



The Port of Anchorage is Alaska's principal in-bound cargo terminal. It handles almost four million tons of fuel and cargo every year. Half of all of Alaska's in-bound, waterborne freight crosses Anchorage's docks on its way to 85 percent of all State residents. The Port is an intermodal transport hub that efficiently links marine, road, rail, pipeline and air cargo systems to connect communities, military bases and other destinations across the state. It serves deep-draft vessels that operate year round to transport cargo faster, cheaper and more reliably than any other means. It is Alaska's only National Strategic Seaport, one of 23 nation-wide. It is a critical piece of national defense infrastructure that helps keep the United States strong . . . and Alaska produce fresh.

Port Modernization Project

Port of Anchorage opened shortly after statehood in 1961 and was the only deep-water port in Southcentral Alaska that survived the 1964 Good Friday Earthquake and resulting tsunamis. It has reliably sustained Alaska's economy through boom and bust, but now it is suffering a slow-motion disaster from corrosion and age and its docks are unlikely to withstand another significant earthquake. The docks are supported by 1,423 hollow steel piles that originally averaged 7/16-inch thick. Studies show these piles have lost more than half – and some areas three-quarters – of their original thickness. Anchorage budgets \$3 million annually to install pile jackets to help maintain operational capacity, but these repairs do little to enhance operational efficiency or earthquake survivability. Workers jacketed 559 piles by the end of 2016. These jackets last 10-20 years and cannot be replaced. Consequently the existing docks will have to reduce load capacity and then close starting in about 10 years, regardless of seismic activity.



Recently jacketed pile.

Port Modernization Program will reconstruct facilities to:

- **Enable safe, reliable and cost-effective Port operation**
- **Update facilities to improve operational efficiency and sustainably accommodate modern shipping and cargo-handling operations (e.g., support larger, deeper draft vessels, etc.)**
- **Improve resiliency to enable facilities to survive extreme seismic events and Upper Cook Inlet's harsh, marine environment with minimal operation disruption for at least 75 years**
- **Optimize project to maintain reliable, timely and cost effective port operations during seven-year reconstruction that will employ some 300 Alaska workers during peak construction phases**

There is no viable alternative to modernizing the Port because it cannot be economically replaced elsewhere:

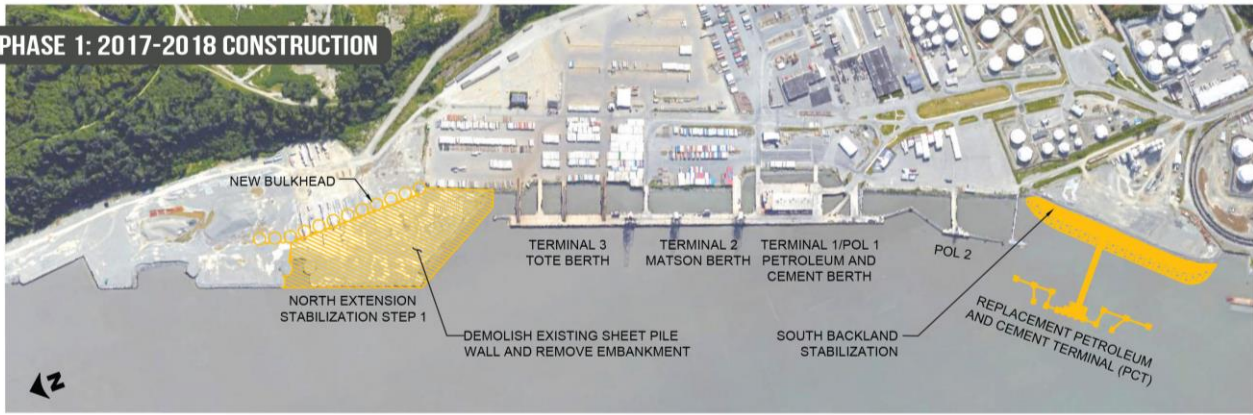
- Port facilities leverage hundreds of millions of dollars of port-related infrastructure, including freight and fuel handling, storage and transport facilities and pipelines that supply virtually all jet fuel used at Ted Stevens Anchorage International Airport and Joint Base Elmendorf-Richardson (JBER)
- Proximity of Alaska population centers, transportation infrastructure and JBER
- Upper Cook Inlet geography virtually eliminates tsunami hazards
- All other Southcentral Alaska deep-water ports and alternative transport modes combined do not have the inbound-cargo-handling capacity to cost-effectively replace the Port of Anchorage.

