

ALASKA RAILROAD
STRATEGIC PLAN
2025 - 2030



ALASKA
RAILROAD



OUR MISSION

Through excellent customer service and sound business management practices, the Alaska Railroad Corporation (ARRC) provides safe, efficient and economical transportation and real estate services that support and grow economic development opportunities for the State of Alaska.

OUR VISION

The Alaska Railroad Corporation is committed to safe, reliable, and customer responsive rail operations and real estate services, furthering economic expansion in Alaska. ARRC will become a prominent leader in Alaska's transportation and real estate industries and a driving force behind industry growth and economic development, emphasizing economic viability and stability of our services.

OUR VALUES

SAFETY

Safety is a fundamental value. We are constantly building on best practices and prior improvements in our commitment to an accident-free, incident-free work environment in all areas of our operation. Without exception, keeping each other, our customers and our communities safe as we operate across Alaska is the responsibility of each employee at every level. We actively foster a culture where employees are expected and empowered to act immediately to eliminate unsafe conditions and to minimize the risk of injury and property damage as a result of our operations - in the workplace, on our trains or in the right-of-way.

SERVICE EXCELLENCE

We understand our customers' needs and create long-term relationships by delivering critical value. We help our customers reach their goals by understanding their challenges and working to overcome obstacles where we can. We understand the importance of clear and open customer communications; we are collaborative in developing plans and solutions with customers, and responsive to questions or suggestions of opportunities for improvement. Ultimately, we understand that our success is driven by the customers we serve.

INTEGRITY

We are honest, ethical and transparent in all our actions. We are accountable to each other and our stakeholders, acting in a manner that earns public confidence. We inspire trust by saying what we mean and following through with actions that match our words and our mission to serve Alaskans.

TEAMWORK

We strive to be one team - engaged and aligned in our mission. Across departments and locations, we participate, collaborate and use our collective skills to achieve common goals to drive the Railroad forward. All railroaders share in the focus on the success of the Alaska Railroad, our employees, our customers, our state and the communities we serve.

SUSTAINABILITY

We are focused on growing our business to support the Alaska Railroad's long-term financial viability and our purpose to foster economic development. We value stewardship for our environment, each other, the communities we serve and our responsibility as a self-sustaining, state-owned enterprise.

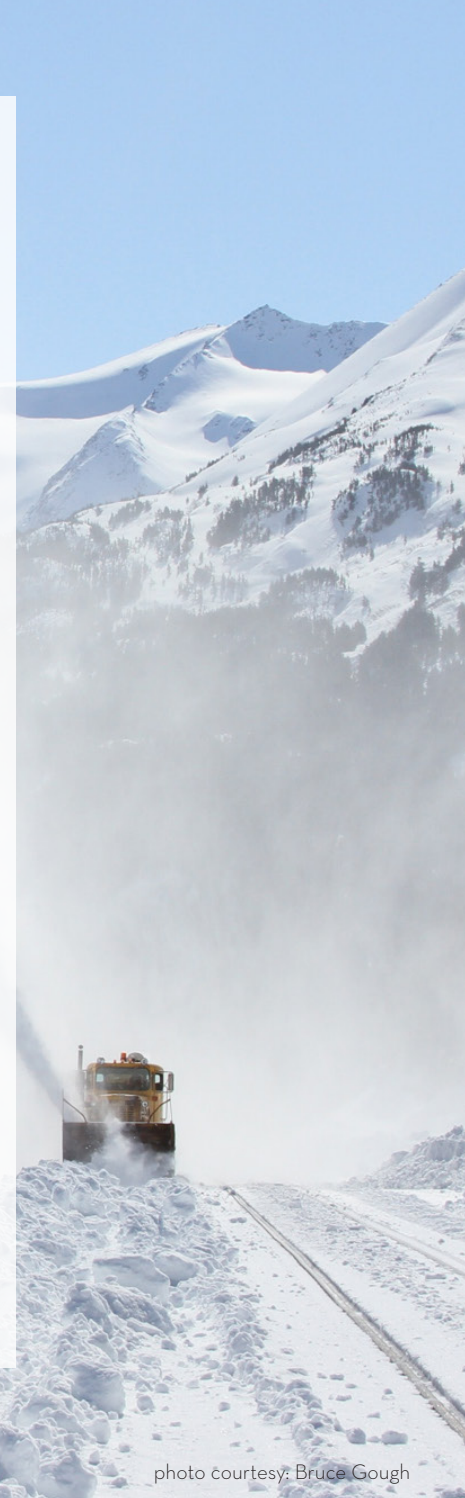


photo courtesy: Bruce Gough



CORPORATE STRATEGY

The Alaska Railroad Corporation seeks to play a significant role in the sustainable growth of the Alaskan economy as a leader in the transportation industry. This goal is accomplished through the implementation of a corporate strategy at the Alaska Railroad. We believe that a strong corporate culture is the foundation to a strong corporation. Engaged and empowered employees are critical to our corporate strategy, which emphasizes safety and employee engagement throughout our workforce. We target sustainable expansion of our business opportunities and partnering with Alaskan businesses and communities while striving to be a good steward of the environment. It is our responsibility to keep our vast capital infrastructure in a state of good repair and our vision to drive new economic development and rail extension opportunities in order to continue our mission of safe and efficient transportation and real estate services that support and enhance economic growth in the State of Alaska.

