



# Municipality of Anchorage

Office of the Mayor

Ethan Berkowitz, Mayor

August 2, 2016

Honorable Kevin Meyer  
Senate President  
Alaska State Legislature  
716 W. 4<sup>th</sup> Avenue, Suite 500  
Anchorage, AK 99501-2133

Honorable Mike Chenault  
Speaker of the House  
Alaska State Legislature  
716 W. 4<sup>th</sup> Avenue, Suite 600  
Anchorage, AK 99501-2133

To Senate President Meyer and House Speaker Chenault:

This letter constitutes the progress report for the fourth quarter of SFY 2016 from the Municipality of Anchorage regarding the Anchorage Port Modernization Project (APMP.) Submitted pursuant to Section 1, Chapter 5 FSSLA 2011 (pg. 20, line 16-18), the Municipality of Anchorage reports no cost overruns or significant project scope changes.

Additional information is available on [www.portofalaska.com](http://www.portofalaska.com), or by request.

Please do not hesitate to contact me if you require any further assistance.

Sincerely,

Ethan Berkowitz  
Mayor

cc: The Honorable Bill Walker, Governor  
Alaska State Senate  
Alaska State House of Representatives



**Anchorage Port Modernization Project  
SFY 2016 Fourth Quarter Report  
June 30, 2016**

## **INTRODUCTION**

The Port of Anchorage (POA) provides critical infrastructure to support shipment of goods and fuel to a majority of the citizens of the State of Alaska. This includes fuel supplied to Joint Base Elmendorf-Richardson and Ted Stevens Anchorage International Airport.

The existing terminals have exceeded their design and economic life due to severe corrosion on piling and changing cargo transport practices. The Anchorage Port Modernization Project (APMP) will provide four new terminals for shipping companies calling on Alaska via the state's busiest import and intermodal freight distribution hub: Anchorage.

## **PROJECT STATUS**

The project management office (PMO) continues to monitor and coordinate project activities. A test pile program was performed by Kiewit Infrastructure West Co. from May to June, 2016. This program tested different methods of driving pile into Cook Inlet as well as methods to mitigate vibration and noise. Work is underway on requests for proposals for Phase 1 design services. In addition, the Phase 1 Section 408 permission request was submitted to the U.S. Army Corps of Engineers.

Port of Anchorage cargo terminals must operate at full capacity throughout the modernization project. Consequently, the project must be properly phased and Terminal 1 and 2 replacement and demolition work cannot begin until it has been fully funded to ensure that work can proceed to completion.

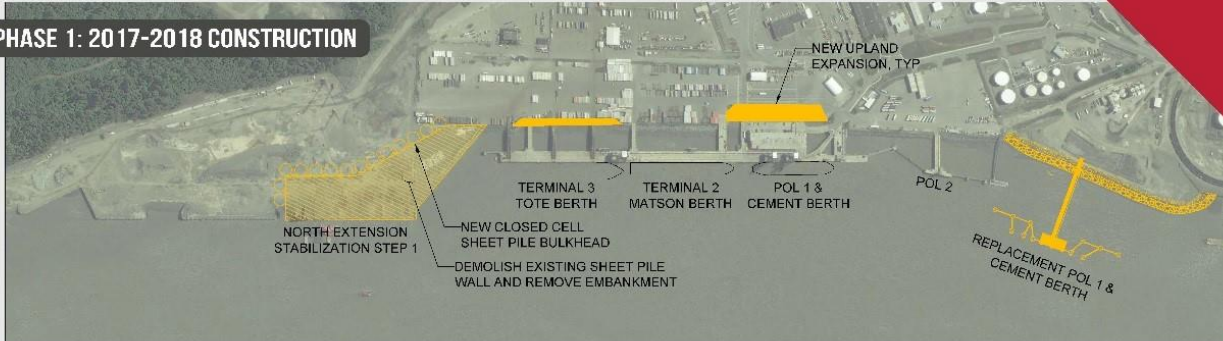
See the attached phasing graphic and budget report.