Port project funding

Port modernization is projected to cost \$556 million. The Municipality of Anchorage has asked State officials to support a \$298 million statewide general obligation bond referendum or other funding mechanism to help replace main cargo terminals. All remaining project funds are either in hand or will come from other sources, including Port revenues. The overwhelming majority of Port revenue derives from inbound shipping. Consequently most potential alternatives to State funding would ultimately be paid for by State residents, either in the form of taxes or cargo tariffs that would likely average about \$1,000 per Southcentral/Railbelt household – a few cents at a time added to the cost of every gallon of milk, tank of gasoline, and every other commodity shipped through the Port.

Port Modernization Program – proposed construction schedule

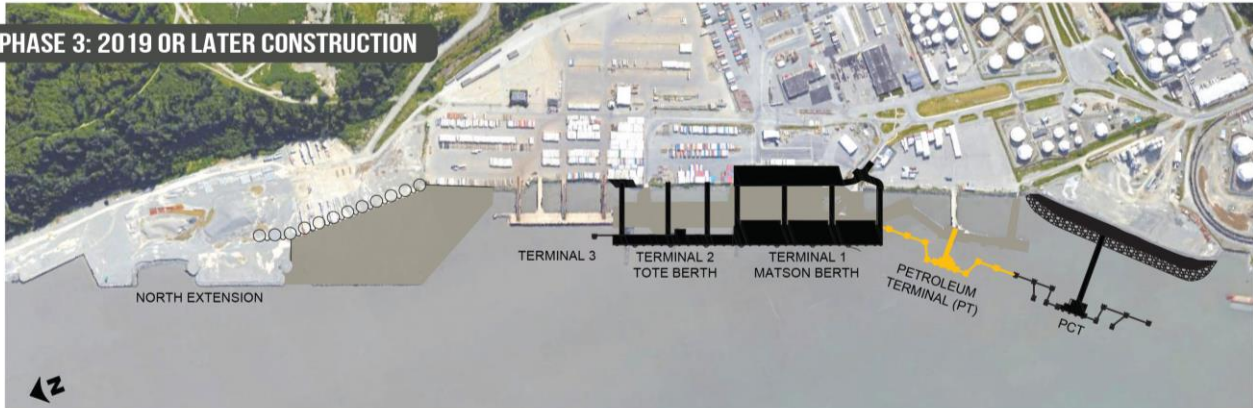
PHASE 1: 2017-2018 CONSTRUCTION



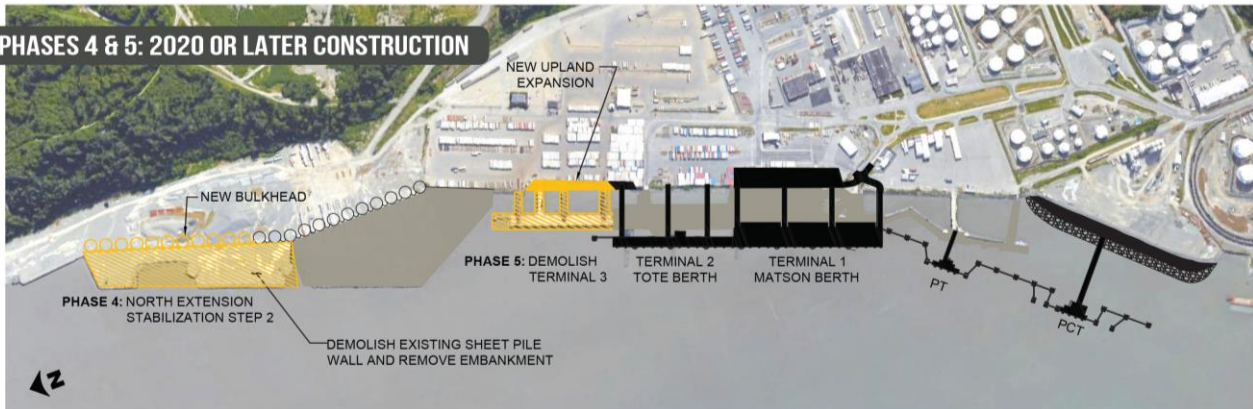
PHASE 2: 2018-2022 CONSTRUCTION



PHASE 3: 2019 OR LATER CONSTRUCTION



PHASES 4 & 5: 2020 OR LATER CONSTRUCTION



Port Modernization Program construction is slated to begin in 2017. Construction will be phased to minimize impacts on Port cargo-handling operations. The project is expected to last seven years and will employ some 300 Alaska workers during peak construction phases. Phase 1 work is fully funded. All remaining project phases are unfunded.