

MUNICIPALITY OF ANCHORAGE



Office of the Mayor

Mayor Dan Sullivan

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July 31, 2012

Honorable Gary Stevens
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

Re: SFY 2012 Quarterly Report for Port of Anchorage Intermodal Expansion

Dear Senate President Stevens and House Speaker Chenault,

Enclosed please find the quarterly report for the final quarter of SFY 2012 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 or by request. Please contact me if you need any further information.

Sincerely,

Dan Sullivan
Mayor

INTRODUCTION

As has been previously announced, the Port of Anchorage Expansion Project is now re-focused on construction of facilities to the north of the existing dock¹. For a detailed history of the project please refer to the 2011 Second Quarter Report.

Efforts towards initiating long-term changes to both project oversight and construction management were formally initiated by the Municipality of Anchorage/Port of Anchorage (MOA/POA), Maritime Administration (MARAD), and the U.S. Army Corps of Engineers (USACE) in the third and fourth quarters of CY 2011. These changes included:

- The MOA/POA executed a new Memorandum of Agreement with MARAD. This agreement further clarifies the roles and responsibilities of each entity through May 31, 2012, at which time all design and construction will be the responsibility of the MOA/POA, or their designee.
- The MOA/POA and MARAD have engaged the USACE to conduct a suitability study and analysis of the project work to date.

MEMORANDUM OF AGREEMENT

As of June 1, 2012, MARAD's prime contractor, ICRC, is no longer involved in the Expansion Project; and the MOA has assumed, through itself or a future designee, acquisition and contract administration for the design and construction of the project. A revised Memorandum of Agreement with MARAD to formalize the new roles and responsibilities is being developed.

SUITABILITY STUDY AND PROJECT ANALYSIS

MOA/POA and MARAD have engaged the USACE to review the design for the ongoing Expansion Project. This review is composed of an independent study of the foundation design and a review by USACE of the planning, design, permitting and construction with a focus on evaluating what has been accomplished and providing recommendations for moving forward.

The USACE selected CH2MHill to conduct an independent study of the foundation system designed to support the Port's expansion efforts, and this effort is under way. In analyzing the foundation design, the study will assess the effects of hydrologic, geotechnical, structural and seismic conditions. During the first quarter of 2012, it was determined that additional information was needed in order to fully inform the analysis which is now expected to be completed this fall.

MASTER PLANNING/BUSINESS PLANNING INITIATIVE

On June 27, 2012, the Port of Anchorage released a request for proposals (RFP) to initiate its first comprehensive master planning initiative since its 1999 master plan. The closing date for bids is July 27. The Port will be working with the successful bidder to

¹ Appendix A: Port of Anchorage Intermodal Expansion Project Phasing Plan

get this action under way by mid-August. This is expected to be an 18-month effort, portions of which will enable us to support our presentations for the 2013 Legislative Session.

2012 PLANNED WORK

We continue to be focused on transitioning the project management responsibilities and advancing the project design by incorporating the recommendations from the USACE and CH2MHill analyses.

