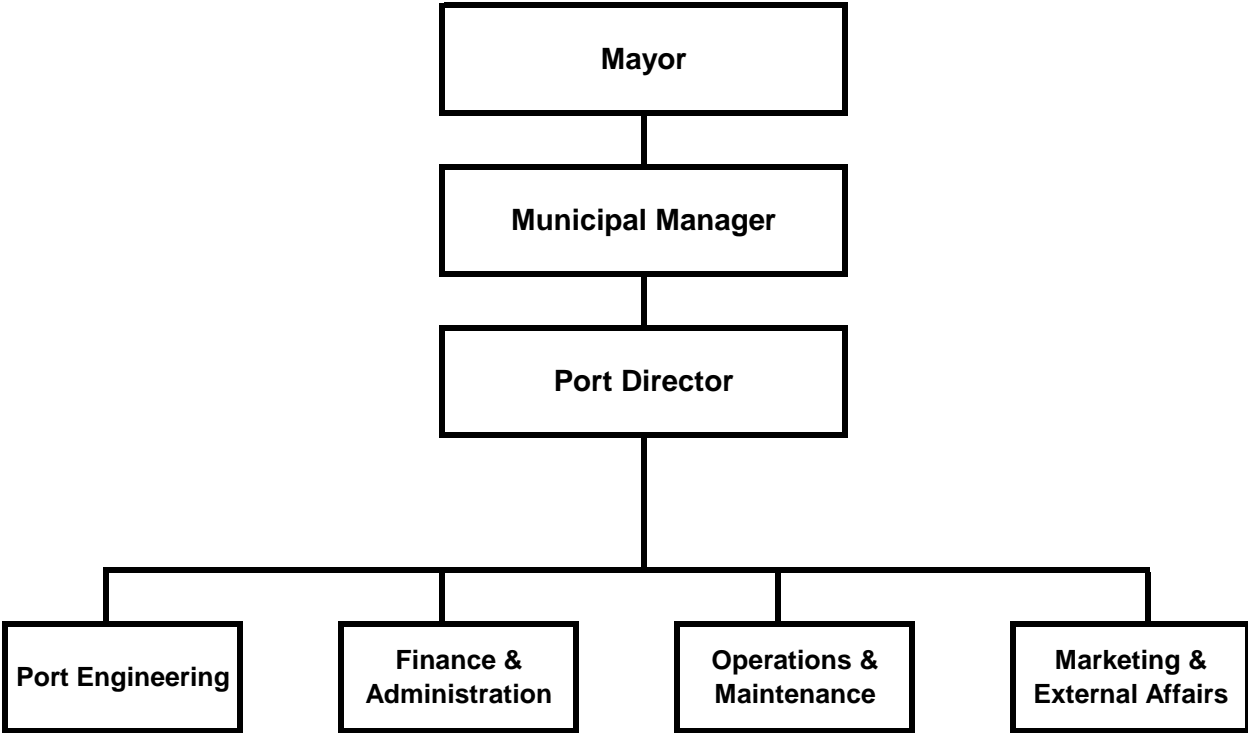


# Port of Alaska



## **Port of Alaska Organizational Overview**

The Port of Alaska is an enterprise function of the Municipality.

The Port Director oversees all Port operations, which include: maintenance, safety functions, management of vessel scheduling, movements and dockside activities, general upkeep and operation of the facilities, infrastructure, equipment, and security. This also includes the upkeep and day-to-day management of all municipally-owned infrastructure, roads, and docks. The Maintenance Section is also responsible for the dredging and upkeep of the Ship Creek Boat Launch and Dry Barge Berth. Further, the Port's Operations Manager also serves in the role of Facility Security Officer, wherein he oversees the contract for Port security forces. Additionally, the Port's Safety Coordinator is in this section. The Deputy Port Director not only acts for the Director in his absence, but is now responsible for overseeing the Port's Capital Improvement Program (CIP), to include managing the Port's engineering services contract, and execution of all FEMA port security grant program funds. While managing these programs, the Deputy Port Director will coordinate, as necessary, with the Port Engineer. The Port Engineer has overall responsibility to serve as the contract technical representative for all matters related to the ongoing Port modernization project.

