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Port of Anchorage Commission Meeting
Date: January 10, 2018
Time: 12:04 – 1:16 pm
Location: Port Commission Chambers

Present	Port Commissioners:	Bradley Kroon, Chair; Robert Pawlowski, Vice Chair; Moire Duggan; Stephanie Kesler; Andrew MacLeod; Aves Thompson
	Staff:	Stephen Ribuffo, Port Director; Stuart Greydanus, Port Operations Director; James Jager, Director of External Affairs; Diane Bickford, Executive Assistant
	Guests:	Bart Buesseler, NOAA Coast Survey; Andrew Wakefield, Southwest Alaska Pilots Assoc.; Tom Rueter, Alaska Maritime, Chris Vernon, North Star Terminal; Tom Trosvig, Matson Navigation
Absent	Port Commissioners:	Simon Lisiecki
	Staff:	Sharen Walsh, Deputy Port Director; Cheryl Beckham, Director of Finance; Todd Cowles, Port Engineer; Paul Rotkis, Port Safety Coordinator

- I. The meeting was called to order at 12:04 pm**
 - A. Roll Call of Port Commissioners; Commissioner Kesler via teleconference.
 - B. Self-introduction by those present.
- II. Safety Minute (Steve Ribuffo)**

Mr. Ribuffo said evacuation procedures from the office have not been addressed in a while. He said everyone should go down the front stairwell, out the doors and across the closest trestle to solid ground.
- III. Approval of Agenda**
 - A. It was moved to approve the Agenda as submitted by Commissioner Thompson; seconded by Commissioner MacLeod.
 - B. The Agenda was approved unanimously as presented.
- IV. Approval of Minutes**
 - A. Commissioner Pawlowski moved to approve the minutes of June 21, 2017 as presented; seconded by Commissioner Duggan. The minutes were approved.
 - B. Commissioner Pawlowski moved to approve the minutes of October 18, 2017 as presented; seconded by Commissioner Duggan. The minutes were approved.
- V. Public Comments**

Mr. Wakefield noted there was a meeting the previous day regarding problems when the Matson ship docked. Mr. Ribuffo said he would be addressing that in his comments.

VI. Port Director's Comments

Mr. Ribuffo noted that Sharen Walsh, Cheryl Beckham and Todd Cowles are not attending and he would make their presentations.

- HDR Meeting: Mr. Ribuffo said Mr. Cowles is attending a meeting with COWI, the project Designer-of-Record, and Kiewit Manson Joint Venture, the constructors for the Petroleum-Cement Terminal (PCT) and the shore side South Backlands Stabilization effort that will be undertaken this summer. Today they are reviewing corrosion control or mitigation options for the Petroleum-Cement Terminal. ~~The original design called for 1" thick 48" diameter pile with the first 15-20 feet filled with steel reinforced concrete. The piling would be sacrificial and long-term stabilization would come from the steel reinforced concrete, which won't corrode. The design standard is for a 75-year life which is why we went to 48" piling.~~

~~He said it's time to review the costs in a more serious effort because we want to break ground and start construction in the summer of 2019. Some cost saving areas are the size of the dock and the corrosion control methodology. There may be an option other than steel reinforced concrete that will give us the 75-year lifespan at a lower cost. The engineers are meeting today to look into all of the options, costs and effectiveness. Hopefully they will make the final decision today on the course of action so we can lock in the final cost, putting us close to the 95-100% design by spring.~~

- ~~South Backlands Stabilization: Mr. Ribuffo said the Port is will start work ing on Step 1 in the spring. There will be a lot of piping coming off the PCT dock, going underground into either ABI's dome or north to tie into the plumbing for the Valve Yard which will require stabilization. We are on schedule to start the landside work this summer.~~
- Required Transitional Dredging: ~~As discussed in the past, we thought the Corps of Engineers approved our original design placing the dock inside their current dredging area in. As we've negotiated permitting, the Corps requested we pull the dock closer to shore because they think the process of dredging the whole new facility once everything's out at the same distance more efficient. However, that pulls the dock face inside where we currently dredge leaving an area that has never been dredged. That dredging will cost an additional \$13 million that we did not expect. This workat will also be done this summer because the dredging must be accomplished before the in-water construction.~~

Commissioner Pawlowski asked if it would be sheet-pile or armor rock at the south Backlands Stabilization area. Mr. Ribuffo said it would be armor rock similar to what was done at the Small Boat Launch, which seems to be the lowest cost solution that meets our requirements.

