



**BOARD OF DIRECTORS  
REGULAR Board Meeting**

Friday, March 28, 2025  
Commencing at 9:00 a.m. in person at  
327 West Ship Creek Avenue, Anchorage, Alaska 99501  
&

**Join Virtual Zoom Meeting Room**

<https://us02web.zoom.us/j/85313500842?pwd=WlMqogAlWFpfCEHcezfewuv7LofQ8g3.1>

**Meeting ID: 853 1350 0842    Passcode: 360339**



**Dial-In by your nearest location to join by audio only**

- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)
  - +1 669 444 9171 US
- +1 669 900 6833 US (San Jose)
  - +1 719 359 4580 US
- +1 301 715 8592 US (Washington DC)
  - +1 305 224 1968 US
  - +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
  - +1 360 209 5623 US
  - +1 386 347 5053 US
  - +1 507 473 4847 US
  - +1 564 217 2000 US
  - +1 646 931 3860 US
  - +1 689 278 1000 US
- +1 929 205 6099 US (New York)

**ARRC BOARD OF DIRECTORS MEETING  
AGENDA**

Friday, March 28, 2025 ~ 9:00 a.m.  
327 West Ship Creek Avenue, 3<sup>rd</sup> Floor, Anchorage, Alaska 99501  
[Zoom Virtual Meeting Room](#)

- I. CALL TO ORDER**
- II. ESTABLISH QUORUM**
- III. SAFETY BRIEFING**
- IV. CHAIR COMMENTS**
- V. ADOPTION OF AGENDA**
- VI. CONFLICT OF INTEREST DISCLOSURES**
- VII. ADOPTION OF MINUTES**
  - 1. [Approval of Regular Meeting Minutes of January 27, 2025](#)
- VIII. OPPORTUNITY FOR PUBLIC COMMENT**
- IX. BRIEFING ITEMS**
  - A. Public Briefings (a portion may be held in Executive Session)**
    - 1. [CEO Update](#)
    - 2. [Safety Update](#)
    - 3. [2024 Financial Audit](#)
  - B. Committee Reports**
    - 1. Safety Committee
    - 2. Executive Committee
    - 3. Audit Committee
- X. NEW BUSINESS**
  - C. Executive Session Briefings**
    - 1. Contracts, Claims, Litigation, Personnel and Financial Matters
    - 2. Legislative Update
    - 3. Business Development Report
    - 4. Seward Passenger Dock Project Update
  - D. Adoption of Consent Agenda**
    - 1. [Resolution No. 2025-06](#) Relating to the Approval of the [2024 Financial Annual Report](#)
    - 2. [Resolution No. 2025-07](#) Relating to Repair of Freight Shed Roof Trusses ([AFE No. 11275 S-1](#))
    - 3. [Resolution No. 2025-08](#) Relating to Revisions to the 2024 FTA Track Rehabilitation Program ([AFE No. 11188 S-1](#))
    - 4. [Resolution No. 2025-09](#) Relating to an Increase in Funding for the Locomotive 4014 Engine Replacement Project ([AFE No. 11369 S-1](#))
    - 5. [Contract Lease No. 21104 – ABLE, LLC](#)
- XI. OPPORTUNITY FOR PUBLIC COMMENT AND DIRECTORS/CEO/STAFF COMMENTS**
- XII. ADJOURNMENT**

# 2025 JANUARY 27 Board Meeting Minutes Final

# **ALASKA RAILROAD CORPORATION MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING**

**Anchorage, Alaska  
Monday, January 27, 2025**

## **I. CALL TO ORDER**

Chair John Shively called the meeting to order at 9:00 a.m. on Monday, January 27, 2025. The meeting was held in person at 327 West Ship Creek Avenue, 3rd Floor, Anchorage, Alaska 99501, with a virtual participation option.

## **II. ESTABLISH QUORUM**

Chair Shively requested that Board Secretary Jennifer Mergens establish a quorum. Chair Shively; Vice Chair Judy Petry; Director John Binkley; Director John Reeves; Commissioner, Department of Transportation & Public Facilities, Ryan Anderson; and Commissioner, Department of Commerce Community and Economic Development, Julie Sande were present at the commencement of the meeting. Director Gale Dinsmore joined the meeting slightly after roll call.

Ms. Mergens established a quorum.

Staff members present:

A. Behrend, Chief Counsel	M. Maddox, Chief Financial Officer
A. Kinnaman, Controller	C. Terry, VP Real Estate
D. Wade, VP Marketing & Customer Service	M. Clemens, Director, External Affairs
G. Goemer, Director, Supply Management	B. O'Leary, President & Chief Executive Officer
C. Hopp, Chief Operating Officer	L. Knox, Director Financial Planning & Analysis
B. Lindamood, VP Engineering/Chief Engineer	Y. Inga, Human Resources Coordinator
L. Hall, Executive & Corporate Administrator	P. Gonzales, Special Agent
J. Mergens, Chief Human Resources Officer	K. Taylor, Manager Leasing, Real Estate
C. Clarke, Corporate Communications Officer	
A. Smales, Leasing Technician Real Estate	
M. Claugus, Conductor Engineer	

Guests and members of the public present:

Marc Luiken

## **III. SAFETY BRIEFING**

Mr. Hopp shared five travel safety tips: (1) Digitize important documents and travel plans; (2) share your itinerary; (3) monitor travel routes and weather advisories; (4) limit cash on hand; and (5) avoid unsecure Wi-Fi access.