Under the Finance & Administration Section, responsibilities include performing the day-to-day business functions that support to the Port Director and other Port staff. Functions carried out by the staff of this section include: telephone switchboard/receptionist duties, accounts payable and receivable, financial management, and analysis of reports and budgets. Reporting updates are provided to Port staff, Port Commission, the Administration, Assembly, State Legislature, and financial agencies. The finance section is also responsible for real estate management, grant management, financial forecasting and modeling, yearly operating and CIP budgeting and ensuring compliance, as well as other situational fiscal analysis as required.

The External Affairs section is responsible for: all media advertising, coordinating public outreach and media/press relations, legislative relations coordination, any major events involving public participation, and business development. Additional duties include management of website and social media presence, coordinating all public speaking engagements, coordinating all port tours for businesses, the public and Alaska federal, state and local legislative representatives; interfacing with the public and all media for information inquires and public comments, and writing press releases. This position's incumbent's time and payroll are shared with Municipal Light and Power.

## **Port of Alaska Business Plan**

### **Mission**

The Port of Alaska is committed to provide a modern, safe, and efficient facility to support the movement of goods throughout the State of Alaska.

### **Services**

The Port of Alaska is a landlord port committed to providing safe, efficient, and dependable facilities and support services to our private and public sector customers. The staff of the Port is responsible for maintaining all of the land, docks, and municipal buildings that encompass the Port of Alaska.

### **Business Goals**

- Provide Port operating expertise and management to the Port of Alaska Modernization Program (PAMP) with the Port Engineer serving as Project Administrator.
- Plan for future facility and service needs of business and public entity customers.
- Conduct periodic facility condition surveys to anticipate age-related challenges and to ensure uninterrupted operations and safety.
- Maintain affordable and competitive tariff rates sufficient to cover operating and capital requirements.
- Provide a safe work environment for both employees and tenants.
- Maintain financially sound operating ratios.
- Deliver accurate and timely billings to tenants and customers; demand timely payments from all users.
- Provide required level of Port security under U.S. Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

### **Strategies to Achieve Goals**

1. Provide year-round access to suitable terminals and docks for movement of containers, dry bulk cargo, and liquid bulk cargo to include petroleum products.
2. Provide seasonal maintenance of and access to the Small Boat Launch.
3. Plan, develop, and operate facilities to accommodate market growth and modernization.
4. Schedule all vessels that call on the Port.
5. Provide centralized Port and tenant security services and emergency management leadership.
6. As a landlord port, manage short-term permits (revocable use permits) and long-term leases of land and buildings.
7. Maintain and ensure uninterrupted 24/7/365 availability of Port owned facilities.
8. Ensure environmental quality of the land within the Port boundaries
9. Assess and manage the collection of all tariffs and user fees associated with vessels calling on the Port and land tenant operations.
10. Manage the Foreign Trade Zone (FTZ) and all FTZ applicants.
11. Coordinate U.S. Army Corps of Engineers dredging of channel, turning basin, and dock face dredging to provide for safe commerce.
12. Host official U.S. Navy, U.S. Coast Guard, NOAA, foreign navy and Arctic research vessels on behalf of the Municipality of Anchorage, as needed.

**Performance Measures to Track Progress in Achieving Goals**

Progress in achieving goals will be measured by:

1. Over time hours and pay compared to base compensation for current vs prior year.
2. Operating Net Income YTD for current vs prior year.
3. OSHA recordable incidents for current vs prior year (# of incidents, loss of time & cost).

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## **Port of Alaska**

*Anchorage: Performance. Value. Results.*

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### **Mission**

Develop and maintain the quality of the Port's infrastructure to meet the needs of our stakeholders and ensure safe and modern infrastructure for the timely delivery of consumer goods and commercial cargo.

### **Core Services**

- Provide all Port users with marine terminals and staging yards free of defects.
- Provide Port petroleum terminal operators with an operable and efficient valve yard and petroleum docks.
- Provide clean and safe roads and transfer yards for use by commercial and port-related vehicles.