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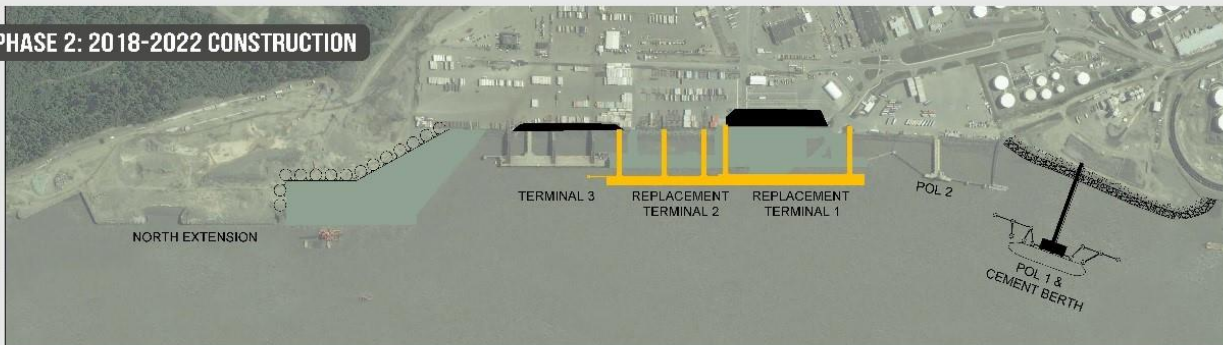
# ANCHORAGE PORT MODERNIZATION PROJECT