STRATEGIC GOALS

Goal 1: Uphold a Culture of Safety and Excellence

Goal 2: Enhance Stewardship and Stakeholder Relations

Goal 3: Grow Revenue by Sustaining and Expanding Business Opportunities

Goal 4: Improve Profitability through Operational and Administrative Efficiencies

Goal 5: Optimize Capital Program Investment and Management

Goal 6: Enhance Economic and Business Development through Growth and Expansion of Rail Services

STRATEGIC GOAL 1: Uphold a Culture of Safety and Excellence

1. Become safest in class railroad - Average lost time rate below 2.8 by the end of 2030

- Emphasize safe rail operations and the physical safety of employees, customers and the communities in which we operate. Clearly define all operating activities with regulatory requirements, safety standards, and expectations for employee behavior. Celebrate and strive for exemplary safety performance.

2. Establish ARRC as an employer of choice in the state of Alaska - Retention rate of 88% or higher by the end of 2030

- Recruit highly qualified and competent employees that represent the communities we serve. Focus recruitment on candidates with the necessary skills who best fit business needs. Cultivate a recruitment strategy that emphasizes corporate branding. Focus on retaining high-performing employees through targeted retention strategies to ensure employees remain engaged and committed to ARRC's long-term success.

3. Continue development and dissemination of Professional Development Programs and Safety Education - Program development complete in 2025 with full implementation by the end of 2030

- Ensure employee engagement and communication that involves continued identification and deployment of training and development opportunities in support of targeted professional development and a safe work culture.

4. Refresh and expand public safety campaign - Program development complete in 2025 with full implementation by the end of 2030

- Launch public safety communication campaign to educate pedestrians, motorists, and nearby communities about railroad safety.

5. Emergency and disaster preparedness and response plans developed and disseminated - Continued evaluation and emergency response drilling

- Emergency response and preparedness plans fully developed and drilled to within the corporation.

STRATEGIC GOAL 2: Enhance Stewardship and Stakeholder Relations

1. Continue to support Alaskan communities through charitable donations to local non-profits and employee volunteer opportunities

- Annually budget a minimum of \$100,000 toward charitable community efforts

- Provide support through corporate in-kind donations to non-profit organizations and facilitate opportunities for employees to participate in community events.

2. Demonstrate environmental stewardship of our land, facilities and the communities in which we operate

- Deploy business strategies which support and encourage sustainable resource management, waste reduction, energy efficiency, regulatory compliance, employee engagement and training, stakeholder engagement and innovation.

3. Increase public awareness of the Alaska Railroad's operations, business lines, public safety messages and economic benefit to the state of Alaska

- Frequently communicate and demonstrate the Alaska Railroad's contributions to community stakeholders, customers, media, and the general public. Develop new brand messaging video and awareness campaign. Prioritize annual presentations to Railbelt civic and industry groups.

4. Strengthen relationships with civic and elected leaders at the local, state, and national level

- Be proactive in initiating timely and respectful engagement with leaders to address community concerns and ARRC priorities. Engage in public involvement opportunities with special attention toward issues which mutually benefit ARRC and communities.

5. Maintain an effective and consistent relationship with key state agencies to assist and support mutually beneficial short and long-term transportation planning initiatives state-wide

- Specifically, foster and fortify relationships with the Department of Commerce, Community & Economic Development, the Department of Transportation & Public Facilities, Department of Natural Resources, and other relevant state agencies through consistent communication and collaboration.

STRATEGIC GOAL 3: Grow Revenue by Sustaining and Expanding Business Opportunities

1. Optimize freight business and revenue opportunities - Increase freight revenue by 30% compared to 2024 by the end of 2030

- Reevaluate and revise Freight Marketing Plan annually or as the economic environment necessitates in order to support the optimization of freight business lines.

2. Optimize passenger business and revenue opportunities - Increase passenger revenue by 25% compared to 2024 by the end of 2030

- Reevaluate and revise Passenger Marketing Plan annually or as the economic environment necessitates to support the optimization of passenger business lines.

3. Optimize real estate business and revenue opportunities - Increase real estate revenue by 15% compared to 2024 by the end of 2030

- Reevaluate and revise Real Estate Marketing Plan annually or as the economic environment necessitates to support the optimization of real estate business lines.

4. Provide excellent customer service - Customer satisfaction of 90% as measured by customer survey

- Develop and maintain a customer-centric approach to conducting business to establish the railroad as the trusted and preferred transportation and real estate provider in Alaska.

5. Foster collaboration between operating and business centers

- Ensure improved communications between Business and Operations Centers to meet customer service goals and enhance operating efficiency.

