives, state-of-the-art alternating current locomotives that will improve service and profitability.

We also laid much of the roadbed for track realignments that will improve safety and efficiency, and implemented the first phase of a computer-based dispatch and train control system. We completed or are well ahead of schedule on initial permitting and environmental work on key new facilities – the Seward Dock,



infrastructure at Whittier, the new Denali Depot and the rail station at the Anchorage International Airport terminal. We selected an innovative barge service that will bring cost savings and new efficiencies to an already successful part of our business. In addition, our passenger service is growing and 2000 will bring 12 new passenger coaches and diners to accommodate more passengers.

This combination of track realignments, upgraded equipment, new facilities at key locations and new systems will allow us to run a safer railroad, reduce running times and costs, improve service to the customer and increase the value of this publicly owned asset over the coming years. ♦

Sincerely,

Governor Bill Sheffield
President & CEO

LEGISLATIVE SESSION DELIVERS POSITIVE RESULTS

The Alaska State Legislature passed several bills this session that will greatly improve the Alaska Railroad's operations and the value of this state-owned asset.

We owe a special thanks to Senator Loren Leman and Representative Lisa Murkowski. They sponsored legislation authorizing the ARRC to enter into a series of land exchanges necessary to straighten 70 curves between Anchorage and Wasilla.

A straighter track enhances safety, adds consistency in train handling, and reduces train gridlock and equipment wear and tear. It also decreases the railroad's running time between Anchorage and Wasilla thus making future commuter service more viable.

Thanks also to Representative John Harris who sponsored legislation completing the federal transfer

of the DeLong Dock and associated tidelands in Whittier to the ARRC and the City of Whittier. That legislation authorizes the railroad to accept ownership of the dock and tidelands and directs the corporation to reconvey the lands to the City of Whittier. Both entities will share the dock and lands and work to encourage economic development and tourism.

Representative Harris also sponsored legislation that allows members of the Alaska National Guard, the Alaska Naval Militia, and the Alaska State Defense Force to travel free when space is available on the Alaska Railroad while working on official military duty.

Senator Gary Wilken and Representative Jeannette James sponsored resolutions to support forming a United States/Canadian commission that would study the feasibility of a rail link between Alaska and the Yukon Territory.

U.S. Senator Frank Murkowski introduced legislation to form the commission which will examine the costs and benefits of constructing such a link.

Senator Drue Pearce sponsored legislation requiring the Alaska Railroad and non-tank vessels to prove they are financially capable of responding to damages caused by fuel spills. It also sets response planning standards for containment and control of spills. The railroad will use those guidelines to update its existing contingency plan.

Finally, the ARRC received legislative approval to extend longer leases to about 120 families in Healy's Tri-Valley subdivision. This change will enable lending institutions to issue more affordable, longer-term mortgages to Alaskans who would like to own or sell their homes in that community. ♦

NEW PASSENGER EQUIPMENT DEBUTS

The 2000 passenger season will see an exciting array of new and refurbished passenger service cars in use. Chief among the additions are three diners, three vista dome cars, four single-level dome cars, a lounge car and a new conference car. Two of the diners will be used to supplement meal service on the northern routes. The new vista dome cars will be used on the Denali/ Fairbanks and Seward runs.

The lounge car, a 50's style café car and the single-level dome cars will make up the equipment assigned to the Railroad's new cruise ship service. This new service features an early morning Seward departure and will accommodate the many Alaskans and cruise ship passengers who arrive in that port.

"In addition to the new equipment, we've refurbished five of our existing coaches and two of our self-propelled cars," said Passenger Services Director Laurie Herman. "And come mid-season,



Passengers enjoy the panoramic views of the single-level dome cars.

we'll be able to offer a conference car to businesses and organizations interested in a private rail experience." ♦

WHITTIER TUNNEL OPENS TO AUTO TRAFFIC

The tunnel to Whittier is scheduled to be opened by the Department of Transportation and Public Facilities (DOT-PF) on June 7 of this year. The tunnel connects the City of Whittier and Prince William Sound to the Seward Highway at Portage. The combination highway/railway is a truly unique transportation structure allowing cars and trains to use the tunnel at different times.

Tunnel access will be managed by DOT-PF through a contract with the construction firm of Peter Kiewit. Drivers can log onto the

department's website at www.dot.state.ak.us/whittiertunnel/, or by calling toll-free at 1-877-611-2586 to obtain the latest vehicle and train schedules and hours of operation.