### **Accomplishment Goals**

- Ongoing repair and enhancement of deteriorated dock pile.
- Continued maintenance of valve yard valves and piping through scheduled inspections and timely maintenance.
- Continued maintenance and repair of storm drain systems and Ship Creek Boat Launch.
- Inspect dock surface and common areas to ensure cranes, equipment and personnel can operate with minimal threat of damage.
- Assist the Municipality of Anchorage effectively oversee management of the cost and schedule associated with the Port of Alaska Modernization Project (PAMP).

<b>Measure #1: Over time hours and pay compared to base compensation for current vs prior year.</b>
---

	<u>2017</u>	<u>2018 (YTD)</u>
<b>Total Hours</b>	1,989	553
<b>Total Cost</b>	\$ 98,662	\$ 28,251

<b>Measures #2: Operating Net Income YTD for current vs prior year.</b>
---

	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>%Growth/(Loss)</u>
<b>*Net Operating Income</b>	\$ (554,913)	\$ (965,078)	(74%)
<b>Total Cash Flow</b>	\$ 9,330,653**	\$ 2,545,613	(73%)

\* Unaudited

\* Net Operating Income includes Depreciation (non-cash item).

\*\* Includes PIEP Lawsuit Settlement payments – one time payments made in 2017. Normalized Growth/Loss Rate is loss of 1.4%.

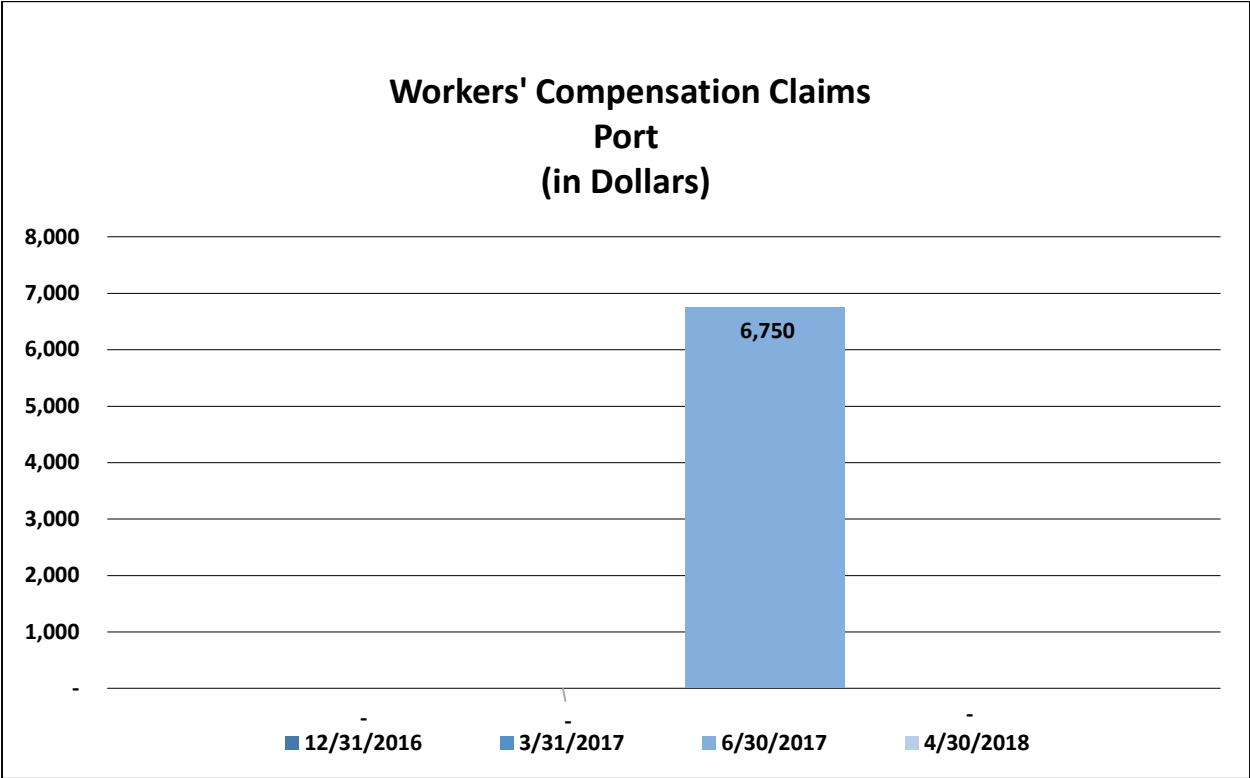
<b>Measures #3: OSHA Recordable incidents for current vs prior year (# of incidents, loss of time &amp; cost)</b>
---