STRATEGIC GOAL 4: Improve Profitability through Operational and Administrative Efficiencies

- 1. Optimize corporate business practices and cost structures to maximize earnings - Achieve an average operating ratio of 0.92 by 2030**
 - Systematically review corporate expenditures to reduce unnecessary spending while maximizing revenues. Standardize and simplify business processes where possible to create efficiencies. Optimize return on all corporate investments.
- 2. Continue development, implementation and management of the Business Intelligence Program to support data driven decisions - Full program implementation by the end of 2030**
 - Utilize data-driven decision making. Place emphasis on a business strategy which supports the conversion of data into information for the creation, dissemination and utilization of business intelligence and data analytics.
- 3. Increase and/or improve technology solutions throughout the corporation**
 - Leverage, expand and enhance technology tools to increase productivity and operational efficiencies. Seek to economically modernize the corporation's use of technology.
- 4. Improve and maintain coordination of corporate planning efforts**
 - Ensure the following corporate planning efforts work together: Corporate and Departmental Strategic Plans, Marketing Plans, Operational Work Plans, Train Plan, Asset Management Plan, Operating Budget, Capital Budget, and Grant Plan.
- 5. Optimize rail and terminal functionality and efficiencies**
 - Pursue operational improvements through continued analysis and review. Through collaboration with Business Centers and Operations, review and optimize train schedule. Emphasize preventative maintenance by leveraging data analysis in maintenance planning.
- 6. Optimization of locomotive and rolling stock**
 - Leverage operations and asset data for development of train plans, train consist construction and asset deployment. Focus on the productivity, utilization, availability and reliability of the assets. Utilize data for the purposes of short and long-term operations planning.
- 7. Strengthen and sustain the corporate cybersecurity program**
 - Identify, mitigate and/or neutralize cybersecurity risks to ensure the safety of ARRC's operations, data and computer systems. Program is supported through internal educational efforts surrounding cybersecurity and a capital initiative.

STRATEGIC GOAL 5: Optimize Capital Program Investment and Management

1. Continue management and administration of capital program - Balance capital need to available funding and business needs annually

- Cyclical planning and budgeting analysis conducted to support the health of capital infrastructure with a goal of keeping assets in a state of good repair and support growth with a dynamic business model.

2. Complete replacement of Seward Passenger Dock and Terminal - Project complete by spring 2026

- Work with the developer to support construction efforts related to the new dock and terminal. Execute plans to purchase the new facility in spring 2026.

3. Project planning and implementation of marine and operating assets - Whittier Plan complete in 2025 and implementation plan underway in 2026

- Complete the Whittier Master Plan and development of a road map for project implementation. Complete the Seward Freight Dock expansion project and business plan.

4. Continue Grant Planning and Portfolio Management to support and optimize federal funding opportunities - Annual evaluation and target setting and overall granting strategy developed by the end of 2025

- Develop ARRC's long and short-range grant strategy and priorities to support the corporation's capital program. Plan should consider capital portfolio priorities, grant administration and management, and cash flow management principles.

5. Fully develop and implement a comprehensive Asset Management Program - Full software implementation by the end of 2030

- Maintain corporate Investment Plans, associated funding roadmap strategies and fully implement asset management software system(s) to support and facilitate optimal asset management.

6. Refine Capital Project Management process - Manual revised in 2025 and full process implementation by the end of 2030

- Complete revision of a comprehensive Project Management Manual and implementation of a robust project management framework to ensure efficient execution of capital projects. Special focus on internal and external bottlenecks.

STRATEGIC GOAL 6: Enhance Economic Growth through Rail and Real Estate Development

1. Identify and pursue viable business development opportunities that support economic growth in the State of Alaska - Quarterly Business Development Committee meetings (60) where either one new business opportunity is identified or previous identified opportunities are further developed

- At the direction of the Chief Executive Officer and in collaboration with the corporation's Business Development Committee proactively seek out new markets and business opportunities. Through strategic capital investments and business development initiatives, look for opportunities to coordinate with public and private entities to support and advance Alaska's economic growth.

2. Pursue partnerships to develop Rail Extensions to support resource development

- Continue to advance the Northern Rail Extension, Port MacKenzie Rail Extension, and other economic development projects. Work with public and private entities to support the development and construction of these initiatives.

3. Continue Strategic Long Range Land Use Planning initiatives - Plan complete by 2026

- Continue analysis of market and business opportunities to optimize use of land assets, enhance operational efficiency, and create new revenue opportunities through strategic acquisitions and repurposing of properties.

4. Optimize business activities of the ARMS barge interchange gateway to ensure service continuity and support of this business line - Plan complete by 2026 and full plan execution by the end of the review period

- Deploy a comprehensive review of current and future operations and evaluation of support infrastructure to ensure that the critical terminal can support business needs.

5. Develop and implement South and North Rail Corridors Development Plans - Plan complete in 2025 and plan execution throughout the review period

- Evaluate recommendations identified in the 2023 South End Passenger Service Performance Audit and devise an implementation plan to achieve a short-term and long-term plan improvements. Replicate this approach for North End passenger service lines.