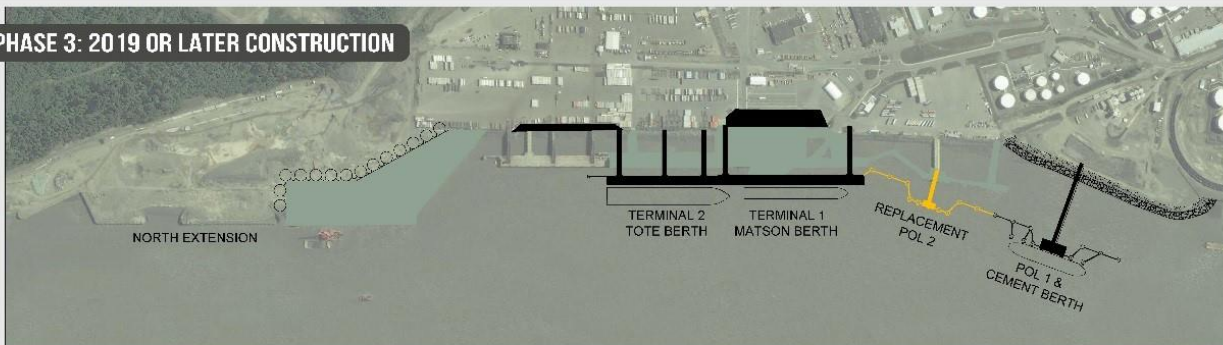
## PHASE 1: 2017-2018 CONSTRUCTION



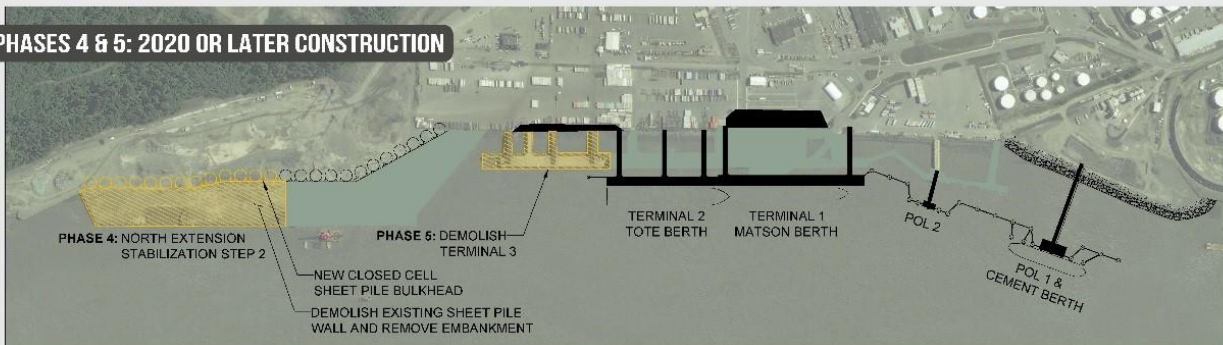
## PHASE 2: 2018-2022 CONSTRUCTION



## PHASE 3: 2019 OR LATER CONSTRUCTION



## PHASES 4 & 5: 2020 OR LATER CONSTRUCTION



**Anchorage Port Modernization Project (APMP)  
Phase 1 Budget Report  
As of 6/30/16**



Phase 1	Budget	Current Committed	Uncommitted (Budget - Current)	Estimate at Complete	Actual	Work In Progress	Total Expended	% Spent
Project Management Consultant	\$30,000,000	\$18,676,881	\$11,323,119	\$30,000,000	\$9,523,286	\$847,099	\$10,370,385	34.6%
Misc Project Support	\$1,148,325	\$1,030,955	\$117,370	\$1,148,325	\$814,411	\$125,851	\$940,262	81.9%
Test Pile Project	\$6,796,015	\$5,666,066	\$1,129,949	\$5,764,267	\$3,388,680	\$2,157,720	\$5,546,400	81.6%
North Extension Stabilization - Step 1	\$48,851,675	\$0	\$48,851,675	\$49,883,423	\$0	\$0	\$0	0%
Petroleum/Cement Terminal	\$40,000,000	\$0	\$40,000,000	\$40,000,000	\$0	\$0	\$0	0%
<b>TOTAL</b>	<b>\$126,796,015</b>	<b>\$25,373,902</b>	<b>\$101,422,113</b>	<b>\$126,796,015</b>	<b>\$13,726,377</b>	<b>\$3,130,670</b>	<b>\$16,857,047</b>	<b>13.3%</b>

Funding	Current Committed	Expiration	Extension Request Required by
2012 State Capital Grant	\$6,697,021	17-Jun-30	Jan-17
2013 SB160 State Grant	-	17-Jun-30	Jan-17
2013 State GO Bond	\$18,676,881	17-Jun-30	Jan-17
<b>TOTAL FUNDING</b>	<b>\$25,373,902</b>		



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## **CONCLUSION**

The path forward is clear. The Municipality and POA are committed to orderly, efficient and timely port development with local control and accountability. The next phases of the project are to finalize the design and acquire permits; but the most important component is to secure funding to replace Terminals 1 and 2.

Stakeholders representing Port users and vessel operators, technical and subject matter experts, POA and Municipality leadership all support the selected concept design.

The Port of Anchorage is Alaska's largest port. It handles three-quarters of all Southcentral Alaska/Railbelt-bound, waterborne, non-fuel, freight and 95 percent of all refined petroleum products. It directly serves 85 percent of the state's population living and working in more than 250 cities, villages and communities. The Port is critical infrastructure for individuals, families and businesses across the state and is necessary to ensure Alaska's continued economic viability. The Port also serves the nation as one of 23 Department of Defense designated strategic seaports used to deploy U.S. warfighters' equipment and supplies internationally. However, the Port is more than half a century old and much of its critical infrastructure has exceeded its economic and design life. The Port needs modernization to safely and efficiently meet current and projected statewide shipping needs and to restore its resiliency to survive Alaska's harsh climate and seismic environment.

There is no other cargo importing facility in Alaska that can import and distribute cargo and fuel as quickly and efficiently as the Port of Anchorage. The facility is a centrally located, intermodal shipping hub that leverages port-related infrastructure including:

- Gantry cranes and roll-on/roll-off ramps that efficiently load and off-load containerized cargo,
- Specialized pneumatic pumps connected to a system of augured pipelines and bulk cement storage silos,
- Aromatic, distillate and low-sulfur diesel lines and facilities for fuel and lubricants – including more than 3 million barrels of fuel storage capacity,

- Cargo storage and handling facilities,
- Marine, rail, road, pipeline and air transport connection facilities.

Alaska should invest in securing and modernizing the Port of Anchorage to ensure continuous, economic and resilient cargo service that directly benefits most Alaska residents and businesses. The Municipality of Anchorage can, with continued State support, complete design and construction of a modern, efficient port facility that will:

- Renovate aging facilities to enable safe, reliable and cost-effective operation,
- Improve resiliency to enable facilities to survive seismic events and Cook Inlet's harsh marine environment with minimal operation disruption and a 75-year lifecycle,
- Update aging facilities to improve operational efficiency and sustainably accommodate modern shipping operations,
- Optimize facilities to accommodate changing statewide economic and market needs,
- Optimize project scope, schedule and budget to deliver a practical, timely and cost effective Port modernization project.