

# MUNICIPALITY OF ANCHORAGE



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*Mayor Dan Sullivan*

January 22, 2013

Honorable Charlie Huggins  
Senate President  
Alaska State Legislature  
State Capitol Room 111  
Juneau, AK 99801

Honorable Mike Chenault  
Speaker of the House  
Alaska State Legislature  
State Capitol Room 208  
Juneau, AK 99801

To Senate President Huggins and House Speaker Chenault:

Included with this letter is the quarterly report for the second quarter of SFY 2013 from the Municipality of Anchorage regarding the Port of Anchorage Intermodal Expansion Project (PIEP) submitted in accordance with the reporting requirement pursuant to Section 1, Chapter 5 FSSLA 2011 (pg. 20, line 16-18). This section requires the Municipality of Anchorage to submit quarterly progress reports detailing cost overruns and significant project scope changes.

This report addresses both of those requirements while explaining some of the major changes underway with the project. Additional information is available on [www.portofalaska.com](http://www.portofalaska.com) or by request. Please do not hesitate to contact me if you require any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Dan Sullivan".

Dan Sullivan  
Mayor

## INTRODUCTION

The Port of Anchorage Intermodal Expansion Project (PIEP) is now focused on concept design development for the following scope of work:

- At the north end of the existing facility, construction of a berth suitable for cargo barge operations and deep draft cargo ship operations.
- Extension of railroad spur to provide intermodal service to new northern berths.
- Replacement of the existing Terminal 2 and Terminal 3 berths that are currently used by the Port's containerized cargo ship carriers.
- Paving, shore protection, and utilities (including water, sewer, storm drain, power, lighting, communications, natural gas).

This report describes the progress made to date towards these objectives.

## MEMORANDUM OF AGREEMENT

A revised Memorandum of Agreement (MOA) has been drafted and presented to MARAD to formalize the transition of project responsibilities to the MOA.

## CLAIMS SETTLEMENT UPDATE

The Municipality had been working with MARAD in dealing with two outstanding non-payment claims filed by Quality Asphalt & Paving (QAP) and MKB—QAP's subcontractor for sheet pile installation. MARAD elected to settle the claim action for a sum of \$11 million.

## SUITABILITY STUDY AND PROJECT ANALYSIS

The U.S. Army Corps of Engineers (USACE)/CH2MHill suitability study of the installed open-cell sheet pile (OCSF) system was completed in pre-final draft form and delivered to the Municipality in October. The report concluded that the OCSF design is not suitable to be used for the wet barge and deep draft berths due to inadequate global stability factor of safety and widespread interlock installation defects. CH2MHill gave presentations to both the Anchorage Assembly and the Municipality's Geotechnical Advisory Commission (GAC) on November 9. The GAC was asked to provide comments on the pre-final draft and those have been recently received and are in review. The current schedule is to have the final report completed on February 4.

## CONCEPT DESIGN DEVELOPMENT

In light of the suitability study findings, USACE/CH2MHill was tasked with developing up to three different design options for moving the project forward and accomplishing the objectives stated in the Introduction above. A concept design charrette was held by USACE/CH2MHill, the MOA/POA, and MARAD from November 13 to 15. All project stakeholders were invited to participate and key stakeholders present included TOTE, Horizon Lines, Southwest Alaska Pilots Association, Cook Inlet Tug & Barge, and the Alaska Railroad Corporation.

Numerous design options were indentified during the charette, from which three (3) are being developed to a 15% level by the end of February. In general, the concepts call for removal of the unsuitable open cell sheet pile bulkhead and stabilization of the remaining fill footprint with armor rock, or similar material. The wharf areas would then be constructed using a reinforced concrete pile-supported wharf and trestle arrangement.. The design would achieve a 75 year service life and meet all site-specific seismic and operational criteria.

#### PROPOSITION A - INFRASTRUCTURE BOND STATUS

On the November 2012 general election ballot was Proposition A, an infrastructure bond designed to address the critical needs of ports and roads throughout the state. The total cost for the included projects was \$453 million. \$50 million for the PIEP was included. The bond was passed, bringing the Port's 2012 total from the state to \$98.5 million.

Table 1: Funding Snapshot as of December 31, 2012

Total funds contributed to PIEP	\$439 million
Total funds transferred to MARAD	\$302 million
Total funds un-obligated	\$132 million

For a summary of the Expansion Project's funding to date please see Appendix B.

#### CONCLUSION

The Municipality and Port have initiated management and scope changes for the project. These changes provide for increased local control and accountability by all parties, an improved project design, and a scaled back and achievable project plan. State FY 2013 funding for the project passed by the legislature included \$48.5 million in capital appropriations and \$50 million in a bond bill put to the voters and approved in the November 2012 election. While these funds fall short of the requested \$350 million, they will allow the MOA to accomplish design and permitting required to move forward through calendar year 2013 successfully.



## APPENDIX B: FUNDING SUMMARY –

Of the \$439 million dedicated to PIEP, \$302 million have been transferred to MARAD. Currently all federal funds appropriated to the Expansion Project are transferred directly to MARAD, however State and Port funds are transferred to the project as needed so the remaining balance of funds in MARAD's account is not necessarily an accurate indicator of the State and Port funds available at any given time.

Table 1: Funding Snapshot as of December 31, 2012

Total funds contributed to PIEP	\$439 million
Total funds transferred to MARAD	\$302 million
Total funds un-obligated	\$132 million

Table 2: State funds received and Port funds contributed to date

Year	Amount	Legislation	Port Amount
2002	\$ 5,853,658	SB 29	\$ 2,443,857
2004	\$ 436,505	SB 283	\$ 8,188,000
2005	\$ 10,000,000	SB 46	\$ 4,125,000
2006	\$ 10,000,000	SB 231	\$ 8,000,000
2008	\$ 25,000,000	SB 221	\$ 22,282,541
2009	\$ 20,000,000	SB 75	\$ 22,100,000
2010	\$ 20,000,000	SB 230	\$ 4,000,000
2011	\$ 30,000,000	SB 46	\$ 4,000,000
2012	\$ 48,500,000	SB160	\$ 5,158,000
2012	\$ 50,000,000	GO Bond	
Total	\$219,790,164		\$ 80,297,398
<b>Grand Total</b>			<b>\$300,087,562</b>

Table 3: Federal funds received to date

Year	DoD	FHWA	FTA	SDDC
2002	-	\$9,568,421	\$2,832,968	
2003	\$4,850,000	\$590,500	\$2,862,505	
2004	\$4,850,000	\$1,371,058	\$5,181,803	
2005	\$12,003,750	\$4,729,584	-	
2006	\$8,245,000	\$5,349,258	\$5,577,500	
2007	\$9,700,000	\$6,030,856	\$5,820,000	\$1,951
2008	\$10,804,618	\$6,052,337	\$6,305,000	
2009	\$10,000,000	\$8,929,635	\$6,547,500	
2010	-	-	\$472,390	
2011	-	-	-	
2012	-	-	-	
Total	\$60,453,368	\$42,621,649	\$35,599,666	\$1,951
<b>Total Funds</b>	<b>\$138,676,634</b>			