## **IV. ELECTION OF OFFICERS**

Director Binkley moved that the Alaska Railroad Board of Directors re-elect John Shively as Chair, Judy Petry as Vice Chair, and appoint Jennifer Mergens and Andy Behrend to continue as Board Secretary and Assistant Board Secretary, respectively, for 2025. Director Reeves seconded the motion. There was no discussion or objection and the motion was approved as presented.

## **V. CHAIR COMMENTS**

Chair Shively confirmed that the next Board Meeting would be Friday, March 28, 2025. Unless a request is received to consider otherwise, he stated that the Real Estate, Audit, Safety, Executive and the External Issues Review Committees' members and Committee Chairs would remain the same for 2025.

## **VI. ADOPTION OF AGENDA**

Director Binkley moved to amend the meeting agenda to include Resolution No. 2025-05 Relating to the Auction of the Golden Spike as an item within the Consent Agenda, and Vice Chair Petry seconded the motion. There was no additional discussion and the amended meeting agenda was unanimously approved.

## **VII. CONFLICT OF INTEREST DISCLOSURES**

No member stated any conflict of interest.

## **VIII. ADOPTION OF MINUTES**

Vice Chair Petry moved to approve the Regular Board Meeting minutes of November 14, 2024. Director Binkley seconded the motion. There was no additional discussion and the meeting minutes were unanimously approved as presented.

## **IX. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS**

No members of the public offered any comments.

## **X. BRIEFING ITEMS**

### **A. Public Briefings**

#### **1. CEO Update**

Mr. O'Leary briefed the Board on relevant business matters arising since the November 2024 meeting. He noted that 2024 was a strong year for the Alaska Railroad. Freight operations reached the highest tonnage moved since 2017, with a 5% increase over

2023, driven primarily by gravel and petroleum shipments. Passenger ridership remains robust at 529,000 passengers in 2024, which was a 2% decrease compared to 2023 due to decreased cruise passenger ridership. Mr. O'Leary stated that the Anchorage and Fairbanks customer appreciation parties were successful. ARRC engaged with hundreds of employees throughout the railbelt over nine town halls. He further shared that efforts are ongoing to gauge federal, state and customer interest in the Port MacKenzie Rail Extension and other rail extension projects. Mr. O'Leary noted that ARRC is staffing and preparing for the 2025 summer passenger season. He concluded his presentation with a review of the items listed on the Consent Agenda.

Mr. Hopp discussed recently averted train operations due to severe weather conditions consisting of heavy icing, wind and snow. He said both Aurora winter and freight train service were canceled from Friday, January 24 through Sunday, January 26. Mr. Hopp highlighted the new, custom-designed heavy equipment snowblower and discussed how it drastically reduced the man hours spent on snow removal and clearing required in previous years.

## **2. Safety Update**

Mr. Hopp provided an update comparing 2024 year-end safety statistics to year-end 2023. He highlighted the lost time and FRA casualty rates, both coming in lower than ARRC's goals for 2024. He further reported that the lost time rate for 2025 currently stands at 3.1, compared to 2.3 at the same time last year. The FRA Casualty Rate for 2024 was 4.6, slightly higher than 2023's rate of 4.3. Mr. Hopp said that although injury severity in 2024 appeared to be lower, with lost workdays down to 346 from 701 in 2023, there is still room for improvement to meet the strategic goal of reducing the casualty rate to less than 3.0.

## **3. Business Report**

Ms. Maddox reported that year-to-date November 2024 net income is \$21.1 million, \$3.4 million less than forecasted in the revised budget. Highlights of Ms. Maddox's presentation included:

- Freight revenue under-performed revised budget by \$9.1 million. This was primarily due lower fuel surcharges and lower than expected ARMs and interline revenue.
- Passenger services outperformed the revised budget by \$1.6 million with all scheduled services showing increased performance over revised budget.
- Operating expenses came in under the revised budget by \$1.8 million, largely due to contracts, rents, utilities and fuels, and other expenses coming in under revised budget.
- Real estate net revenue is performing strongly and out-performed revised budget by \$2.1 million, primarily driven by Seward passenger dock activity.

Ms. Maddox reported that as of YTD November 2024, ARRC's net working capital was \$90.4 million and Net income for 2024 was forecasted at \$33.4 million, \$2.1 million less than the original budget. She noted, however, that a delay in executing a \$15.4 million

preventative capital maintenance grant until after December 31, 2024, which was caused by federal agency review delays, will impact the forecasted net income for 2024, causing a reduction from \$33.4 million to \$18 million. She further noted that capturing the corresponding \$15.4 million in the 2025 budget will increase the budgeted net income for that year.

## **B. Committee Reports**

### **1. Real Estate Committee**

Committee Chair Binkley stated that the Real Estate Committee met on January 16, 2025, and all Board Members were present. He stated that there was one contract before the Board for approval, and one resolution and corresponding authorization for expenditure (AFE) related to real estate.