To free up more time for vehicular traffic, the Railroad will operate most of its freight service in the late evening hours. The Railroad's summer passenger train, will leave daily from Anchorage at 10:00 am and depart Whittier at 6:45 pm. Passengers can call 1-(800)-544-0552 for travel information. Passenger shuttle service will be reduced to one daily trip between Whittier and Portage,



© Chris Arend

Anton Anderson Memorial Tunnel.

leaving Whittier at 3:00 pm and departing Portage at 4:30 pm. Vehicle shuttle service will be discontinued and passenger baggage will be restricted to hand carry items only.

When opened, the Anton Memorial Tunnel will be the longest highway tunnel in North America. ♦

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FAIRBANKS INTERMODAL UPDATE

The Alaska Railroad is moving forward with its plans to build an intermodal facility in Fairbanks. This new facility is designed to ensure smooth and safe movement of passengers making travel connections on trains, buses and automobiles. While visitors will certainly enjoy this new facility, all Fairbanks residents will benefit as well. After the depot is moved, local traffic will improve since roads will no longer be blocked by long trains during rush hour. The new facility will also better position Fairbanks for its growing tourism industry.

Current plans are to locate the new facility on a 16.1 acre site adjacent to the Alaska



Fairbanks has outgrown the existing depot.

Railroad operations yard. Located at the intersection of Johansen Expressway and Danby Road, the new site is easily accessible from the downtown core and the airport. The facility will feature a state-of-the-art train depot, plenty of bus parking and safe transfer areas to ensure that our customers can easily and safely transfer from one mode of transportation to another. Additionally, taxi and bus stops will be conveniently located to allow easy transportation choices for the traveling public.

The Railroad just started phase one of the project. The design consultant from Fairbanks, Charles Bettisworth and Company Inc., is scheduled to conduct site investigations, conduct planning activities, define the project scope and develop a concept design.

An extensive public involvement process will be taking place throughout this and other phases. The Railroad encourages all Fairbanks residents to participate in this process. If you would like to be kept abreast of the Railroad's activities, please contact Charles Bettisworth and Company Inc. at 907-456-5780 or e-mail them at cbco@bettisworth.com. ♦

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COMMUTER RAIL SERVICE BEING STUDIED

When we talk to Alaskans about projects that will help make a rail commuter service viable, we get asked a lot of questions we don't have answers to yet. But that will change soon. Last month, the Alaska Railroad began a commuter rail study that will tell how a successful commuter rail system between the Mat-Su Valley and Girdwood can be developed.

The study first will identify those Alaskans who would use a commuter rail service. Once the ridership profile is established, the study will examine other essential questions including: Where will the depots and park-

rides be located? What kind of mass transit will be used to transport commuters from the train depot to the workplace? How much will the train tickets cost? How often will the trains run? What kind of facilities will be needed and what type of equipment will be used? Who will manage and operate the service? Will the service require public funding? What type of public funding will Alaskans support?

A commuter service between the Mat-Su and Girdwood could contribute many positive benefits. As this region continues to grow, the Glenn and Seward Highways will become more crowded. A commuter rail system would help alleviate congestion during peak travel times. It would stave off the immediate need to add

new lanes to our highways. And by taking cars off the road, it would reduce the impact on air quality in the Anchorage Bowl which is one of the goals of Anchorage's 2020 Plan.

The commuter study is slated for completion by the end of this year. With this road map in hand, the Alaska Railroad, local governments and the public can determine whether Southcentral Alaska is ready to support a commuter rail system. As the Railroad and local governments work through this process, your input is valuable. Please send your comments and ideas to Debby Bloom at 1340 Birchwood Street, Anchorage, Alaska, 99508 or dbloom@alaska.net. ♦

PROGRESS ON THE SEWARD DOCK

To improve safety and better meet cruise ship and ferry passenger needs in Seward, the Alaska Railroad has been working on plans to construct a new freight dock and overhaul the existing dock into a passenger-only facility.

Currently, one dock services both types of customers. Loading ships with logs and unloading steel pipe near tourists from cruise ships can be dangerous. The Alaska Railroad and the cruise ship industry are concerned about safety and are working to improve it as both prepare for growth. Under current plans, passengers and freight customers will have their own space along Seward's waterfront.

Construction is currently underway, with completion scheduled for the new year.

This new facility will accommodate truck or rail transport and include a modern ship docking system. It will be approximately 640 feet long, 200 feet wide and situated roughly 400 feet from the passenger dock.

Once the freight dock is complete and freight customers are transferred to the new facility, the Railroad can begin its overhaul work on the existing dock. Meanwhile, the Railroad is developing the scope of work for these improvements and determining the schedule and budget. The plan is to have a contractor on board by the end of this year with a goal of making noticeable improvements by the next passenger season.