- Matson Navigation Meeting: ~~Mr. Ribuffo said the Port met with the Matson Navigation staff on Tuesday, Jan. 9, regarding line guards damaging the hulls of their vessels Terminal 2. There are guards affixed to the top of a couple fenders so that lines from the ship don't bind or rub against the fenders. The fender panels in that area are worn from ships rubbing against them and are now so thin that the ship contacts the line guard metal before the panel, which has been causing some damage to the ships. It only happens when the ship berths starboard side to. He said the Port knew there was a problem but not exactly what the problem was. However, photographs we were shown made it very obvious. Our Maintenance staff is working with R&M, our engineering services contractor, to come up with a solution that we think can be done~~

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soon and that will be acceptable to Matson. Hopefully within the next few Port calls we can make that happen. ~~He said he thought Matson was going to dock port side to~~

—Commissioner Kesler asked how long this has been happening. Mr. Trosvig said it's been happening for six months to a year. Mr. Ribuffo said ~~Mr. SWAPA pilots~~ Pete ~~Gure Garay~~ and ~~Mr. Josh Weston of Southwest Alaska Pilots Association~~ attended the meeting and the conventional wisdom is it's a legitimate, physical issue with the facility that needs addressing. Commissioner Kroon asked about the timing of the project. Mr. Ribuffo said he didn't know the day-to-day process but he didn't get a sense that it was going to take very long to develop a solution nor did Sandy Imlach, our Maintenance Supervisor, feel that what they're considering would be hard to do. He said he hoped it could be accomplished within a month. Commissioner Pawlowski asked if this project was within the Port's budget. Mr. Ribuffo said yes, it doesn't appear it will be all that expensive.

Commissioner Thompson asked if there would be other instances of the same situation along the dock. Mr. Ribuffo said no, only Terminal 2 has line guards as a Matson requirement. ~~He said there is a fender panel corrosion situation along the entire face of the dock that we have to address in the long term until we replace these facilities. To that point it may very well be that we don't do further wharf pile repairs but start to focus these yearly costs on fender pile maintenance. However, no decision has been made yet.~~

- Mr. Ribuffo noted that in honor of our new name the Port had notebooks created in a variety of different colors and said everyone was welcome to pick one up on their way out of the meeting.
- Modernization Project: ~~Mr. Ribuffo said he would meet with the Municipal Manager and the Mayor later in the day regarding the Modernization project.~~ He and Mr. Cowles updated Mr. Bill Falsey, the new Municipal Manager, last week on the Phases 1 and 2 status and requested permission to officially stop all activities on Phase 2 until we have the required funding. ~~If the Phase 2 design changes because of limitations in our ability to get funding, anything permitted by the Corps of Engineers now would have to be re-done. Until we have a final design it seems ridiculous to press on with permitting a design that may not happen. We already know the North End Stabilization portion of this project is going to be pushed back because we lack funding to do that and build a new Petroleum-Cement Terminal and the South Backlands Stabilization by almost \$400 million. Any money spent on Phase 2 now would be something taken away from getting Phase 1 done.~~ It will be our recommendation to the Mayor and Municipal Manager that stopping Phase 2 giving us the flexibility to do that. If the funding materializes to do Phase 2, the worst that will happen is we have a one-year set-back. ~~There's no money coming from the federal government and little if anything from the State. We can't count on being allowed to use funds from the settlement with MARAD for anything other than fixing what we're alleging was done wrong. The settlement may come with conditions and if it does then perhaps we can get the North End Stabilization done but couldn't spend it toward Phase 2. We're in a grey area where we have no idea what, if anything, we're going to get to do the Phase 2 part of this project. Mr. Falsey presented that scenario to the Mayor so we will meet this afternoon to make a final decision.~~

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- Terminal Tariff 8.1: Mr. Ribuffo handed out copies of Section 1, the policies, procedures and Port operations section of Tariff 8.1. He said the Port would like to make some changes to this section regarding our name change and also make some updates with respect to that arrangement that aren't currently in the document.

