



## News Release

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FOR IMMEDIATE RELEASE

CONTACT: Tim Sullivan, 265-2357, cell 223-7372

# Alaska Railroad Announces Organization Restructure

*Cost cutting measures include elimination of 49 positions*

ANCHORAGE, Alaska — Today (February 10) the Alaska Railroad Corporation (ARRC) announced the elimination of 49 positions as part of a major corporate restructuring effort. ARRC has experienced a 44% downturn in freight tonnage since 2008 (see attached graph) and has recorded a net loss from operations since 2015, with the 2017 budget showing such a loss of \$4.9 million.

Contributing factors include:

- A significant drop in revenue from oil industry customers largely due to low oil prices
- A significant drop in revenue from other key customers resulting from Alaska's recession
- Loss of export coal business resulting in closure of the coal export facility in Seward
- An 84% drop in refined petroleum business due to closure and dismantling of the refinery in North Pole
- Increase in labor and benefit cost largely due to the unsustainable rising cost of health care
- Increased resources needed to comply with the regulatory environment including Positive Train Control and other hurdles increasing the cost of doing business

"Hard decisions had to be made to ensure the Alaska Railroad can continue to provide critical transportation services to the State," said ARRC Board Chair Jon Cook. "Our management team, along with the Railroad Board of Directors, focused on safety, customer service and meeting regulatory requirements as decisions were made. Of utmost importance is our ongoing commitment to provide exemplary service to our passengers, freight and real estate customers."

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**February 10, 2017**

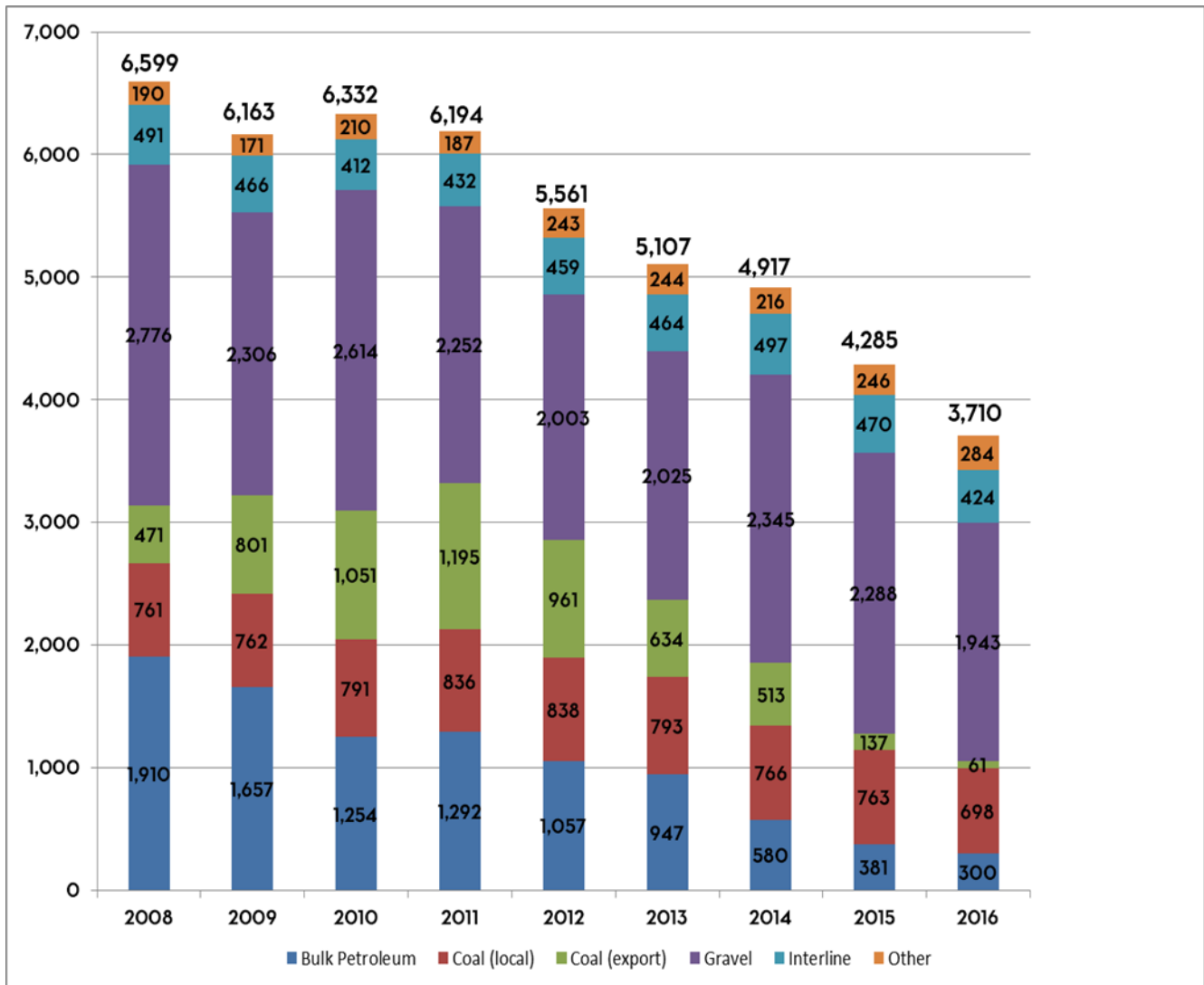
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ARRC began addressing this condition in 2016, leaving 18 of the 49 eliminated positions vacant, thus lowering the number of actual layoffs to 31. “These personnel decisions are the hardest for leaders of any company to make,” said ARRC President and CEO Bill O’Leary. “They are difficult for those who are leaving the Railroad and hard on all of us saying goodbye to our friends and peers. Our human resources department will work closely with affected employees to ensure they have the information and resources they need to help with the transition.”

This reorganization represents an eight percent reduction in the year-round ARRC workforce, which equates to an estimated savings of \$4.7 million in wage, salary and benefit costs. Year-round workforce is currently at 609 and this number increases to approximately 760 employees to address seasonal operating needs. This latest reduction in personnel comes on top of three previous layoffs since 2008. Overall, ARRC has eliminated more than 300 year-round positions since 2008.

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**ARRC Freight Tonnage (Thousands)**



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ARRC is an Equal Opportunity Corporation. If you need special assistance (including language) in order to participate in any ARRC service, program, or activity, please contact the Alaska Railroad Corporation; P.O. Box 107500; Anchorage, AK 99510; Attention: Legal Department, [zappasj@akrr.com](mailto:zappasj@akrr.com), (907) 265-2461; via Alaska Relay Service for hearing impaired – dial 7 11 anywhere inside Alaska, OR dial toll-free from anywhere outside the state 1-800-770-8255 (voice); 1-800 770-8973 (TTY). Upon request, printed materials can be made available in alternate formats.