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Anchorage Port Commission Meeting Agenda

Date: April 20, 2022

Time: Noon – 2pm

I. Call to Order

- A. Roll Call
- B. Self Introduction by those present

II. Port Safety Minute

III. Approval of Agenda

IV. Approval of Feb. 2, 2022 Meeting Minutes

V. Port Director's Comments

VI. Informational Items

- A. Operations and Maintenance – Ronnie Poole
- B. Engineering Matters – Brian Weigand
- C. Port Modernization Program – David Ames (Jacobs)
- D. Finance Matters – Cheryl Beckham
- E. Port Security, Business Continuity and Business Development – Jim Jager

VII. Old Business

VIII. New Business

- A. Port Power Plan-Upper Cook Inlet Marine Energy Alliance – Jim Jager to present

IX. Commission Actions for Introduction and Consideration

X. Public Comments

XI. Port Director's Closing Comments

XII. Commissioner Comments

XIII. Meeting Schedule

XIV. Adjourn

Port of Alaska
Budget to YTD Actual Comparison - Unaudited
@ 3/31/2022



	2022 Budget	2022 Actuals	2022 Budget vs Actual % Target 25%
Revenues			
Cruise Ship Head Tax	-	-	-
Reimbursed Cost	20,000.00	8,317.68	42%
Dockage	1,110,413.00	270,746.20	24%
Wharfage, Bulk Dry	172,029.00	-	0%
Wharfage, Bulk Liquid	1,893,143.00	636,488.38	34%
Wharfage Bulk Liquid - Debt Service	791,924.00	361,808.13	46%
Wharfage, General Cargo	4,031,278.00	1,312,451.16	33%
Miscellaneous	233,025.00	52,588.60	23%
Office Rental	40,000.00	16,920.62	42%
Utilities, Water	44,704.00	518.01	1%
Crane Rental	56,500.00	29,947.52	53%
Pipe ROW Fee	173,000.00	35,933.91	21%
POL Value Yard Fee	291,696.00	60,684.12	21%
Security Fees	1,477,975.00	373,752.17	25%
Industrial Park Lease	4,273,135.00	1,586,278.41	37%
Ind Park Rental/Storage	697,781.00	82,310.32	12%
Gains & Losses on Investments	100,000.00	19,387.36	19%
Cash Pools Short-Term Int	137,000.00	-	0%
Total Revenue (Operating/NonOperating) @ 3/31/2022:	15,543,603.00	4,848,132.59	31%
Expenses			
Personnel Services	2,933,524.00	605,685.34	21%
Non-Labor	4,798,165.00	761,510.72	16%
Total Operating Expenses:	7,731,689.00	1,367,196.06	18%
Legal Services - General (PIEP Litigation)	1,617,462.00	1,450.00	0%
MESA & Dividend payments	2,044,244.00	-	0%
Debt Service	2,675,000.00	66,400.01	2%
Depreciation and Amortization	7,937,791.00	1,984,447.75	25%
Total Non-Operating Expenses:	14,274,497.00	2,052,297.76	14%
Charges from Depts (IGC)	1,362,098.00	44,950.23	3%
Total Expenses:	23,368,284.00	3,464,444.05	15%
*Net Income:		1,383,688.54	
Depreciation - Non Cash Item (Add back):		1,984,447.75	
*Available Cash Flow @ 3/31/22		3,368,136.29	
(* Unaudited)			

TONNAGE REPORT - Annual
Commodity Classification

	2022 - YTD	2021	2020	2019
Freight NOS	-	36	689	1,167
Dry Bulk Goods	-	87,692	101,853	109,956
Petroleum, NOS (vessel fueling)	-	47,888	58,728	222,536
Vans/Flats/Containers	389,681	1,638,486	1,642,547	1,655,612
Petroleum, Shoreside	237,758	1,061,821	902,712	802,093
Petroleum, Bulk - Dockside	462,976	2,151,883	1,997,845	1,474,399
Total Tonnage @ 3/31/22:	1,090,416	4,987,806	4,704,374	4,265,763