	<u>2017</u>	<u>2018 (YTD)</u>
<b># of Incidents</b>	0	0
<b>Loss of Time</b>	0	0
<b>Cost</b>	\$ 0	\$ 0

**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



## **Port of Alaska Highlights and Future Events**

### **Port of Alaska Modernization Program (PAMP)**

The Port's existing marine terminals have reached the end of their life span and suffer from severe corrosion on the wharf piling. If nothing is done the docks will start shutting down in the next 9 to 10 years because of inability to sustain the weight of operational loads. The PAMP will replace two general cargo terminals and two petroleum terminals to ensure infrastructure resilience over a 75-year life cycle. To maintain Port operations during construction, the program will be completed in phases. Phase 1 includes construction of a new Petroleum/Cement Dock and a partial cut-back and stabilization of the north extension area to preserve usable land while improving hydraulics for reduced maintenance dredging and safer navigation. Phases 2 through 4 complete the marine terminal construction and final stabilization of the north extension.

The program will enable the Port to accommodate deeper draft vessels by allowing for a harbor depth increase from 35 feet to 45 feet when needed. New ship-to-shore container cranes will increase reach for wider vessels. Completion of this program is critically important for the Port to continue to serve 87% of Alaska's population and to maintain its role as one of 17 designated Department of Defense Commercial Strategic Seaports.

Based on an overall 15%-complete program design, assuming full up-front funding, and assuming timely permit issuance, the program is estimated to be completed in 2024 at a total cost of \$1.1B. In 2018 the Port of Alaska received a \$20M legislative grant from the State of Alaska. State capital grant and general obligation bond funding available to the program totals approximately \$126.8M.

### **Ongoing Facility Maintenance**

The Port continues to work diligently to meet its commitment to offer continued operational capability for Port customers while new facilities are in design and construction. Aging facilities not included in the early phases of infrastructure improvements continue to be managed and maintained to the highest standards possible with great attention being paid to the highest priorities addressed first. The recommendations in the Port's Capital Improvement Budget address items needing immediate attention outside of the APMP. Those include, but are not limited to, Wharf Pile Enhancements and a project that supports the GIS mapping of the Port.



## **Port of Alaska External Impacts**

### **External Factors**

Continued development and infrastructure replacement at North Slope, offshore, and Cook Inlet oil and gas fields, including potential construction of a pipeline to tidewater for LNG export.

Catching up with the changing equipment and infrastructure needs of the maritime shipping community so as not to lose relevance, to keep port users competitive, and to keep the cost of goods to the consumer reasonable.

Sustaining the response to jet fuel requirements from Ted Stevens Anchorage International Airport and Joint Base Elmendorf-Richardson.

Designation of the Port of Alaska as one of 19 Department of Defense National Commercial Strategic Seaports.

Unpredictability of State and Federal funding.