### **2. Executive Committee**

Chair Shively said the Executive Committee met on January 16, 2025, noting the confidential meeting notes for that meeting were included in the Directors' Board materials, as well as a set of notes from a July 2024 meeting. He said that the discussions at the January meeting primarily surrounded the items listed under the Consent Agenda.

## **XI. NEW BUSINESS**

### **C. Executive Session Briefings**

Vice Chair Petry moved to have the Board recess to Executive Session to discuss the listed Executive Session agenda items. Director Dinsmore seconded the motion. Director Dinsmore stated that a portion of his confidential materials were redacted and as such he may need to exit during that discussion. There was no further discussion or objection. The motion was approved and the Board convened to Executive Session at 9:38 a.m. The following items were discussed:

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Seward Passenger Dock Project Update
3. Legislative Strategy
4. Business Development Report

Chair Shively called the meeting back into public session at 11:48 a.m.

### **D. Adoption of Consent Agenda**

Chair Shively read the Consent Agenda into the record. Director Binkley made a motion to adopt the listed items under the Consent Agenda. Vice Chair Petry seconded the motion. There was no further discussion or objections and the Consent Agenda, consisting of the following six items, was approved:



1. Resolution No. 2025-01 – Relating to a Second Increase in Funding for Phase 3 of Access Improvements to the Rail Complex (AFE No. 11076 S-2)
2. Resolution No. 2025-02 – Relating to Administrative Correction of Resolution No. 2024-32
3. Resolution No. 2025-03 – Relating to Renewal of Self Insurance and Operating Lines of Credit
4. Resolution No. 2025-04 – Relating to Parks Highway MP 169 Grade Separation Match Commitment for the Railroad Crossing Elimination Program
5. Resolution No. 2025-05 – Relating to the Auction of the Golden Spike
6. Contract No. 21134 Pioneer Park Hospitality, LLC (Fairbanks)

After approval of the consent agenda, Director Reeves sought additional details related to the memorandum of understanding and the detailed agreement between ARRC, the Anchorage Museum and the City of Nenana as related to the Golden Spike. General discussion ensued.

## **XII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS**

Chair Shively expressed appreciation to both staff and each Board Member, noting that ARRC had a great year despite various challenges. Board appreciation was also extended to all employees who cleared snow, ice and debris due to the recent storm, and to everyone repairing equipment and getting freight back on schedule.

## **XIII. ADJOURNMENT**

Vice Chair Petry moved to adjourn, and Director Binkley seconded the motion. The meeting adjourned at 12:06 p.m.

ATTESTED BY:

\_\_\_\_\_  
Jennifer Mergens  
Board Secretary

Date \_\_\_\_\_



## **IX. BRIEFING ITEMS**

### **A. PUBLIC BRIEFINGS**

#### **ITEM 1: CEO Update**

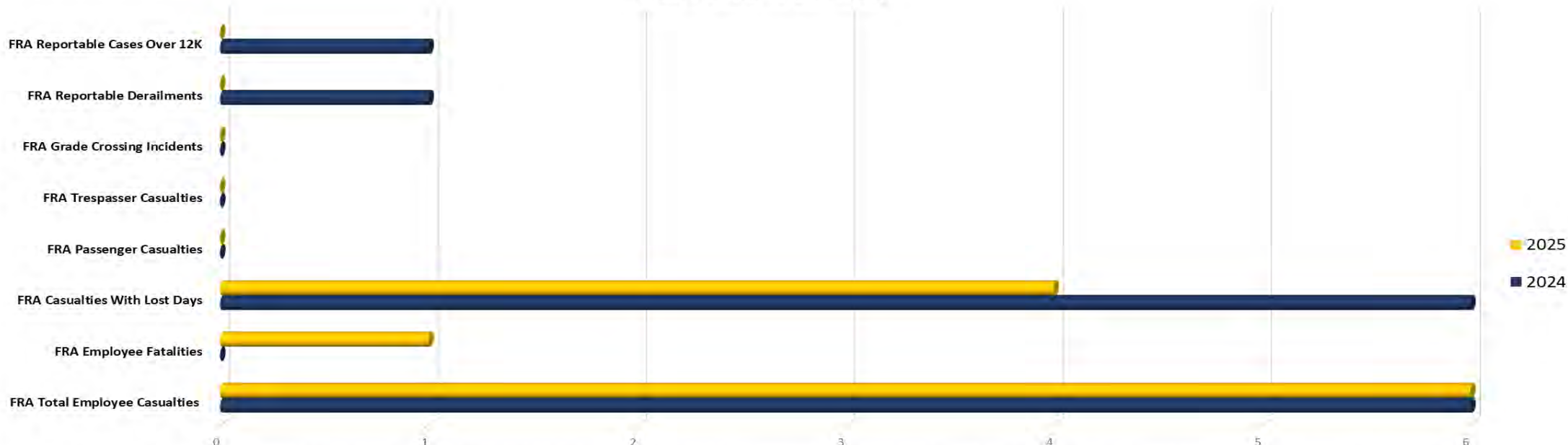
**Verbal presentation**

# ARRC Safety Report thru Feb 2025



# Safety Report

FRA Safety Data  
2024 Vs. 2025, YTD (28 Feb 25)