Miscellaneous Revenue Detail

Equipment Rental (Crane, Yokohama Fenders, Manbasket, Dumpster):	6,523
Sanding & Snow Removal Services:	36,066
Annual Fees (ORL Agreement Fee):	10,000
Ship Creek Boat Launch Fees:	-
	52,589

Upper Cook Inlet Marine Alliance

FACTSHEET



The Upper Cook Inlet Marine Alliance will create a unified Port of Alaska/Port MacKenzie power system to improve Alaska cargo handling efficiency, reliability and resiliency AND support new business development opportunities in the Upper Cook Inlet region. This alliance aims to:

- Improve port-related power resiliency
- Reduce port-related power rates/price volatility
- Modernize Alaska cargo- and fuel-handling operations
- Reduce regional greenhouse gas emissions
- Improve grid efficiency, load management, power quality, etc.
- Support sustainable power resource development (meet proposed renewable portfolio standards)
- Foster emerging green business development opportunities
- Support national defense missions at JBER, across Alaska, the Pacific Rim, and the Arctic
- Support Ted Stevens International Airport operations (especially fuel supplies)
- Cooperative agreement capitalizes on both ports' strengths to improve Alaska supply chain reliability and resiliency instead of squandering resources to reduce cargo-handling efficiency

INITIAL PARTICIPANTS

- Municipality of Anchorage (Port of Alaska)
- Matanuska-Susitna Borough (Port MacKenzie)

ADDITIONAL NEAR-TO-MID-TERM STAKEHOLDERS/PARTICIPANTS INCLUDE

- U.S. Department of Energy
- Railbelt utilities
- Independent power producers
- U.S. Department of Defense (JBER)
- State of Alaska entities
- Private business developers

Port of Alaska (PoA)



STRENGTHS

- Alaska's primary inbound cargo facility – handles half of all Alaska inbound fuel and freight, half of which is delivered to final destinations outside of Anchorage (including 80 percent of all Southcentral Alaska inbound containers . . . vast majority of food and goods consumed statewide in Alaska)
- Proximity to Alaska consumers/markets (54 percent of Alaska population lives within one-hour drive of PoA docks)
- State's most versatile cargo-handling facility – PoA docks leverage hundreds of millions of dollars of public- and private-sector freight-related infrastructure . . . plus large, skilled workforce
- Intermodal cargo-transport hub that connects Alaska's primary highway-, railroad-, marine-, pipeline- and air-cargo distribution systems. This interconnected infrastructure gives PoA more – and more efficient – inbound cargo handling capacity than every other Southcentral Alaska port combined

Port of Alaska (continued)

CHALLENGES

- PoA docks have long exceeded their economic and design life and will start derating and closing due to corrosion and loss of load-bearing capacity within next five years if they are not replaced – regardless of any repair efforts, possibly sooner if there is another big earthquake
- Combination of high port-related power costs and insufficient PoA power system reliability and resiliency (e.g., PoA suffered two four-plus hour outages that created significant safety hazards and disrupted container off-load operations in 2021)
- PoA docks are economically underutilized – typically operate between 35 percent-and-40 percent of capacity (industry best practices generally do not expand dock capacity before exceeding 75 percent utilization)

COST OF FAILURE

- PoA failures disrupt the entire Alaska fuel and freight distribution network (including statewide food security), schedules, cost, etc. In most cargo markets, first line of defense against failure is redundancy. For example, if Port of Tacoma fails, it is backed up by deep-water docks in Seattle, Olympia, Bremerton, Everett, Bellingham, Anacortes, Port Angeles . . . plus facilities along the Columbia River, and in Vancouver and British Columbia. Alaska's small population and geography cannot economically support redundant, inbound cargo-handling facilities with adequate capacity to serve/feed Alaskans if Port of Alaska fails. The best, most-economic way to address this hazard is to improve Port of Alaska resiliency before it fails.