## Port of Alaska Workforce Projections

<b>Division</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Administrative / Engineering	6	6	6	6	6	6	6	6
Operations / Maintenance	13	13	13	13	13	13	13	13
<b>Total Full Time</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
Part Time / Temporary	9	3	3	3	3	3	3	3
<b>Total Positions</b>	<b>28</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>
<b>Total FTE</b>	<b>23.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>

**Port of Alaska**  
**8 Year Summary**  
(\$ in thousands)

	<i>DRAFT</i>							
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Financial Overview</b>	Actuals	Proforma	Proposed	Forecast				
Revenues	21,714	13,745	13,710	14,053	14,404	14,764	15,133	15,512
Expenses	20,100	21,411	22,518	30,919	29,155	30,030	30,631	30,937
<b>Net Income(Loss)</b>	<b>1,614</b>	<b>(7,666)</b>	<b>(8,808)</b>	<b>(16,866)</b>	<b>(14,751)</b>	<b>(15,266)</b>	<b>(15,497)</b>	<b>(15,425)</b>
Depreciation	7,254	7,021	7,435	13,589	13,589	13,589	13,589	13,589
<b>Available to Service Debt</b>	<b>8,868</b>	<b>(645)</b>	<b>(1,373)</b>	<b>(3,277)</b>	<b>(1,162)</b>	<b>(1,677)</b>	<b>(1,908)</b>	<b>(1,836)</b>
Budgeted Positions	28	22	22	22	22	22	22	22
Capital Improvement Program	5,100	1,750	43,657	165,774	-	-	-	-
Long Term Debt**	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Net Plant (12/31)	154,872	156,622	200,279	366,053	366,053	366,053	366,053	366,053
Total Net Assets	178,185	173,067	216,724	368,909	360,320	350,231	340,142	330,053
General Cash Pool	18,329	15,432	14,911	11,634	10,472	8,795	6,886	5,050
Construction Cash Pool	8,662	10,412	54,069	219,843	5,000	3,500	3,500	3,500
<b>Total Cash</b>	<b>26,991</b>	<b>25,844</b>	<b>68,980</b>	<b>231,477</b>	<b>15,472</b>	<b>12,295</b>	<b>10,386</b>	<b>8,550</b>
IGCs - General Government	1,018	1,088	1,030	1,056	1,082	1,109	1,137	1,165
MESA	1,942	2,020	2,137	2,190	2,245	2,301	2,359	2,418
Total Outstanding Debt 12/31 - (Long Term Debt)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Debt Service Coverage (Short Term Note Interest)	677	1,098	1,325	1,325	1,350	1,375	1,375	1,375
Debt/Equity Ratio (12/31)		28/72	29/71	29/71	30/70	30/70	31/69	31/69
<b>Tariff Wharfage Rates (01/15):</b>								
1250 Petroleum, Bulk / Barrel	\$0.141	\$0.146	\$0.152	\$0.158	\$0.164	\$0.171	\$0.178	\$0.185
1250 Cement, Bulk / Ton	\$1.55	\$1.61	\$1.67	\$1.74	\$1.81	\$1.88	\$1.95	\$2.03
<b>Statistical/Performance Trends:</b>								
Tonnage (in thousands)	3,498	3,524	3,525	3,578	3,632	3,686	3,741	3,797
Operating Revenue/Ton	3.34	3.36	3.37	3.41	3.40	3.41	3.45	3.50