~~Part 9, Item 7, Dunnage: Both Matson and TOTE PUA's were audited this year by the City Auditor, as they are every 10 years. In that process the auditors had issues understanding what tonnage we don't charge the shippers for, all of which falls under the category of Dunnage. TOTE has an arrangement with ALPAR whereby they ship recyclables out of state at no charge. Because we did not capture that in the definitions of what items weren't charged for under the PUA, we were questioned. It was an easy explanation and an acceptable one to the auditors and now we will formally codify that in the Tariff. We've added one line under Dunnage to address recyclables and which will apply to all shippers. The bottom line is if an ocean carrier doesn't charge customers for moving items, we don't charge the shippers for that tonnage.~~

~~Part 5, General Rules and Regulations, Item 2 (d): The big changes are related to berthing application procedures. Now that we see more than four petroleum tankers a year, we have found ourselves in constant debates with the tanker community, particularly when a cement ship is in port. The cement ship can be here anywhere from 16 days to 3 weeks depending on weather. We've been basing our acceptance of reservations at POL-1 on everybody's best guess as to how long the cement ship was going to be berthed but if it stays longer it causes problems. A lot of it is because we haven't explained the process fully to the users so everybody understands the process when they make a berthing reservation. This came to a head during a phone conversation in November and we've taken time to vet this in-house as to what procedure is acceptable to us going forward. Also, there was language pertaining to pre-payment of reservations which some people did and some felt they were potentially losing an opportunity because they couldn't afford to pre-pay or the company was reluctant to do it. So we've taken away the requirement for pre-payment to guarantee a berthing reservation under Part 9, Item 6. We've come up with what we feel is the most fair way of making reservations and that's captured in the new language. We ask that you review Section 1 and ask any questions you might have before we draft a Resolution for the Commission to approve so this update can go to the Assembly for approval. He said he would send an email to everyone explaining the change and that he will do what the Port Director can do by Code and in an interim fashion, put most of this into effect. If he is over-ruled by the Assembly or the Commission, we will adjust accordingly but we need to do something about this issue. Commissioner Kroon said it's changing to a first come, first served basis. Mr. Ribuffo said yes and now it's defined so there will be no doubt exactly what that means. It will be based on when the reservation comes in and was accepted and signed for by the Port staff. Commissioner Kroon asked if there would be any limitations, could someone say "the month of July" but actually plan to be here only three days. Mr. Ribuffo said if people start to abuse the process he has discretion in that situation. This update is trying to give everyone a reasonable amount of time at the dock, with a grace period on both sides of the time they request, as fairly as we can. If the reservation needs to change it can be done so long as it won't adversely affect the next reservation in line. The first come, first served status will be lost when a reservation is changed and it goes back into the queue for the next available time. Mr. Ribuffo said if vessel agents and owners get together and sort things out themselves, we will honor whatever arrangement they make. Commissioner MacLeod asked if the reservation model the Port is going to be consistent with what other ports on the West Coast do. Mr. Ribuffo said it's different~~

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everywhere and it's difficult to find something that would work here because the volumes these ports process and the number of port calls they deal with are huge compared to ours. They have more occasions where there are long-term contracted arrangements, so much so there's sometimes two and three weeks of dwell time with ships anchored out waiting for a spot to dock. We have a problem whenever a cement ship is in Port and rarely, if ever, otherwise. Our goal is to deal with this in the most fair and equitable way. The good news is we have two petroleum docks so when one is blocked by the cement ship, there is another.

Commissioner Kesler said to her it just seems eminently reasonable and she wondered what the objection to this would be; why wouldn't the various operators like this, and asked if he had any idea why. Mr. Ribuffo said he thought that would be part of what this process is going to reveal. However it is the Port of Alaska and it's our problem to deal with as we see fit. We're going to be as fair as we possibly can and hope everybody sees it that way because this is just the start of the things we'll be debating over the course of 2018.

