

MUNICIPALITY OF ANCHORAGE



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Mayor Dan Sullivan

August 20, 2014

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 fourth quarter of SFY 2014 from the Municipality of Anchorage regarding the Anchorage Port Modernization Project (APMP) submitted in accordance with the reporting requirement pursuant to Section 1, Chapter 5 FSSLA 2011 (pg. 20, line 16-18), which expresses an intent that the Municipality of Anchorage submit quarterly progress reports detailing cost overruns and significant project scope changes. During the current reporting period there have been no cost overruns or significant project scope changes. However, there have been new and important developments.

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 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 provides critical infrastructure for the citizens of Anchorage and a majority of the citizens of the State of Alaska because most of the goods shipped to and from the state pass through the Port of Anchorage. This includes fuel supplied to Joint Base Elmendorf-Richardson and Ted Stevens Anchorage International Airport.

The existing port was substantially built in the 1960s and is reaching the end of its useful life. The Anchorage Port Modernization Project (APMP) is intended to provide new berthing facilities for the shipping companies calling at the Port of Anchorage (POA).

Effective June 1, 2013 the Municipality of Anchorage assumed responsibility for project oversight and management. This report describes the continued effort in the SFY 3rd quarter to advance a scaled back version of the Anchorage Port Modernization Project. The project has also been renamed the Anchorage Port Modernization Project (APMP) to reflect the new scope, design and purpose.

PROJECT MANAGEMENT CONSULTANT CONTRACT

On September 6, 2013 the Municipality released Request for Proposal RFP-2013- P028 seeking proposals to provide project and construction management services for the Anchorage Port Modernization Project. Proposals were evaluated by a seven member committee consisting of engineers, stakeholders, and others with extensive public procurement experience. The three companies rated best after review of the written proposals were invited to participate in interviews. Ultimately, the committee recommended the contract be awarded to CH2M Hill. Mayor Sullivan advanced that recommendation to the Anchorage Assembly in December 2013 and the Assembly approved the contract on February 25, 2014. CH2M Hill is now under contract and engaged to develop a Project Management Plan to inform and guide future work on the Project. Table 1 summarizes the status of all task orders executed on the Project since the project was restarted in approximately March 2014.

Table 1: PIEP Task Order Status

Task Order	Contract Amount	Contract Completion Date	Status
CH2M HILL TO 1 - Develop Project Management Plan	\$ 83,124.00	June 20, 2014	Completed
CH2M HILL TO 2 - Staff Project Management Office (Contract Year 1)	\$ 2,424,758.00	March 2, 2015	On schedule
CH2M HILL TO 3 - Concept Design Study	\$ 633,215.00	November 17, 2014	On schedule
Other	\$ 60,021.28	Various	
TOTAL	\$ 3,201,118.28		

In 2013, it was determined that some of the assets built with the advances to MARAD from the State Grants and the Port Funds were viable for use. The Port capitalized \$101,377,568 in land improvements and infrastructure, leaving \$61,562,051 remaining in advances related to assets that will never be realized. Since this transaction is infrequent in occurrence and unusual in nature, and was outside management's control, the Port reported this write-off of \$61,562,051 as an extraordinary item on the 2013 Port Audited Financial Statements.

The Municipality now exercises complete control over the Project and determines how state and local funds are utilized. Table 2 summarizes Project funding.

Table 2: Funding Snapshot as of June 30, 2014

Total funds contributed to APMP	\$ 439.0 million
Total funds transferred to MARAD	\$ 302.0 million
Total Misc. Expenditures	\$ 7.0 million
Total Committed Since Re-Start	\$ 3.2 million
Total funds un-obligated	\$ 127 million

A detail of the Expansion Project's funding to date is provided in Appendix A.

CONCLUSION

The Municipality and Port have initiated management and scope changes for the project. These management and oversight initiatives will provide essential information for orderly and efficient port development, together with local control and accountability. With continued support from the State of Alaska we are steadily making progress toward a modern, efficient port facility in Anchorage that will serve the citizens of Alaska for decades to come.

APPENDIX A: FUNDING SUMMARY

Of the \$439 million dedicated to APMP, \$302 million had been transferred to MARAD. The balance remains in the possession and control of the Municipality of Anchorage. No Federal funds are remaining for the project.

Table 3: 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	-		\$ 4,000,000
	\$91,290,163		\$ 75,139,398
Total			\$166,429,561
Less	Misc. Expenditures		\$ -3,489,942
Total	Trans. To MARAD		\$162,939,619
State & Port Funds on Hand			
Year	State amount		Port Amount
2011	\$ 30,000,000	SB 46	
2012	\$ 48,500,000	SB160	\$ 5,158,000
2012	\$ 50,000,000	GO Bond	
Total			\$133,658,000
	Expended		\$ 3,621,323
	Obligated		\$ 2,987,970
	Unobligated		\$127,048,707

Table 4: Federal funds received to date and transferred to MARAD

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	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
Total	\$60,453,368	\$42,621,649	\$35,599,666	\$1,951
Total Funds	\$138,676,634			