**Port of Alaska**  
**Statement of Revenues and Expenses**

	<i>DRAFT</i> 2017 Actuals	2018 Proforma	2018 Revised	19 v 18 \$ Change	2019 Proposed	19 v 18 % Change
<b>Operating Revenue</b>						
Dock Revenue	6,375,782	6,373,656	6,302,487	-	6,302,487	0.0%
Industrial Park Revenue	5,000,893	5,179,335	5,007,922	280,723	5,288,645	5.6%
Other Operating Revenue	321,207	289,275	280,500	-	280,500	0.0%
<b>Total Operating Revenue</b>	<b>11,697,882</b>	<b>11,842,266</b>	<b>11,590,909</b>	<b>280,723</b>	<b>11,871,632</b>	<b>2.4%</b>
<b>Non Operating Revenue</b>						
Interest Income (Loss)	627,633	200,000	200,000	-	200,000	0.0%
Pipeline Right-of-Way Fee	173,391	170,222	160,000	-	160,000	0.0%
Miscellaneous Non-Operating Revenue	9,215,127	1,532,675	1,477,975	-	1,477,975	0.0%
<b>Total Non Operating Revenue</b>	<b>10,016,151</b>	<b>1,902,897</b>	<b>1,837,975</b>	<b>-</b>	<b>1,837,975</b>	<b>0.0%</b>
<b>Total Revenue</b>	<b>21,714,033</b>	<b>13,745,163</b>	<b>13,428,884</b>	<b>280,723</b>	<b>13,709,607</b>	<b>2.1%</b>
<b>Operating Expenses</b>						
Labor						
Labor and Benefits	2,641,695	2,952,568	2,794,510	13,617	2,808,127	0.5%
Overtime	98,662	104,365	104,365	-	104,365	0.0%
Total Labor	2,740,357	3,056,933	2,898,875	13,617	2,912,492	0.5%
Non Labor						
Non Labor	6,435,727	7,095,177	8,342,690	(705,000)	7,637,690	-8.5%
Travel	32,148	31,240	40,000	-	40,000	0.0%
Transfers (MESA and Gross Receipts)	1,942,013	2,020,104	2,084,022	52,943	2,136,965	2.5%
Depreciation and Amortization	7,253,997	7,021,383	7,021,383	413,964	7,435,347	5.9%
Total Non Labor	15,663,885	16,167,904	17,488,095	(238,093)	17,250,002	-1.4%
<b>Total Direct Cost</b>	<b>18,404,242</b>	<b>19,224,837</b>	<b>20,386,970</b>	<b>(224,476)</b>	<b>20,162,494</b>	<b>-1.1%</b>
Charges from other departments	1,018,756	1,087,887	1,087,887	(57,559)	1,030,328	-5.3%
<b>Total Operating Expense</b>	<b>19,422,998</b>	<b>20,312,724</b>	<b>21,474,857</b>	<b>(282,035)</b>	<b>21,192,822</b>	<b>-1.3%</b>
<b>Non Operating Expense</b>						
Financing Costs on Short-Term Obligations	677,192	1,098,000	675,000	650,000	1,325,000	96.3%
<b>Total Non Operating Expense</b>	<b>677,192</b>	<b>1,098,000</b>	<b>675,000</b>	<b>650,000</b>	<b>1,325,000</b>	<b>96.3%</b>
<b>Total Expenses (Function Cost)</b>	<b>20,100,190</b>	<b>21,410,724</b>	<b>22,149,857</b>	<b>367,965</b>	<b>22,517,822</b>	<b>1.7%</b>
<b>Net Income</b>	<b>1,613,843</b>	<b>(7,665,561)</b>	<b>(8,720,973)</b>	<b>(87,242)</b>	<b>(8,808,215)</b>	<b>1.0%</b>
<b>Appropriation</b>						
<b>Total Expenses</b>			<b>22,149,857</b>	<b>367,965</b>	<b>22,517,822</b>	
Less: Non Cash items				-		
Depreciation and Amortization			7,021,383	413,964	7,435,347	
Total Non-Cash			7,021,383	413,964	7,435,347	
<b>Amount to be Appropriated (Cash Expenses)</b>			<b>15,128,474</b>	<b>(45,999)</b>	<b>15,082,475</b>	

**Port of Alaska**  
**Reconciliation from 2018 Revised Budget to 2019 Proposed Budget**

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	22,149,857	19	3	-
<b>Transfers (to)/from Other Agencies</b>				
- MESA and Gross Receipts	52,943	-	-	-
- Charges by/from others	(57,559)	-	-	-
<b>Debt Service Charges</b>				
- Line of Credit (LOC) Interest	650,000	-	-	-
<b>Changes in Existing Programs/Funding for 2018</b>				
- Depreciation	413,964	-	-	-
- Salary and benefits adjustments	13,617	-	-	-
<b>2019 Continuation Level</b>	<b>23,222,822</b>	<b>19</b>	<b>3</b>	<b>-</b>
<b>2019 Proposed Budget Changes</b>				
- Reduction of legal expenses for litigation of the Anchorage Port Modernization Project (APMP)	(705,000)	-	-	-
<b>2019 Proposed Budget</b>	<b>22,517,822</b>	<b>19</b>	<b>3</b>	<b>-</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation	(7,435,347)	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>15,082,475</b>	<b>19</b>	<b>3</b>	<b>-</b>