- Modernization Project, Phase 1: Mr. Ribuffo said the Port is short of the needed funding to finish Phase 1 by about \$26 million less whatever savings may come out of the meetings today and any design-related changes made between now and reaching the 100% design level. Tomorrow and Friday he and Mr. Jager will attend presentations set up by the Mayor to talk to companies that will present recommendations regarding financing the project, both in the short term to get Phase 1 finished and the longer term, reaching out into Phase 2. He said he didn't have insight into what the recommendations will be; we've discussed different options for but nobody's actually discussed the processes and associated costs. He said he is optimistic that before we get too far into 2018 we will decide how to get this done, assuming that it's going to require taking on some amount of debt and some amount of giving up of that which we own to make it happen.

First we have to get the \$26 million by start of construction of the Petroleum Cement Terminal in 2019. There have been a couple lending agencies who haven't pushed back on that number. But in order for the Port to take on that additional debt something will have to happen to the rates. So sometime in 2019 we will come to the Commission with recommendations for rate increases that are necessary to cover the cost of this additional debt. Commissioner Kroon asked if the \$26 million is exclusive of not doing the North End. Mr. Ribuffo said yes, it is. If we included the North End the cost would be \$95 million. Please don't think this is because we've added a lot of "gold-plating" to the project. Nothing in the way of the requirements has changed since 2012. Then it was a 15% design with 25% contingency but that's not where we are now. We've had six years to look at what this was going to cost. We funded a test pile program to find out how easy or difficult it was going to be to drive piling and found out it's going to cost more not because of the difficulties driving the piles so much as how many piles can be done in a day. Tides, set-up time and how much noise people will tolerate, all of that is going to affect the number of piles that can be driven in a day, which extends the time, which increases the cost. Also the sea life in the Arm is a big unknown that we have to contend with as well.

We've had some serious conversations with the users on Phase 1 to get them to accept the reality of, if they ask for more than the Port can afford they're going to have to contribute because there's only so much the public sector can afford to pay. Commissioner Kroon asked if there are capital reserves for the construction. Mr. Ribuffo said there are no capital reserves. The Port has a fund balance of about \$12 million we will pay as our contribution to the project. However, that's not going to help with Phase 2 which will cost almost \$600 million when we add up everything the

~~users have told us they want. That alone exceeded the cost of what we thought the whole project was going to cost when we did this for the first time in 2012. But we need to deal near-term with Phase 1 so we can get across the finish line.~~

~~Commissioner Kesler said she wasn't at all surprised at the cost increase. She said she has experience with Public-Private Partnerships and she would be very wary of such a partnership; they are almost invariably skewed toward the private party. In terms of when we ask our customers to foot some of the bill, she was worried what the public perception will be even though everything we're talking about is absolutely valid.~~

~~Mr. Ribuffo said her point was well taken and he thought the Port would get a lot of help with how to approach sharing the news with the community, the users and everybody else. Nobody is interested in turning this into a marketing disaster but there are some realities that we've got to address.~~

~~Commissioner Kesler agreed but said the timing being so close to what went on with ML&P is uncomfortable and paints all of us with a bad brush. Mr. Jager asked if it was the sale of ML&P she was talking about. Commissioner Kesler said it was what led to the sale, the huge increase in rates as a result of building the substation, the impact to particularly commercial users and the pushback from the RCA. Mr. Jager said he thought there was some confusion and suggested the two of them talk offline.~~

~~Commissioner Kesler said she was relating public perception and that she was not the only one with the same view regarding ML&P. Mr. Jager said another piece about the ML&P project that nobody has said here but he has heard in the community is "A billion dollars for ML&P, I guess the Port problem is solved". They are completely unrelated projects and that billion dollars is off-setting debt, not going to be available cash.~~