Improvements will include repaving the dock, dockside lighting, a facelift for the existing terminal facility, rehabilitation of interior space to better serve passengers and improved access to the uplands area. In addition, the Railroad is working with the cruise industry to ensure the harbor will be able to accommodate cruise ships up to 960 feet in length. ♦



Seward dock site plan

BRIGHTER YEAR AHEAD

By Governor Bill Sheffield

This past year has been one of the roughest ever for the Alaska Railroad. With three derailments, a lawsuit and tragic death of one of our employees, the Alaska Railroad has held a regular spot on the front page of newspapers throughout the state.

Despite this string of stories, what you haven't heard about is our successes and how we have dealt with this series of unfortunate events. First, we successfully cleaned up two of the derailment spills with recovery rates of 95 percent and 100 percent of the fuel spilled. The yard spill, caused by using a "cheater" wire to hold open a valve, was also completely recovered and employees were counseled that the procedure was illegal, contrary to railroad policy and not to be repeated.

It is certainly true that our largest spill, at Gold Creek, continues to haunt us with its slow recovery, but through our efforts, the fuel never reached the Susitna River and our containment was successful. To date, we've spent more than \$9 million on

IN THE PAST FIVE YEARS,
WE SPENT MORE THAN \$80
MILLION ON RAILS, TIES
AND BALLAST

this single derailment, cleaning up the site, and putting in more than 150 monitoring and recovery wells, as well as containment trenches. We may need to remain active there for years to come, but we will deal with the problem.

I know Alaskans expect a safe and reliable railroad and these difficulties have caused some to question our operating procedures. Ironically, because we've had a fairly sterling operating history in the past, we seem especially accident-prone today. Yet our accident figures remain in line with national rates even though we operate in an environment certainly more difficult than hauling hopper cars of wheat across Kansas.

I would like to quote from Mr. Gary Wolf, President of Rail Sciences, a national, independent consulting firm that investigated our last derailment. A reporter asked his professional opinion about the overall condition of our system. Here is what he had to say. "I saw this railroad in 1995. Today it's almost night and day with the improvements they've made."

And that improvement is real. After the last derailment, we walked every curve of more than three degrees on the mainline. In more than 500 miles of track we found only two curves that needed immediate replacement of ties and tie plates. But this isn't unusual maintenance. In the past five years, we spent more than \$80

million on rails, ties and ballast, replacing more than half a million ties during that period. Most railroads our size would only replace about 30,000 ties a year. It's no wonder that Mr. Wolf recognized our system improvement.

As we tackle each problem area and work to improve our performance, we still need to operate a daily railroad and accomplish nearly \$100 million in new capital projects, all while keeping an eye on the Railroad's role in the future.



The railroad replaces more than 100,000 ties a year.

Many of these capital projects are only possible through federal matching funds. That's why it is so important that the Alaska Railroad is a public corporation, because federal assistance would simply not flow to a private company in a similar way. Our congressional delegation, Senators Ted Stevens and Frank Murkowski and Congressman Don Young, have played an integral role in the growth of the Alaska Railroad and continue to help us reach the railroad's full potential.

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BRIGHTER YEAR AHEAD CONTINUED

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Recent problems notwithstanding, the Railroad has grown better and safer under state ownership since we acquired it from the federal government in 1984. Every last cent of revenue we generate goes right back into improving the system and growing the Railroad.

And growing we are. Last year the railroad posted record revenues in its three main sectors: freight, real estate and passenger services. In 1999, we carried more than 670,000 passengers and hauled more than seven million tons of freight, primarily commodities such as gravel,

coal and of course, fuel. These are basic commodities that Alaskans depend on every day.



New MAC SD70 locomotive, just one of the many improvements at the railroad.

The Alaska Railroad has been operating in Alaska for more than 75 years. This year has certainly not been one of our best. But through adversity we've learned valuable lessons, tightened our procedures and become better positioned to serve our customers. I would like to thank all Alaskans for bearing with us and granting us the time we need to address our problems and prepare for the future. ♦

EMPLOYEES ATTAIN 30 YEARS OF SERVICE

The following railroad employees will be or have had their 30 year anniversary in the year 2000. Our congratulations to each and every one.