	FRA Total Employee Casualties	FRA Employee Fatalities	FRA Casualties With Lost Days	FRA Passenger Casualties	FRA Trespasser Casualties	FRA Grade Crossing Incidents	FRA Reportable Derailments	FRA Reportable Cases Over 12K
2025	6	1	4	0	0	0	0	0
2024	6	0	6	0	0	0	1	1

2025  
2024

FRA Casualty Rate  
6.0  
7.5

Lost Time Rate  
4.3  
6.4

Lost Work Days  
128  
41

Restricted Work Days  
0  
84

\*FRA Casualty Rate = FRA Reportable Injuries (regardless of lost time) x 200,000 divided by total hours worked.  
Lost Time Rate = Lost Time Cases x 200,000 divided by total hours worked

## **IX. BRIEFING ITEMS**

### **A. PUBLIC BRIEFINGS**

#### **ITEM 3: 2024 Financial Audit**

**Materials related to the 2024 financial audit are currently in process. Pursuant to AS.42.40.260 ARRC will publish an Annual Financial Report reflecting ARRC's audited 2024 financial statements. That report can be accessed at the link below on or by April 1, 2025.**

**<https://www.alaskarailroad.com/corporate/leadership/reports>**

## **IX. BRIEFING ITEMS**

### **B. Committee Reports**

- 1. Safety Committee Notes were included in board members confidential materials.**
- 2. Executive Committee Notes were included in board members confidential materials.**
- 3. Audit Committee Notes – Meeting is Thursday, March 27, 2025. Confidential Notes will be emailed to board members prior to the Board meeting.**
- 4. No Real Estate Committee Meeting was held during March 2025.**

# **ARRC BOARD OF DIRECTORS MEETING EXECUTIVE SESSION AGENDA**

## **X. NEW BUSINESS**

### **C. Executive Session Briefings**

**Friday, March 28, 2025**

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Legislative Update
3. Business Development Report
4. Seward Passenger Dock Project Update

**All Matters Are Confidential. Public Members will be moved into a private waiting room and rejoined when public session reconvene.**

**X. NEW BUSINESS**  
**D. Adoption of Consent Agenda**

- 1. Resolution No. 2025-06 Relating to the Approval of the 2024 Financial Annual Report**
- 2. Resolution No. 2025-07 Relating to Repair of Freight Shed Roof Trusses (AFE No. 11275 S-1)**
- 3. Resolution No. 2025-08 Relating to Revisions to the 2024 FTA Track Rehabilitation Program (AFE No. 11188 S-1)**
- 4. Resolution No. 2025-09 Relating to an Increase in Funding for the Locomotive 4014 Engine Replacement Project (AFE No. 11369 S-1)**
- 5. Contract Lease No. 21104 – ABLE, LLC**



Adopted:

Resolution No. 2025-06

Relating to the Approval of the 2024  
Financial Annual Report

WHEREAS, pursuant to AS.42.40.260, the Alaska Railroad Corporation (ARRC) is required to publish an annual report within 90 days following the end of the fiscal year which describes the operations and financial condition of the corporation during the preceding fiscal year; and

WHEREAS, ARRC Management has prepared a draft of the annual report for 2024 which has been audited by KPMG, LLC, the corporation's independent external audit firm; and

WHEREAS, the ARRC Board of Directors has reviewed the draft 2024 annual report attached hereto.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors hereby approves the annual report attached hereto and directs the President & CEO or his designee to publish said report which shall be titled the "2024 Annual Report for the Alaska Railroad Corporation."

## **X. NEW BUSINESS**

### **D. Adoption of Consent Agenda**

1. Resolution No. 2025-06 – Relating to the Approval of the 2024 Financial Annual Report

Materials related to **the 2024 Financial Annual Report** are currently in process and **not attached to the resolution as noted**. Pursuant to AS.42.40.260 ARRC will publish its Annual Financial Report reflecting ARRC's audited 2024 financial statements. The final report will be accessible at the link below on or by April 1, 2025.

**<https://www.alaskarailroad.com/corporate/leadership/reports>**

Adopted:

Resolution No. 2025-07

Relating to Repair of Freight Shed Roof  
Trusses (AFE No. 11275 S-1)

WHEREAS, the Alaska Railroad Corporation (ARRC) owns and leases portions of a Historic Freight Shed located on First Avenue in the ARRC Anchorage Reserve (Freight Shed); and

WHEREAS, record snow fall during the winter of 2023-2024 damaged seven trusses supporting the roof of a portion of the Freight Shed occupied by offices of the U.S. Forest Service, requiring ARRC to take interim measures to provide temporary shoring to the damaged trusses to allow occupancy of that portion of the building; and

WHEREAS, ARRC determined that permanent repair and reinforcement of all twenty-four roof trusses in the building prior to the winter of 2024-25 were necessary to ensure safe occupancy; and

WHEREAS, on March 11, 2024, the President and CEO approved AFE No. 11275 in the amount of \$290,000 to effectuate the needed repairs and reinforcement of the Freight Shed roof trusses; and

WHEREAS, during the repairs and reinforcement work, unforeseen damage to the top cords of the trusses was discovered, which required additional repairs not included in the original scope of work; and

WHEREAS, proposed AFE No. 11275 S-1 would increase the funding for the Freight Shed roof truss repairs and reinforcement work by \$76,049; and

WHEREAS, ARRC's Approval Authority Guide requires Board approval of unbudgeted capital expenditures in excess of \$300,000; and

WHEREAS, the above-described project will be funded entirely with ARRC funds.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed increase to the expenditure for repairs and reinforcement of the Freight Shed roof trusses as presented by ARRC Management and hereby approves AFE No. 11275 S-1 in the amount of \$76,049 for the purposes stated therein, which brings the total amount of AFE No. 11275 to \$366,049.