VII. Informational Items

A. Deputy Director - Sharen Walsh ([Absent](#))

B. Operations – Stuart Greydanus

- TOTE Vessels: ~~Mr. Greydanus said~~ three weeks ago the North Star was put in dry dock for conversion to LNG and is expected to be back in operation about the 20th of February. For the next 8-10 weeks the Midnight Sun will arrive on Sundays. Matson is picking up about 100-150 boxes for TOTE but we'll be at about 25% less capacity for that time. Commissioner Kroon asked if TOTE informed the Port prior to the event. Mr. Ribuffo said they did. Commissioner Kroon asked if the Midnight Sun will be done right after or next year. Mr. Jager said his understanding was they were going to do it next year to time it with the slow time of the year.
- Corps of Engineers: ~~Mr. Greydanus said~~ the Corps has been doing monthly winter surveys with Cook Inlet Tug & Barge which so far have been pretty good. There are a couple high spots TOTE is concerned about but because they currently have only one vessel a week and the tide ranges are in their favor, it looks like we'll be good until February and then will probably have to flush out the north end.
- Coast Guard MOU: The Port is in the process of entering into a Memorandum of Understanding with the Coast Guard about [participation in the](#) Port Readiness Committee. He said the MOU is out but he didn't have a lot of details; he'll have update when that gets closer to passage.
- Security Plan: The Port Facilities Security Plan is being re-written. He is updating the Port's name as well as the names of several companies that have changed

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and updating the list of contact names. It will be presented to the Coast Guard for their review and approval after which the stakeholders will get a copy.

C. Finance Director - Cheryl Beckham [\(Absent\)](#)

D. Modernization Project Update - Todd Cowles [\(Absent\)](#)

E. Director of External Affairs – Jim Jager

- Port Name Change: Mr. Jager said his report is basically that our name has changed to Port of Alaska and we're starting to tell people about it.
- Modernization Project: The staff will probably have a more formal presentation for the Commission at the next meeting to discuss the anticipated funding breakdown and what the approach will be. The Port is working on that with the Mayor's Office and once the plan has been ironed out, we'll present it for your feedback.
- Commissioner Pawlowski asked if Mr. Jager would comment on the tax included in the Governor's capital budget. Mr. Jager said the Governor included a small dollar match for the Port that is tied to having a payroll tax earmarked for statewide projects. We will be discussing strategy with the Mayor's Office about how to approach it with the Legislature but what it really means is that the Port is in the conversation this year.
- Commissioner Kroon asked if there had been a transfer of Railroad land to the Port. Mr. Ribuffo said no. The South Backlands area where ABI's dome is located and the land created as part of the old expansion project is all Railroad property that we lease at no cost. The plan is for the Railroad to sell the leased areas to the Municipality to be managed by the Port. ~~Everybody agrees in principal with the terms and the cost, so now t~~The Railroad has to go to the Legislature for approval to divest itself of land. He said it's early item in their agenda and is not a contentious issue. ~~After that approval we will sign a quit claim deed arrangement with the Railroad and that land will become the Municipality's. The cost to purchase is about \$1.5 million, which will come from the \$1.75 million the Railroad paid the Port for sheet pile they purchased. The result is the Port makes about \$1.25 million from the sale of the sheet pile and the land has cost us nothing. Commissioner Kroon asked if that would that impact the MESA calculation. Mr. Ribuffo said it would not.~~

Commissioner Kroon asked if everyone will have enough time to review the changes to the Tariff language and come to the next meeting with any questions. Mr. Ribuffo said he had hoped that it could be done sooner than two months from now. Commission members will have to review it and decide whether it can be done via email. If the group wants to have a special meeting or if you want to wait until March; we'll honor your decision.

Commissioner Kroon said he just wanted the chance to review it and asked if there were any recommendations from the Commission.

Commissioner Pawlowski said he did not see anything that was of concern.

Commissioner MacLeod suggested the group could do it faster than two months.

Commissioner Duggan said using email has been done in the past and was okay.

Commissioner Kesler said that votes via emails for commissions are illegal in the State of Alaska unless it's explicitly allowed in the Commission By Laws. She

suggested a teleconference to discuss the changes and vote on or having an in-person special meeting, which was her preference.

Commissioner Kroon said that could be done or the next scheduled meeting could be moved forward. Mr. Ribuffo said neither Commissioner Kesler or Commissioner Liescki had seen the paperwork so he would send copies to them. Commissioner Kesler said if everyone had copies of the information we could have a conference call in two weeks. Mr. Ribuffo said the Port will move this at the pace the group is most comfortable with.

Commissioner Kroon suggested giving everyone time to review the paperwork and the group will decide whether wait until the next meeting or have a teleconference.

Mr. Ribuffo said he will question the group about how they want to proceed in approximately a week.

VIII. Old Business

There was none.

IX. New Business

There was none.