Employee	Dept.	Job	Employee	Dept.	Job
Aaron Pascar	Mechanical	Carman	Nancy Tjaden	Finance	Freight Rate Auditor
Eugene Owens	Transportation	Conductor	James Trueblood	Mechanical	Locomotive Electrician
Robert Emerson	Transportation	Engineer	Frank Withey	Engineering	Track Repairer
Chelcie Eager	Transportation	Supervisor Customer Service	J. Gary Beitinger	Transportation	Engineer

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SHEFFIELD ANNOUNCES RETIREMENT



Alaska Railroad President and CEO Bill Sheffield announced he would retire as chief executive officer of the Railroad in January. Sheffield informed the board of directors at their regular December meeting.

“The past year has been extremely arduous,” Sheffield said, “The Railroad experienced an unfortunate string of events in 1999 and it has taken us some time to get those areas straightened out. I had considered leaving earlier, but since the accidents happened on my watch, I felt obligated to fix what was wrong before I moved on.”

Sheffield has held the position since 1997 and has overseen a period of dramatic growth in Railroad operations. During his tenure, Sheffield sought and won millions of dollars in federal money for much-needed improvements to the line. “Our highest priority was to take the Railroad we inherited and bring it up to national standards,” he said. “With the active assistance of our delegation in Washington, we’ve received more than \$240 million in

federal funds to accomplish in four years what had been put off for the past 20. I’m proud of all the employees who are making this accelerated schedule possible.”

Alaska Railroad Board Chairman, John Binkley, said Governor Sheffield brought leadership and vision to the Alaska Railroad. “The Alaska Railroad is a far better railroad than it was when Governor Sheffield took over. We are safer, we serve our customers

better, and we are more profitable. I admire and appreciate the lifelong dedication Governor Sheffield has given to Alaska.”

Binkley said Sheffield has set us on course to better meet the Alaska Railroad’s mission to foster economic development and improve Alaska’s transportation system.



The Railroad has more than 20 capital projects currently underway, including; constructing a new freight dock in Seward and renovating the existing dock into a passenger service facility, constructing new rail depots at Ted Stevens International Airport, Fairbanks and Denali Park; upgrading and realigning track between

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NEW SWITCHES MODERNIZE RAILROAD

Marking a significant event in Railroad history, the Alaska Railroad Corporation (ARRC) will begin using remote-controlled and heated switches at Hurricane siding located about 50 miles north of Talkeetna.

“These new switches launch the Railroad into a new era of modernization,” said Governor Bill Sheffield, President and CEO of the Alaska Railroad. “These switches, once placed in key locations along the rail line, will allow the railroad to improve safety and efficiency by enabling us to move more and longer trains in meet and pass situations.”

According to Sheffield, the new switches represent the first phase of a \$60 million program that will place signalized, heated switches, and extended sidings along the rail line.

Trainmen will be able to open and close the switch from the cab of the locomotive using the keypad on their radio. In addition, the heaters will blow hot air on the switches keeping them free of ice and snow. Combined, these features create a time savings and reduce employee exposure to risk of injury from manually thrown and cleared switches.

The system also improves safety because the system can detect breaks in the rail or problems with the switches. Derailments and other incidents frequently originate at sidings and switches.

Hurricane siding was chosen as a test site for several reasons, said Sheffield. “It’s next to a staffed section house. It’s

accessible to the road and power generator systems. And, it typically receives a tremendous amount of snow. In addition, Hurricane siding was extended this summer to 6,000 feet, up from 2,440 feet, making it a more valuable and usable siding.”



EILEEN REILLY TO HEAD NEW CAPITAL PROJECTS DEPARTMENT

In recent years the Railroad has initiated a multitude of projects designed to improve its operations throughout the state. Many of these projects are being made possible with funds received through federal appropriations. With more than 20 capital projects being planned and implemented over the next five years, the need to realign the Railroad organizational structure to better manage this effort became apparent.

Effective last month, a new Capital Projects Department was formed. The organization is being headed by Vice President, Eileen Reilly. The

new department will enable the Railroad to better coordinate resources, realize efficiencies and facilitate communication about projects throughout the company. In addition to managing and monitoring project progress and expenditures on all Railroad projects, it will ensure conformance with requirements of funding agencies.

The new reorganization is not expected to result in major changes to current job duties. Initial staffing of the department will include existing personnel augmented by consultants on

a short-term basis. The capital project staff will be funded through the allocation of cost to the federal grant projects.