**Alaska Railroad Corporation****Authorization for Expenditure Form**

For Accounting Use Only

**AFE# 11275 S1**

Page 1

General Information:	
AFE Title:	<b>2024 Freight Shed Truss Repairs</b>
Prepared By:	<b>Angela Lacina</b>
Resp. Center (Name):	<b>Facilities/Real Estate</b>
Resp. Center (#):	<b>8900</b>
Depreciation Center:	<b>8900-Real Estate</b>
Line of Business:	<b>Real Estate/Facilities</b>
Spending Timetable:	
2024	\$ 290,000
2025	\$ 76,049
2026	\$ -
2027	\$ -
2028	\$ -
<b>Total</b>	<b>\$ 366,049</b>
Other Information	
Useful Life (Years):	15
Annual Depreciation:	\$ 24,403
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2024 Unbudgeted
Total Amount	\$	366,049
Source of Funding	ARRC	\$ 366,049
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 290,000	03/11/24
Supplemental #1	\$ 76,049	02/27/25
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
<b>Total</b>	<b>\$ 366,049</b>	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
<b>Project Manager:</b>	<b>Shane Maloney</b>	<i>Shane Maloney</i>	3/18/2025
<b>Responsible Owner:</b>	<b>Shane Maloney</b>	<i>Shane Maloney</i>	3/18/2025
<b>VP, Owner Department:</b>	<b>Christy Terry</b>	<i>Christy Terry</i>	3/18/2025
<b>Functional User(s):</b>	<b>Andrew Donovan</b>	<i>Andrew Donovan</i>	3/19/2025
<b>Chief Operating Officer:</b>	<b>Clark Hopp</b>	<i>Clark Hopp</i>	3/18/2025
<b>Grant Administration:</b>	<b>Christina Isabelle</b>	<b>N/A</b>	
<b>Chief Financial Officer:</b>	<b>Michelle Maddox</b>	<i>Michelle Maddox</i>	3/18/2025
<b>Accounting Department:</b>	<b>Amy Kinnaman</b>	<i>Amy Kinnaman</i>	3/19/2025
<b>CEO &amp; President:</b>	<b>Bill O'Leary</b>	<i>Clark Hopp</i>	3/18/2025
<b>Board of Directors:</b>	<b>John Shively</b>		

\*\*\*Original Form Must Be Returned to Accounting\*\*\*

**Alaska Railroad Corporation**  
**Authorization for Expenditure Form**

For Accounting Use Only

**AFE# 11275 S1**

Page 2

<b>Is this project related to health and/or safety?</b>	<b>Yes</b>	<b>If yes describe:</b>
<p>The seven trusses supporting the roof of the Historic Freight Shed were damaged during record snow fall in the Anchorage area. Permanent repairs need to be made for safe occupancy of personnel.</p>		
<b>Scope of Work:</b>		
<p>This AFE will fund the design and engineering of permanent repairs, as well as material and labor to perform the repairs.</p> <p>Engineering and design: \$20,000          Materials and contracted labor: 24 trusses @ \$10,000 = \$240,000          Contingency: \$30,000</p> <p><b>Supplemental No. 1 increases the budget by \$76,049 to support unforeseen damage to the top cords of the trusses that was not discovered until construction began. The additional repairs were not included in the original scope of work.</b></p>		
<b>ARRC Business Justification:</b>		
<p>The seven trusses supporting the roof of the Historic Freight Shed were damaged during record snow fall in the Anchorage area. Measures have been taken to provide temporary shoring to the damaged trusses to allow occupancy of the east end of the building. This occupancy is dependent on snow accumulation being less than 6 inches on the east end of the building. We need to perform permanent repairs to all 24 trusses prior to the winter of 2024-25 to ensure safe occupancy of tenant personnel.</p>		
<b>Alternatives Considered:</b>		
None		
<b>Preliminary Budget:</b>		
<b>Line Description</b>	<b>Amount</b>	
Equipment	\$ -	
Labor (Fully Burdened)	\$ 5,000	
Materials	\$ -	
Contracts	\$ 361,049	
Other Expenses	\$ -	
<b>Total</b>	<b>\$ 366,049</b>	

**Note:** All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Adopted:

Resolution No. 2025-08

Relating to Revisions to the 2024 FTA  
Track Rehabilitation Program (AFE No.  
11188 S-1)

WHEREAS, adequate tie condition, regular surfacing and rail replacement are essential to maintaining the integrity of the track structure and avoiding derailments on the Alaska Railroad Corporation (ARRC) system;

WHEREAS, the Board of Directors previously approved the use of FTA funds as part of ARRC's 2024 Track Rehabilitation Program to fund work associated with maintaining adequate tie condition, surfacing and rail replacement, as set forth in AFE No. 11188 in the amount of \$19,727,000, which was approved by Resolution No. 2023-27 Relating to Approval of the 2024 Capital Budget, at the November 14, 2023 Board meeting; and