**Port of Alaska**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Petroleum Cement Terminal	42,057	147,740	-	-	-	-	189,797
Port Fleet Vehicles	100	-	-	-	-	-	100
Terminal 1 and Terminal 2	-	16,534	-	-	-	-	16,534
Wharf Pile Enhancements	1,500	1,500	-	-	-	-	3,000
<b>Total</b>	<b>43,657</b>	<b>165,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,431</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Equity/Operations	1,600	1,500	-	-	-	-	3,100
Debt Service	22,057	144,274	-	-	-	-	166,331
State/Fed Grants	20,000	20,000	-	-	-	-	40,000
<b>Total</b>	<b>43,657</b>	<b>165,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,431</b>

**Port of Alaska**  
**2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt</b>	<b>State/Fed Grant</b>	<b>Equity/ Operations</b>	<b>Total</b>
Petroleum Cement Terminal	22,057	20,000	-	42,057
Port Fleet Vehicles	-	-	100	100
Wharf Pile Enhancements	-	-	1,500	1,500
<b>Total</b>	<b>22,057</b>	<b>20,000</b>	<b>1,600</b>	<b>43,657</b>

## Port of Alaska Statement of Cash Sources and Uses

	<i>DRAFT</i>		
	2017	2018	2019
	Actuals	Proforma	Proposed
<b>Sources of Cash Funds</b>			
Net Cash by Operating Activities	2,069,850	1,268,552	171,030
Interest	588,195	296,688	200,000
Grant Proceeds/Capital Contributions	8,945,316	5,788,722	1,750,000
<b>Total Sources of Cash Funds</b>	<b>11,603,361</b>	<b>7,353,962</b>	<b>2,121,030</b>
<b>Uses of Cash Funds</b>			
Additions to Plant	15,653,218	5,788,722	1,600,000
<b>Total Uses of Cash Funds</b>	<b>15,653,218</b>	<b>5,788,722</b>	<b>1,600,000</b>
Net Increase (Decrease) in Cash Funds	4,967,523	1,565,240	521,030
Cash Balance, January 1	23,973,987	26,990,860	25,844,243
<b>Cash Balance, December 31</b>	<b>28,941,510</b>	<b>28,556,100</b>	<b>26,365,273</b>
<b>Detail of Cash and Investment Funds</b>			
Equity in General Cash Pool	18,328,567	15,431,950	14,910,920
Equity in Construction Cash Pool	8,662,293	10,412,293	54,069,293
<b>Cash Balance, December 31</b>	<b>26,990,860</b>	<b>25,844,243</b>	<b>68,980,213</b>



## About Port of Alaska

### History

The Port of Alaska commenced operation in September 1961 as the Port of Anchorage, with a single berth. In its first year of operation, 38,000 tons of cargo crossed the dock. On average, around four million tons passes over the dock every year, equating to about 250,000 commercial truck trips through Port property. The Port of Alaska is a major economic engine and one of the strongest links in the Alaska transportation chain. This chain enables residents statewide, from Cordova to Barrow, to take full advantage of the benefits of inexpensive waterborne commerce through this regional Port. The Port and its stakeholders have maintained a notable safety record throughout the five decades of operation. The Port is one of 23 nationally designated Department of Defense strategic seaports. On October 24, 2017, the Anchorage Assembly approved ordinance AO 2017-122(S) to change the name to the Port of Alaska in an effort to recognize the statewide importance of this vital marine Intermodal facility.

The Port of Alaska Modernization Project (PAMP) began in 2003 as the Port Intermodal Expansion Project (PIEP). What started as an expansion effort is now focused on replacing the deteriorating dock structures that have reached their original design life and were not built to current engineering standards for operational and seismic performance.

