



Municipality of Anchorage

Office of the Mayor

Ethan Berkowitz, Mayor

May 5, 2017

Honorable Pete Kelly
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801

Honorable Bryce Edgmon
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801

To Senate President Kelly and House Speaker Edgmon:

Submitted pursuant to Section 1, Chapter 5 FSSLA 2011 (pg. 20, line 16-18), please find attached the progress report for the third quarter of SFY 2017 from the Municipality of Anchorage regarding the Anchorage Port Modernization Program (APMP).

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,

Ethan Berkowitz
Mayor

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



**Anchorage Port Modernization Program
SFY 2017 Third Quarter Report
March 31, 2017**

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 Program (APMP) will provide four new terminals for shipping companies calling on Alaska via the state's busiest import and intermodal freight distribution hub: Anchorage.

PROGRAM STATUS

The procurement process to select a qualified design/build team to design and construct the North Extension Stabilization Step 1 and the South Backlands Stabilization concluded. A recommendation to award to Kiewit Manson JV is scheduled for consideration at the April 11, 2017, MOA Assembly meeting.

On January 11, 2017, the Municipality issued a request for proposals from qualified design teams for the design of the Petroleum/Cement Terminal (PCT). Through coordination with the U.S. Army Corps of Engineers Alaska District (USACE-AK), the planned location of the PCT has been moved closer to shore to avoid the potential for additional annual maintenance dredging. However, "transitional dredging" will have to be performed to provide the required berth depth at the new location. USACE-AK has requested approval from the Assistant Secretary of the Army for Civil Works to enter into a cost share agreement with the MOA to provide transitional dredging. The estimated MOA contribution of \$8,000,000 has been added to the APMP Phase 1 budget.

Port of Anchorage cargo terminals must operate at full capacity throughout the modernization program. Consequently, the program 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 reports.

ANCHORAGE PORT MODERNIZATION PROGRAM



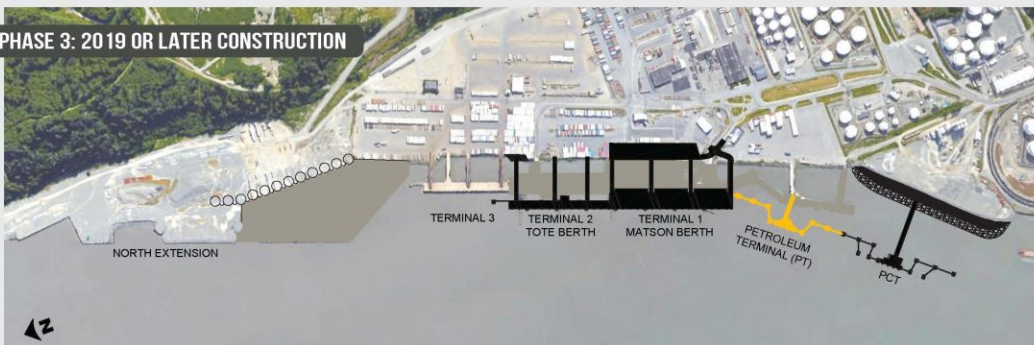
PHASE 1: 2017-2018 CONSTRUCTION



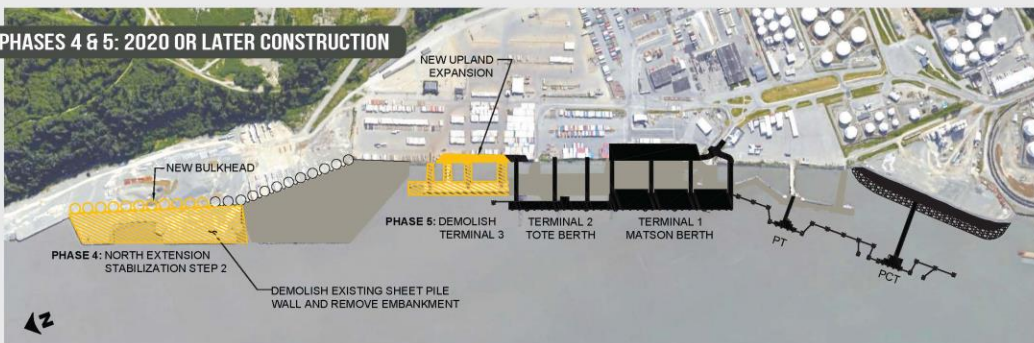
PHASE 2: 2018-2022 CONSTRUCTION



PHASE 3: 2019 OR LATER CONSTRUCTION



PHASES 4 & 5: 2020 OR LATER CONSTRUCTION





**Anchorage Port Modernization Program (APMP)
Phase 1 Budget Report
As of 03/31/2017**

Phase 1	Budget	Committed	Incurred	% Spent	Start	Finish
Program Management	\$ 26,634,710	\$ 22,712,239	\$ 16,155,774	60.7%	Mar-14	Mar-19
Misc Project Support	\$ 1,196,437	\$ 1,196,437	\$ 972,591	81.3%	Mar-14	Mar-19
Test Pile Project	\$ 5,813,224	\$ 5,813,224	\$ 5,813,224	100.0%	Jun-15	Sep-16
South Backlands Stabilization	\$ 10,844,039	\$ 133,602	\$ -	0.0%	Apr-17	Dec-17
North Extension Stabilization Step 1	\$ 23,244,432	\$ 592,498	\$ 382,026	1.6%	Feb-15	Dec-18
Petroleum/Cement Terminal	\$ 67,267,158	\$ 759,350	\$ -	0.0%	May-17	Dec-18
TOTAL	\$ 135,000,000	\$ 31,207,349	\$ 23,323,615	17.3%		

Funding	Budget	Committed	Incurred	Expiration
2012 State Capital Grant	\$ 29,266,015	\$ 7,009,661	\$ 6,785,815	06/30/18
2013 SB160 State Grant	\$ 47,530,000	\$ -	\$ -	06/30/18
2013 State GO Bond	\$ 50,000,000	\$ 24,197,689	\$ 16,537,800	06/30/18
TOTAL FUNDING	\$ 126,796,015	\$ 31,207,349	\$ 23,323,615	



**Anchorage Port Modernization Program (APMP)
Phase 2 Budget Report
As of 03/31/2017**

Phase 2	Budget	Committed	Incurred	% Spent	Start	Finish
Program Management	\$ 15,380,169	\$ 1,790,169	\$ 49,024	0.3%	Dec-16	Dec-23
Design	\$ 20,283,541	\$ -	\$ -	0.0%	Mar-17	Mar-18
Construction	\$ 377,536,290	\$ -	\$ -	0.0%	Sep-18	Jan-23
TOTAL	\$ 413,200,000	\$ 1,790,169	\$ 49,024	0.0%		

Funding		Committed	Incurred	Expiration
Port of Anchorage Equity	\$ 2,000,000	\$ 1,790,169	\$ 49,024	NA
TOTAL FUNDING	\$ 2,000,000	\$ 1,790,169	\$ 49,024	



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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 program 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 program scope, schedule and budget to deliver a practical, timely and cost effective Port modernization program.