Port MacKenzie

STRENGTHS

- Thousands of acres of developable lands, minimal land-use impediments
- Excellent power transmission connectivity and capacity
- Significant renewable power generation potential

CHALLENGES

- Extremely underutilized facility (typically serves fewer than one deep-water vessel per year)
- Seclusion from cargo markets/customers and workforce
- Lack of appropriate cargo-handling infrastructure

- Lack of intermodal cargo transport connections
- Environmental conditions – including current speed – create dangerous port operating conditions
- Significant and ongoing maintenance and repair expense
- SouthCentral/Upper Cook Inlet cargo-handling market is too small to support significant growth of port facilities/operations

COST OF FAILURE

- Minimal impact on Alaska cargo handling/supply chain
- Repairs at public expense

Upper Cook Inlet Marine Alliance

BENEFITS

- Market driven, contractual relationship that can proceed at the speed of commerce, with minimal required Federal or State action or public vote
- Public-private partnership – involve both public- and private-sector participants to optimize economic, resilient and sustainable business development AND Alaska inbound cargo-handling capability/reliability/resiliency (i.e., better align public and private investment interests)
- Positions Upper Cook Inlet region to economically prosper as world energy markets shift from fossil fuels to low-carbon, renewable power resources
- Supports State and Federal renewable portfolio standards

CHALLENGES

- Technical – design scalable power system(s) that can economically expand to support market demand
- Regulatory – comply with existing regulatory, environmental and other legal requirements
- Business/financial – devise project ownership/operational structure that optimizes public and private financing opportunities . . . identifies, harvests and appropriately allocates costs and benefits to support initial project development AND ongoing opportunities

TIMELINE

- Phase I (near-term/less than three years) – proof of concept – initial business negotiations, feasibilities studies and demonstration projects to confirm that Upper Cook Inlet Marine Alliance power projects are technically and economically viable (e.g., IPP and utility contracts, tidal power generation demonstration project, etc.)
- Phase II (mid-term/two-to-five years) – initial renewable power generation, storage and distribution project design, permitting and build out (e.g., solar generation, battery energy storage system, transmission lines and controls, etc.)
- Phase III (long-term/greater than three years) – emerging/green industry development and build out, potential including: server farm/cloud computing center(s), green cement production, e-fuels production (e.g., hydrogen, ammonia, methanol), greenhouse farming . . . and other businesses that will create local jobs and tax revenues, reduce local reliance on imported food/goods and/or produce locally manufactured goods/services for export out of Alaska.



Anchorage Port Commission:

Captain Ron Ward, Chair
Mr. Garret Wong, Vice-Chair
Ms. Peggy Rotan, Commissioner
Mr. Chris Manculich, Commissioner

Mr. Mike Robbins, Commissioner
Captain Paul Mehler, Commissioner
Mr. Kevin Mackey, Commissioner
Mr. Aves Thompson, Commissioner

RESOLUTION NO. 22-03

A RESOLUTION OF THE ANCHORAGE PORT COMMISSION SUPPORTING THE CREATION OF AN UPPER COOK INLET MARINE ENERGY ALLIANCE WITH THE MATANUSKA-SUSITNA BOROUGH AND PORT MACKENZIE

WHEREAS, Port of Alaska has embarked on a port power plan to improve its power system reliability, resiliency, economics, and security, and

WHEREAS, a significant portion of the port power plan involves integration of renewable energy resources, possibly including solar, tidal, geothermal, and wind, and

WHEREAS, resources at or near Matanuska-Susitna Borough's Port Mackenzie, including developable lands, strong currents, and proximity to Port of Alaska make it a valuable site for renewable power draft generation that could benefit Port of Alaska and its users, and

WHEREAS, evolving energy markets and government policies favor increased use of renewable electric power, and

WHEREAS, significant transmission infrastructure already connects Port MacKenzie to Anchorage, and

WHEREAS, there is significant private sector interest in participating and investing in this effort, and

WHEREAS, Upper Cook Inlet renewable power related development can be initiated with relatively little public investment, and

WHEREAS, Upper Cook Inlet renewable power related developments can be designed and scaled to match market demand,

NOW THEREFORE, the Anchorage Port Commission resolves to support the creation of the Upper Cook Inlet Marine Energy Alliance to improve Port of Alaska cargo handling operations, resiliency, and economic efficiency.

PASSED AND APPROVED by the Anchorage Port Commission, this 20th day of April 2022.

Captain Ron Ward, Commission Chair