WHEREAS, the funds approved for the 2024 Track Rehabilitation Program were derived from two different funding years, necessitating Management to make an administrative change on January 29, 2024 (AFE No. 11188 A-1), to reallocate \$2,991,374 from AFE No. 11188 to another AFE designated AFE No. 12272, resulting in AFE No. 11188 containing remaining funds in the amount of \$16,735,626; and

WHEREAS, proposed AFE No. 11188 S-1 would increase AFE No. 11188 by \$410,649 in order to supplement the FTA funding of the ARRC's track rehabilitation work to be done as part of ARRC's 2024 Track Rehabilitation Program; and

WHEREAS, the additional funding of \$410,649 for the 2024 Track Rehabilitation Program is necessary due to unexpected increases in material costs, primarily related to ties, ballast, and plates/spikes and will consist of 80% FTA funds and 20% in ARRC internal funds; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than \$500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS.42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors has considered the proposed use of an additional \$410,649, as described above, to fund track rehabilitation work to be done as part of ARRC's 2024 Track Rehabilitation Program as presented by ARRC Management and hereby approves AFE No. 11188 S-1 in the amount of \$410,649 for the purposes stated therein, which brings the total amount of AFE No. 11188, including AFE No. 11188 S-1, to \$17,146,275.

**Alaska Railroad Corporation**  
**Authorization for Expenditure Form**

For Accounting Use Only

**AFE# 11188 S-1**

Page 1

General Information:	
AFE Title:	<b>2024 Track Rehabilitation Program - FTA</b>
Prepared By:	<b>LaFewt Knox</b>
Resp. Center (Name):	<b>MOW</b>
Resp. Center (#):	<b>1330</b>
Depreciation Center:	<b>1318-Maintenance Depreciation</b>
Line of Business:	<b>Corporate</b>
Spending Timetable:	
2024	\$ 17,146,275
2025	\$ -
2026	\$ -
2027	\$ -
2028	\$ -
<b>Total</b>	\$ 17,146,275
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 685,851
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2024 Budgeted
Total Amount	\$ 17,146,275	
Source of Funding	ARRC (20%)	\$ 3,429,255
Source of Funding	FTA (80%)	\$ 13,717,020
Source of Funding		
Grant Number	AK-2025-001	
Grant Name	FY2022 Section 5307 Track Rehabilitation and Project Administration	
AFE History:		
	<b>Amount</b>	<b>Date Prepared</b>
Original AFE	\$ 19,727,000	08/09/23
Amendment #1	\$ (2,991,374)	01/29/24
Supplemental #1	\$ 410,649	02/28/25
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
<b>Total</b>	\$ 17,146,275	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
<b>Project Manager:</b>	<b>Rachel Maddy</b>	<i>Rachel Maddy</i>	3/18/2025
<b>Responsible Owner:</b>	<b>Lloyd Tesch</b>	<i>Lloyd Tesch</i>	3/18/2025
<b>VP, Owner Department:</b>	<b>Clark Hopp</b>	<i>Clark Hopp</i>	3/20/2025
<b>Functional User(s):</b>	<b>Lloyd Tesch</b>	<i>Lloyd Tesch</i>	3/18/2025
<b>Chief Operating Officer:</b>	<b>Clark Hopp</b>	<i>Clark Hopp</i>	3/20/2025
<b>Grant Administration:</b>	<b>Christina Isabelle</b>	<i>Christina Isabelle</i>	3/18/2025
<b>Chief Financial Officer:</b>	<b>Michelle Maddox</b>	<i>Michelle Maddox</i>	3/19/2025
<b>Accounting Department:</b>	<b>Amy Kinnaman</b>	<i>Amy Kinnaman</i>	3/19/2025
<b>CEO &amp; President:</b>	<b>Bill O'Leary</b>	Clark Hopp <i>Clark Hopp</i>	3/20/2025
<b>Board of Directors:</b>	<b>John Shively</b>		

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**Alaska Railroad Corporation**  
**Authorization for Expenditure Form**