Table 1: Funding Snapshot as of November, 2011

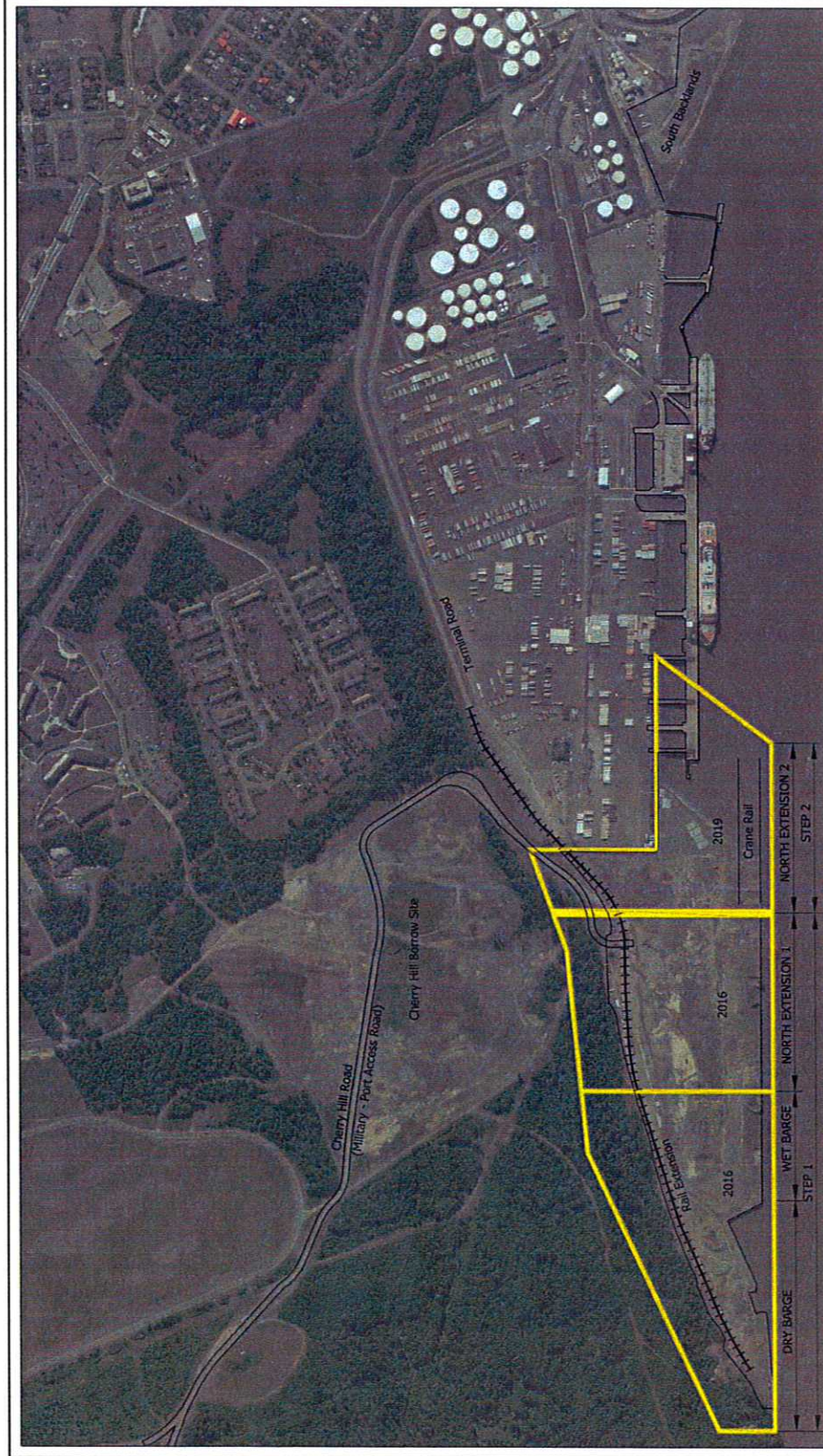
Total funds received	\$332 million
Total funds transferred to MARAD	\$302 million
Total funds obligated	\$300 million
Total Funds Pending Obligation	\$ 4 million

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

CONCLUSION

The Municipality and Port have begun to initiate the long term management and project oversight changes envisioned for the Expansion 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. FY 2013 funding for the project passed by the legislature includes \$48.5 million in capital appropriations and \$50 million in a proposed bond bill to be put to the voters in the November 2012 election. While these funds fall short of the requested \$350 million, they will allow the MOA to initiate detailed design efforts; providing further evidence that this project will move forward successfully to expand the Port's functionality.

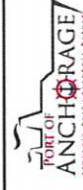
APPENDIX A: Port of Anchorage Expansion Project Phasing Plan



* Assumes full funding

AUG 30, 2011

Intermodal Expansion Project Phasing Plan



APPENDIX B: FUNDING SUMMARY –

Of the \$332 million received, \$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 November 30, 2011

Total funds received	\$332 million
Total funds transferred to MARAD	\$302 million
Total funds obligated	\$299 million
Pending 2012 Obligations	\$ 4 million

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

Year	Amount	Legislation	Port Amount
2002	\$ 6,263,855	SB 29	\$ 3,904,640
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	\$ 21,200,000
2009	\$ 20,000,000	SB 75	\$ 18,282,000
2010	\$ 20,000,000	SB 230	\$ 4,000,000
2011	\$ 30,000,000	SB 46	\$ 4,000,000
Total	\$121,290,163		\$ 71,699,640
Grand Total			\$193,400,000

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	-	-	-	
Total	\$60,453,368	\$42,621,649	\$35,599,666	\$1,951
Total Funds	\$138,676,634			