



Municipality of Anchorage

Office of the Mayor

Ethan Berkowitz, Mayor

May 25, 2018

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 2018 from the Municipality of Anchorage regarding the Port of Alaska Modernization Program (PAMP).

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

Enc.

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



**Port of Alaska Modernization Program
SFY 2018 Third Quarter Report
March 31, 2018**

INTRODUCTION

The Port of Alaska (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 Port of Alaska Modernization Program (PAMP) 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

South Backlands Stabilization (SBS) Project

Kiewit Manson Joint Venture (KMJV) achieved 95% design completion for the SBS project and work is underway on the Issued for Construction design package. This work will be constructed in 2019 in conjunction with the Petroleum and Cement Terminal transitional dredging.

North Extension Stabilization Step 1 (NES1) Project

Design work has been suspended on the NES1 pending recommendations from a ship simulation and pilot evaluation of deferring NES1 until Phase 4 of the program. Recommendations are expected by July 2018.

Petroleum and Cement Terminal (PCT) Project

COWI achieved 95% design for ground improvements at the landside location of the future trestle. Ground improvements are planned to be performed during the 2018 construction season.

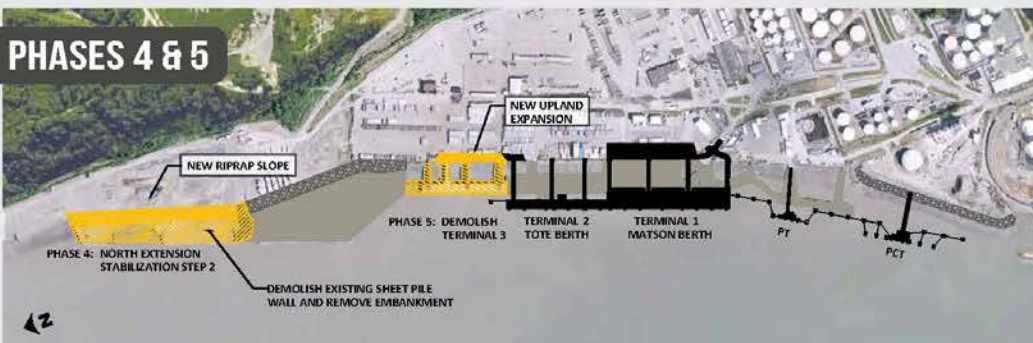
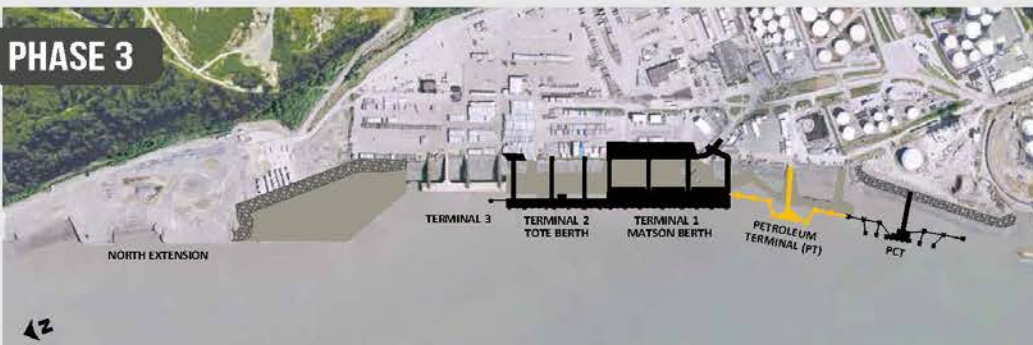
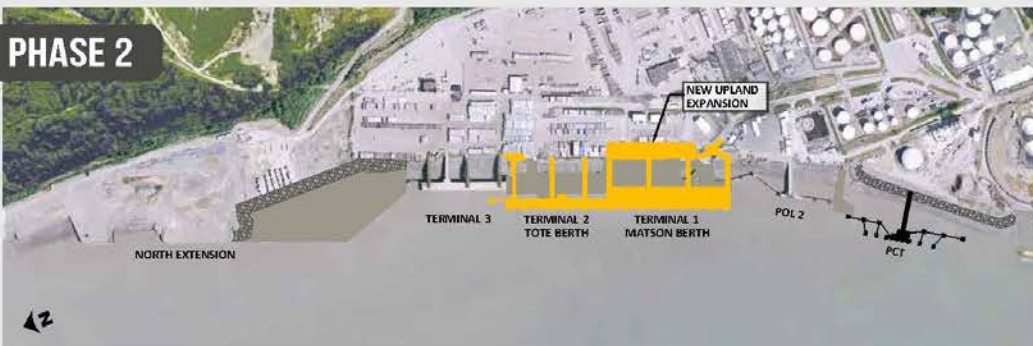
A fair and reasonable price for 2018 transitional dredging was not successfully negotiated with KMJV; therefore, this work is now planned to be procured through Invitation to Bid for execution in 2019.

COWI achieved 35% design for the balance of the project. Construction of the PCT is scheduled to be performed in 2020.

PROGRAM PHASING & FUNDING

See the attached phasing graphic and funding report. The funding report shows the allocation of funding to each program activity / project and is not an estimate of the total activity, project, or program cost.

PORT OF ALASKA MODERNIZATION PROGRAM





**Port of Alaska Modernization Program
Funding Report
Period Ending 3/30/2018**



	Funding	Committed	Incurred
Program Management, Preliminary Design & Permitting	\$ 29,982,761	\$ 25,738,603	\$ 20,624,961
Misc Program Support	\$ 1,463,348	\$ 1,261,085	\$ 1,195,791
Test Pile Project	\$ 5,813,224	\$ 5,813,224	\$ 5,813,224
South Backlands Stabilization	\$ 10,786,637	\$ 1,034,714	\$ 636,048
North Extension Stabilization Step 1	\$ 3,079,660	\$ 2,779,660	\$ 2,558,981
Petroleum/Cement Terminal	\$ 73,182,211	\$ 8,018,361	\$ 3,315,166
TOTAL	\$ 124,307,841	\$ 44,645,648	\$ 34,144,171

State Funding	Funding	Committed	Incurred
2012 State Capital Grant	\$ 29,266,015	\$ 16,199,139	\$ 12,290,141
2013 SB160 State Grant	\$ 47,530,000	\$ -	\$ -
2013 State GO Bond	\$ 50,000,000	\$ 28,328,850	\$ 21,734,108
TOTAL STATE FUNDING	\$ 126,796,015	\$ 44,527,989	\$ 34,024,249

Other Funding	Funding	Committed	Incurred
POA Equity	\$ 2,000,000	\$ 119,922	\$ 119,922
TOTAL OTHER FUNDING	\$ 2,000,000	\$ 119,922	\$ 119,922

TOTAL PROGRAM FUNDING	\$ 128,796,015	\$ 44,647,910	\$ 34,144,171
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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 for construction.

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 Alaska 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 Alaska. 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 Alaska 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.