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**AFE# 11188 S-1**

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
Adequate tie condition, regular surfacing, and rail replacement are essential to maintaining integrity of the track structure and avoiding derailments.		
<b>Scope of Work:</b>		
Under the Tie Program, <b>40,000</b> hardwood crossties and switch ties will be installed in the mainline and sidings. Additionally, <b>5,100</b> hardwood crossties and switch ties will be installed in the Eielson Branch. <b>(\$9,517,000*)</b>		
Under the Rail Program, <b>23,000'</b> of CWR will be relaid. The Rail Program also funds ongoing thermite welding and rail pickup from previous year's programs, as well as Rail Flaw Detection, and contract rail grinding. <b>(\$6,135,000)</b>		
In addition to the Tie and Rail Programs, the Track Rehabilitation Program includes a Surfacing Program for surfacing within the districts <b>(\$3,035,000)</b> , and contract RailVac <b>(\$2,615,000)</b> .		
Some of the activities in the 2024 Track Rehab Program are ineligible for federal funding: Tie replacement on the Eielson Branch and rail flaw detection. The cost of these activities is estimated to be <b>\$1,575,000</b> . Thus, at a minimum, the 2024 Track Rehab Program budget request of <b>\$21,302,000</b> must be funded with <b>\$1,575,000</b> of ARRC internal funding.		
*Note that the overall 2024 Track Rehab Program has been reduced by \$2,500,000 - cost which is expected to be covered by: - \$2.5m in 2022 CARES funding		
<b>ARRC Business Justification</b>		
Rail: Failure to replace worn rail increases the risk of rails breaking in service, increases the need for surfacing and tie replacement, and more frequently results in damaged wheels.		
Ties: Replacing deteriorated ties with new wood ties is necessary to avoid gage and surface problems.		
Surfacing: Surfacing reduces slow orders and improves train running times. Surfacing also results in a smoother train ride, reduced track maintenance, and reduced mechanical wear on equipment.		
Rail Flaw Detection: This functions is required annually by FRA.		
Administrative Update reallocates Track Rehabilitation Program funds from this AFE to the newly created AFE to appropriately support program administration. No program budget or scope change was made under this Administrative Update. For more details reference Financial Planning & Analysis Department's '2024 Bridge Rehabilitation Program – Funding Reallocation Memorandum'.		
<b>Supplemental No. 1 increases the budget by \$410,649 bringing the overall total to \$17,146,275. This increase is due to unexpected increases in material costs, primarily ties, ballast, and plates/spikes.</b>		
<b>Alternatives Considered:</b>		
None.		
<b>Preliminary Budget:</b>		
Line Description	Amount	
Equipment	\$	4,156,971
Labor (Fully Burdened)	\$	4,475,107
Materials	\$	5,180,137
Contracts	\$	3,334,060
Other Expenses		
<b>Total</b>	\$	17,146,275

**Note:** All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Adopted:

Resolution No. 2025-09

Relating to an Increase in Funding for the  
Locomotive 4014 Engine Replacement Project  
(AFE No. 11369 S-1)

WHEREAS, the Alaska Railroad Corporation (ARRC) maintains a fleet of locomotives to supply horsepower needed to support ARRC's freight and passenger business lines; and

WHEREAS, Locomotive No. 4014 is one of the locomotives that ARRC relies upon to service ARRC's existing passenger and freight commitments; and

WHEREAS, ARRC maintains a locomotive maintenance plan that provides for the continued state of good repair of the locomotive fleet by incorporating regulatory compliance, condition assessment results and preventative maintenance activities aimed at supporting locomotive business service requirements; and

WHEREAS, despite the operation of the ARRC locomotive maintenance plan described above, the engine of Locomotive No. 4014 has failed, rendering it unusable for the purposes described above; and

WHEREAS, it is critical to the successful servicing of freight and passenger customers in the upcoming 2025 ARRC high season that Locomotive 4014 be repaired and returned to service in the very near future; and

WHEREAS, on March 12, 2025, ARRC management approved AFE No. 11369 in the amount of \$197,300 and consisting of 100% ARRC internal funds to secure a Running Take Out (RTO) 710 engine and Main Generator (collectively, the "RTO Engine") and shipment of the same to the ARRC Anchorage shops, for the purpose of removing the failed engine and replacing it with the RTO Engine; and

WHEREAS, due to higher-than-estimated costs for the above-described locomotive engine replacement project, and in order to ensure the availability of Locomotive 4014 during the upcoming freight and passenger high season, additional funding for the project is required; and

WHEREAS, AFE No. 11369 S-1 would increase the funding for this mission-critical locomotive engine replacement project by \$135,000 thereby increasing the overall amount of AFE No 11369 to \$332,300; and

WHEREAS, ARRC's Approval Authority Guide requires Board approval of unbudgeted capital expenditures in excess of \$300,000; and

WHEREAS, the above-described project will be funded entirely with internal ARRC funds.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed increase to the expenditure for replacement of the failed engine of Locomotive 4014 with the RTO Engine as presented by ARRC Management and hereby approves AFE No. 11369 S-1 in the amount of \$135,000 for the purposes stated therein, which brings the total amount of AFE No. 11369 to \$332,300.