### Physical Plant

Real Estate: 128 acres of developed uplands  
                   65 acres currently under construction  
                   48 acres of newly acquired land from JBER  
                   400 acres of economically developable tidelands to the north and south of  
                   the existing Industrial Park and dock area  
                   1,000 acres of submerged lands offshore from tidelands holdings  
                   1,641 total acres

### Terminals:

- Three General Cargo Terminals, 2,109 ft. of dock face, container, bulk cement, dry bulk and break bulk capabilities
- Two Bulk Petroleum Product Terminals with 600 feet each of berthing space with four 2,000-bbl./hr.-product pipelines each
- Operating depth at all facilities: dredged to -35 feet MLLW
- Maximum vessel tonnage: 60,000 DWT
- Maximum length and breadth: No limit
- On-dock Transit Shed with 27,000 square foot heated storage/office space
- One dry barge berth, available spring through fall, and 15 acres of uplands for any type commodity movement

### Cargo Handling Equipment:

- Rail mounted, electric Container Cranes:  
                   (2) 30 ton and (1) 40 ton
- Portable Cranes to 150 tons available
- Forklifts to 30 tons available
- Bulk Petroleum Valve Yard capable of accommodating multiple simultaneous marine/shore and/or inter-user shore side transfers.

U.S. Port of Entry: Foreign Trade Zone service available.

## **Services**

Approximately 50% of all waterborne freight entering the State, and 90% of all refined petroleum products sold within the Railbelt and beyond (87% of the State's population) move through the Port of Alaska on an annual basis. Container service is available twice a week from the Port of Tacoma through two domestic ocean carriers. Bulk shipments, both domestic and foreign, involve imports of basic commodities such as cement, refined petroleum products and construction materials. The Port of Alaska, due to its strategic global position and close proximity to neighboring military bases, Joint Base Elmendorf-Richardson and Fort Wainwright are key transportation nodes for Department of Defense concerning mobilization planning, shipping/transporting of jet fuel and other related petroleum products and bulk cargo for military use.

The Municipality of Anchorage is the Grantee of Foreign Trade Zone (FTZ) No. 160, the only activated FTZ in the State of Alaska. The Port of Alaska is the Municipal department responsible for the administration of the FTZ program in Anchorage. Under the FTZ Alternate Site Framework construct, the entire Municipality is the identified FTZ. Currently there are seven "sub-zones" totaling some 1,000 acres located at the Port, Ted Stevens Anchorage International Airport and at five private sites throughout the Municipality. The United States Department of Commerce Foreign Trade Zones Board approved an application for subzone status for the Andeavor (formerly Tesoro) refinery in Kenai in May 2001.

## **Regulation**

Dock revenue rates for the Port of Alaska are established in the Port's Terminal Tariff No. 8.2 and through contractual Terminal Preferential Usage Agreements. Changes to the tariff and adjustments to the Preferential Usage Agreements' charges require initial approval by the Anchorage Port Commission, and are subject to final approval by the Anchorage Municipal Assembly.

Port Industrial Park Revenue is derived from long-term leases of properties in the 220-acre Port Industrial Park. The leases provide for five-year rate adjustments that are performed in accordance with Anchorage Municipal Code provisions. Leases and lease options are subject to Municipal Assembly approval.

## **Environmental Mandates**

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the National Environmental Policy Act (NEPA), Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), the Marine Mammal Protection Act (MMPA), Endangered Species Act and Coastal Zone Management Plan. The Port area was also granted a categorical exclusion from Cook Inlet Beluga Whale critical habitat for reasons of its strategic importance to the Department of Defense and the State of Alaska.

## **Port Safety Security and Emergency Preparedness**

Because the Port is a lifeline to the State of Alaska, safety, security and emergency preparedness are key parts of Port operations. Threats of; natural disasters, accidents, or terrorists potentially disrupting the commerce and fuel supply for 87% of the state's population is of utmost importance. Efforts will continue to prevent and minimize these threats as well as establishing recovery procedures. These efforts are done in conjunction with the Port stakeholders, Municipal, State, and Federal agencies. The Port continues to undergo security upgrades via Federal Port Security Grant applications and awards. Emergency preparedness planning and drills continue to be held to establish up to date disaster action and mitigation plans.