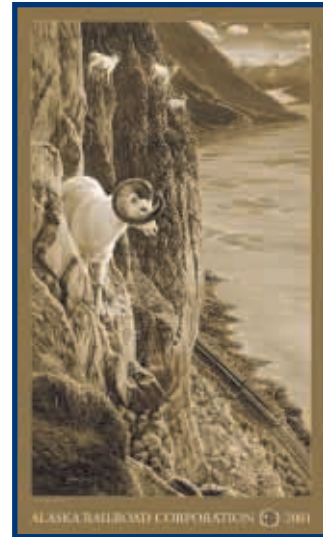
RAILROAD TO ISSUE 2001 POSTER

The Alaska Railroad chooses an Alaska artist each year to design a poster which features an aspect of Railroad operations. The series commemorates the transfer of ownership of the Railroad from the federal government to the State of Alaska. Anchorage artist James Havens was selected to design the 2001 poster.

"James Havens is a highly-talented artist known for his images of Alaska," said Scott Banks, public affairs officer.

"We're very pleased with the concept he submitted and the technique he has used to portray the railroad."

This year's image is a Dall sheep's eye-view of Turnagain Arm with a northbound passenger train being pulled by one of the Railroad's new SD70MAC locomotives. The 2001 image will be reproduced on lapel pins, posters and limited-edition art prints. All items will be available for purchase in January.



ALASKA RAILROAD WINS BEST OF THE BEST

The Alaska Railroad has more than shiny new locomotives to show off these days. It received three international awards at the 2001 Onboard Services Awards presented by Airline, Ship and Catering Onboard Services Magazine in Orlando, Florida Dec. 5. The awards recognize excellence in four industries including airline, cruise line, railroad and terminal concessions.

The Railroad won the 2001 Overall Onboard Services Award for outstanding overall service integrating all elements related to passenger safety, comfort and enjoyment in a railroad environment. In addition, the Railroad received the Diamond Award for Outstanding Uniforms and a Diamond Award for Outstanding Onboard Services.

President and CEO Bill Sheffield said that all Alaskans should be proud of the awards. "These awards confirm that we offer an outstanding experience to people who ride our trains. We provide them the best service through some of the world's most magnificent scenery. We couldn't do it without our outstanding employees and the people throughout this

state who provide the overall Alaska experience to our visitors," he said.

Laurie Herman, Director of Passenger Services, said employees work hard every day to make sure Alaska's visitors have the trip of a lifetime. "This is truly an honor to be recognized as an industry leader in delivering outstanding service to our passengers. We are ecstatic that we have received the awards."

Last season, Alaska Railroad moved approximately 700,000 passengers. Within the next three years, the railroad expects to move more than a million passengers.

Alaska Railroad provides daily passenger service between Anchorage and Fairbanks, Anchorage and Seward and Anchorage and Whittier, mid-May through mid-September.

The Alaska Railroad made history on Sunday, Oct. 1, when it ran a 32-car passenger train, the longest in its history. The train stretched about a half mile long as it made its 26-mile run to Indian and back carrying 1,600 passengers.

SHEFFIELD

(continued from front page)

Anchorage and the Mat-Su Valley and installing improved signalization along that corridor. The latter improvements will make commuter service feasible between Wasilla and Girdwood.

The Railroad also just embarked on a three-year, \$60 million program that will install electric heated switches, and extended sidings along the rail line. The upgrades are designed to improve safety and efficiency and will enable the Railroad to move more and longer trains in meet and pass situations. Sheffield oversaw the addition of new locomotives and passenger equipment to meet the Railroad's growing needs and saw the Ship Creek master development plan through to completion.

Sheffield said he thinks the board will complete its search for a new CEO quickly. "We have an excellent team of professionals at every level of the Railroad and a terrific board of directors. It doesn't take a railroad professional to do this job but rather somebody who knows the state and its people," he said. "It shouldn't take long to find the right person."

Sheffield said he has no immediate plans past retirement. "I've been working since I was 14 years old and I've held the two best jobs in Alaska - the opportunity to serve the public as Governor and Railroad President. It might take me awhile to figure out what I want to do next."

WINTER PASSENGER SCHEDULE IN EFFECT

Riding across Alaska's winter landscape is one of the state's best kept travel secrets says Laurie Herman, director of passenger services. "There's something magical about traveling past mountains, glaciers, and forests blanketed in unbroken snow," Herman said. "I hope more Alaskans will take advantage of this unique service."

The new winter schedule between Fairbanks and Anchorage will be in effect until mid-May when the summer season begins.

Northbound (Saturday)		Southbound (Sunday)	
Anchorage	8:30 am	Fairbanks	8:30 am
Wasilla	10:05 am	Talkeetna	4:05 pm
Talkeetna	11:35 am	Wasilla	6:00 pm
Fairbanks	8:00 pm	Anchorage	8:00 pm

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