**Alaska Railroad Corporation**  
**Authorization for Expenditure Form**

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**AFE# 11369 S1**

Page 1

General Information:	
AFE Title:	<b>4014 Engine Rebuild</b>
Prepared By:	<b>Bryan Cothran</b>
Resp. Center (Name):	<b>Mechanical</b>
Resp. Center (#):	<b>1225</b>
Depreciation Center:	<b>1225-Locomotive Repair</b>
Line of Business:	<b>Transportation/Mechanical</b>
Spending Timetable:	
2025	\$ 332,300
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
<b>Total</b>	\$ 332,300
Other Information	
Useful Life (Years):	5
Annual Depreciation:	\$ 66,460
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Unbudgeted
Total Amount	\$	332,300
Source of Funding	ARRC	\$ 332,300
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 197,300	01/06/25
Supplemental #1	\$ 135,000	03/17/25
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
<b>Total</b>	\$ 332,300	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
<b>Project Manager:</b>	<b>Jesse Moose</b>	<i>Jesse Moose</i>	3/19/2025
<b>Responsible Owner:</b>	<b>Bryan Cothran</b>	<i>Bryan Cothran</i>	3/19/2025
<b>VP, Owner Department:</b>	<b>Sean Mesloh</b>	<i>Sean Mesloh</i>	3/19/2025
<b>Functional User(s):</b>	<b>Andrew Burgess</b>	<i>Andrew Burgess</i>	3/19/2025
<b>Chief Operating Officer:</b>	<b>Clark Hopp</b>	<i>Clark Hopp</i>	3/19/2025
<b>Grant Administration:</b>	<b>Christina Isabelle-Glover</b>	<b>N/A</b>	
<b>Chief Financial Officer:</b>	<b>Michelle Maddox</b>	<i>Michelle Maddox</i>	3/19/2025
<b>Accounting Department:</b>	<b>Amy Kinnaman</b>	<i>Amy Kinnaman</i>	3/19/2025
<b>CEO &amp; President:</b>	<b>Bill O'Leary</b>	<i>Clark Hopp</i>	3/19/2025
<b>Board of Directors:</b>	<b>John Shively</b>		

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**AFE# 11369 S1**

Page 2

<b>Is this project related to health and/or safety?</b>	<b>No</b>	<b>If yes describe:</b>
<b>Scope of Work:</b>		
<p>This project will return Locomotive 4014 to running condition. The project will secure a Running Take Out (RTO) 710 engine and Main Generator and have it shipped to the Anchorage shops. Mechanical Forces will then remove the existing Engine, and replace it with the RTO Engine to return the Locomotive to service prior to passenger service.</p> <p><b>Supplemental No.1 increases project funding by \$135,000 to complete project scope. Sourcing of the components necessary to complete engine rebuild was more difficult than anticipated. The only available RTO (running take out engine) was sold prior to ARRC funding commitment. As a result a full rebuild on in ARRC shop was required. Due to lead time on rebuild kit, parts were sourced from warehouse stock. Additionally, turbo and assembly, clutch, engine top end components, and auxiliary generator were found defective during teardown and replacement is necessary.</b></p>		
<b>ARRC Business Justification</b>		
<p>Locomotive 4014 is required to service ARRC's existing passenger and freight commitments. The Engine has failed and securing a RTO will ensure that the Locomotive will be in service for the 2025 Passenger season.</p> <p><b>Supplemental No.1 is necessary to complete engine rebuild. Engine rebuild required to maintain service levels for peak season.</b></p>		
<b>Alternatives Considered:</b>		
<p>An in frame rebuild was considered, but due to uncertainty in parts availability and timing it was rejected.</p>		
<b>Preliminary Budget:</b>		
<b>Line Description</b>	<b>Amount</b>	
Equipment	\$ -	
Labor (Fully Burdened)	\$ 87,300	
Materials	\$ 245,000	
Contracts	\$ -	
Other Expenses	\$ -	
<b>Total</b>	<b>\$ 332,300</b>	

**Note:** All health and/or safety related project(s) should be the highest ranked project(s) in the department.

## LEASE SUMMARY

LESSEE: ABLE, LLC

CONTRACT NO: 21104

**LEASE DESCRIPTION:** Lots 7, 8 & 9, Block D of the unrecorded plat entitled "Chena Industrial Subdivision" dated Oct. 18, 1968, last revised April, 1969, ARRC #3452.01, sheet 3 of 3, as depicted on a Record of Survey recorded in the Fairbanks Recording District as Plat 2022-55, containing 52,500 square feet, more or less.

### KEY CONTRACT PROVISIONS:

Estimated Effective Date: April 1, 2025

Prior Annual Rent: \$11,623.50 annually

Lease Term: Thirty-five (35) Years

Rent Rate: 8%

Option to Extend: N/A

Rent Adjustment: Rent adjusted every 5 years with adjusted annual rent not to exceed 135% of the prior year's annual rent or to decrease to less than 65% of the prior year's annual rent.

Lease Area: 52,500 sq. ft., more or less.

Base Annual Rent: \$12,600.00 (based on 2024 appraised value)

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PUBLIC NOTICE: Yes, public comment to an amended notice will expire March 27, 2025.

LEGAL REVIEW: Yes

INTENDED USE: Retail, warehouse and office space consistent with Lessee's business.

**SUMMARY AND RECOMMENDATIONS:** At its September 2024 general meeting, the Board approved Dimond Fencing Company, Inc. as the lessee under a new 35-year Ground Lease. Prior to executing the new Ground Lease, the owners of Dimond Fencing Company, Inc. ("Dimond Fencing") requested that the Ground Lease be issued instead in the name of a commonly-owned real estate holding entity, ABLE, LLC. As management reported to the Board when it originally approved the proposed lease to Dimond Fencing, the prospective lessee is in the process of purchasing the business, including existing improvements, from the existing tenant. The current Ground Lease, Contract No. 9910, expires April 30, 2039. Staff has reviewed ABLE, LLC's application and is requesting a change in the Board's approved lessee for a 35-year ground lease on this parcel from Dimond Fencing to ABLE, LLC. Approval of said change is recommended.

APPROVED: \_\_\_\_\_ Board Meeting Date: \_\_\_\_\_  
Jennifer Mergens  
ARRC Board Secretary

