



Municipality of Anchorage

Office of the Mayor

Ethan Berkowitz, Mayor

February 13, 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:

This letter constitutes the progress report for the second quarter of SFY 2017 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, or by request.

I look forward to discussing this project with you during session. 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 Second Quarter Report
December 31, 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 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

On November 21, 2016, the Municipality issued a request for proposals from qualified design/build teams to design and construct the North Extension Stabilization Step 1 and the South Backlands Stabilization. Work is underway on developing the request for proposals from qualified design teams for the design of the Petroleum/Cement Terminal. Permitting activities for APMP Phase 2 (Terminal 1 and 2 replacement) have begun.

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



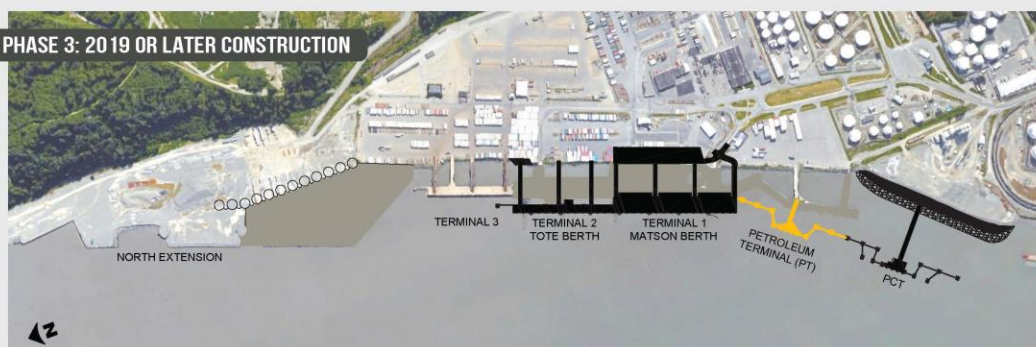
PHASE 1: 2017-2018 CONSTRUCTION



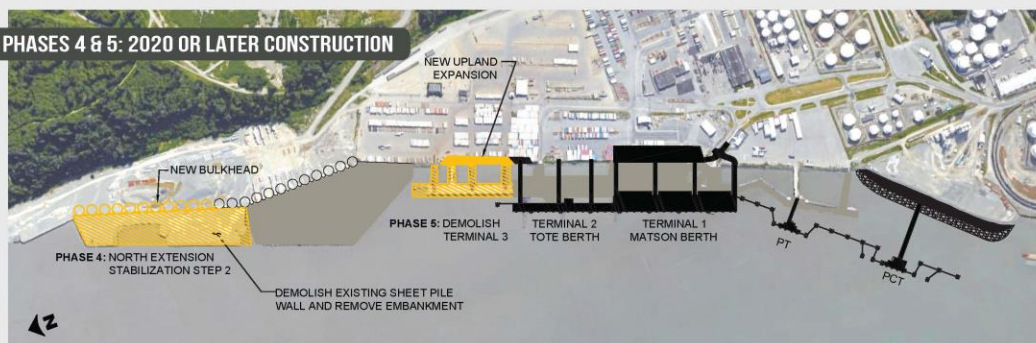
PHASE 2: 2018-2022 CONSTRUCTION



PHASE 3: 2019 OR LATER CONSTRUCTION



PHASES 4 & 5: 2020 OR LATER CONSTRUCTION





Anchorage Port Modernization Program (APMP) Phase 1 Budget Report As of 12/31/2016

Phase 1	Budget	Current Committed	Uncommitted (Budget - Current)	Actual	% Spent	Start	Finish
Program Management Consultant	\$ 25,004,900	\$ 18,216,051	\$ 6,788,849	\$ 14,800,157	59.2%	Mar-14	Mar-19
Misc Project Support	\$ 1,148,325	\$ 980,036	\$ 168,289	\$ 970,040	84.5%	Mar-14	Aug-19
Test Pile Project	\$ 6,796,015	\$ 5,813,224	\$ 982,791	\$ 5,813,224	85.5%	Jun-15	Sep-16
North Extension Stabilization - Step 1	\$ 30,079,556	\$ 726,100	\$ 29,353,456	\$ 286,558	1.0%	Jun-16	Aug-19
Petroleum/Cement Terminal	\$ 63,767,219	\$ 759,350	\$ 63,007,869	\$ -	0.0%	Dec-16	Dec-18
TOTAL	\$ 126,796,015	\$ 26,494,762	\$ 100,301,253	\$ 21,869,979	17.2%		

Funding	Current Committed	Incurred Cost	Expiration
2012 State Capital Grant	\$ 29,266,015	\$ 6,783,264	30-Jun-17
2013 SB160 State Grant	\$ 47,530,000	\$ -	30-Jun-17
2013 State GO Bond	\$ 48,216,331	\$ 15,086,715	30-Jun-17
TOTAL FUNDING	\$ 125,012,346	\$ 21,869,979	-



**Anchorage Port Modernization Program (APMP)
Phase 2 Budget Report
As of 12/31/2016**

Phase 2	Budget	Current Committed	Uncommitted (Budget - Current)	Actual	% Spent	Start	Finish
Program Management Consultant	\$ 12,743,669	\$ 1,783,669	\$ 10,960,000	\$ 6,949	0.1%	Dec-16	Feb-24
Design	\$ 21,920,313	\$ -	\$ 21,920,313	\$ -	0.0%	Mar-17	Mar-18
Construction	\$ 378,536,018	\$ -	\$ 378,219,687	\$ -	0.0%	Sep-18	Jan-23
TOTAL	\$ 413,200,000	\$ 1,783,669	\$ 411,416,318	\$ -	0.0%		

Funding	Current Committed	Incurred Cost	Expiration
2013 State GO Bond	\$ 1,783,669	\$ 6,949	30-Jun-17
TOTAL FUNDING	\$ 1,783,669	\$ 6,949	-



**Anchorage Port Modernization Program
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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.