X. Commissioners Around the Horn

Commissioner Duggan requested a brief update on the Small Boat Launch. She said at the last meeting it had just been finished and she wondered if the Port had received any feedback. Mr. Ribuffo said there were some camera problems that were rectified and he thought APD has found the cameras to come in handy on at least one matter. He said he was most concerned about inspecting the launch in the spring to see how well the armor rock held up through the winter ice and noted the Port had used a drone to take photos right after completion for comparison.

Commissioner Kroon asked if there was a request in for a grant for the north end. Mr. Ribuffo said there was one for lighting at the north end through a different source of funding ([FEMA's Port Security Grant Program](#)). ~~The money for the Small Boat Launch came from the State Harbor Maintenance Grant Fund, which he wasn't sure was still in existence. There was one person on the DOT staff working with ports but he was moved to another position and they're not going to replace him. He said that illustrated to him the interest DOT has in ports and harbors in general. For a state that is for all intents and purposes an island and that relies heavily on maritime commerce, there isn't anyone on the DOT staff with any expertise on the marine side of things. He said he was disappointed they didn't replace the person and that he thought some of the money that would have gone to the Harbor Maintenance Grant fund is now going to the State's FY19 budget.~~

Commissioner Kroon told the group that if they looked to the south end of the POL 2 dock on their way out of the Port they would see one of Harley Marine's new tug and barge units.

Commissioner Pawlowski said he wanted to thank Ms. Walsh for the tour of the Boat Launch following the last meeting; he said it was very valuable and quite an impressive job they did. Mr. Ribuffo agreed and said the north finger is currently empty but is where the Eklutna display is going to go during the coming summer. Commissioner Pawlowski noted that the road was a little rough on the way out there. Mr. Jager said that is Railroad land; he and the staff have talked about getting the road improved but



there is an issues with the Municipality paying for improvements to somebody else's property.

Commissioner Thompson handed out an article he received which discussed a coalition of ports urging the President and others to remember that ports need to be included in the infrastructure debate and he said that it was time to remind our Alaskan delegation members that ports need to be in the discussion. Mr. Ribuffo agreed. Commissioner Pawlowski said that Congressman Don Young tried to do SEA 21 at the time they were doing TEA 21 and several of the large ports were onboard. However, the internal river ports said it was necessary to double the size of the locks on the Mississippi and Ohio drainages, which increased the price and brought the whole thing to a halt. Mr. Ribuffo said most of the large ports didn't want government involvement in their business so they've refused the relationship for a very long time. Not until the Panama Canal was widened and ships needing a deeper draft started materializing did everybody start to see the revenue numbers associated with being able to handle those bigger vessels. Now there's for the federal government to weigh in, particularly on the dredging portion. The Department of Transportation looks at that with mixed interest because ports have never contributed to a formulary for money to be redistributed like airports and roads do; taxes on the use of that infrastructure collected and parsed back out for projects associated with that. Ports don't do that so ports get no money from the feds. There is a Harbor Maintenance Tax but that money has always been used by Congress to offset the deficit, not turned into funding that to be used by ports to solve some of their infrastructure problems. However, in the last couple years they're starting to spend some of that Harbor Maintenance Tax money. He said he didn't know if Anchorage would be eligible for a piece of that or not. He said he's heard Commissioner Tompson say "If you see a container on the road, thank a trucker." We can take that one step back and say, "If you're seeing containers, they all came through a port." There's a need to look at the system better than we ever have.

Mr. Fosvig-Reuter said, as a point of clarification on the Harbor & Maintenance Tax, Anchorage is entitled since you pay into it. He said basically where the Corps of Engineers has dredging projects, those harbors are paying the Harbor Maintenance Tax. Mr. Ribuffo said he was happily corrected and thanked him for the information.

Commissioner Pawlowski said he had one other comment for the carriers and the users of the Port. Share this message with our lawmakers because it's always nice to have the users reinforce the message that this is critical infrastructure.

Mr. Rueter said he would like to review the language and provide input on the Tariff update. Mr. Ribuffo said when it passes muster with the Commission and the Assembly, we'll certainly share it with the community. He said it will to get a public hearing at the Assembly, just like the changes that relate to the rates.

After a discussion the date of the next meeting was set for March 7.

- XI. **Next Meeting:** March 7, 2018
- XII. **Meeting Adjourned at 1:16 pm**