MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 477-2019

Meeting Date: July 23

<table>
<thead>
<tr>
<th>From:</th>
<th>Mayor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject:</td>
<td>RECOMMENDATION OF AWARD TO PACIFIC PILE &amp; MARINE FOR PROGRAM PETROLEUM AND CEMENT TERMINAL (PCT) FOR THE MUNICIPALITY OF ANCHORAGE, PORT OF ALASKA (POA) (ITB 2019C033) ($42,156,000)</td>
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Award of this bid will provide construction services to the Municipality of Anchorage, POA for the Petroleum and Cement Terminal 2020 Elements Project. This work comprises of furnishing all labor and materials identified within the ITB to complete portions of the PCT (the trestle and work platform). The remaining portions of the PCT will be awarded in subsequent construction contracts.
• The Port
• The Problem
• The Plan
• The Money
• The Bid
• The Questions
• The Alternatives
• The Recommendation
Cargo, **Petroleum**, and **Cement**

- Half of state’s inbound, marine freight = \(\sim 45\%\) of all goods into the state

- Half of Port freight delivered outside of Anchorage

- **All JBER fuel**, about half of the fuel sold at Ted Stevens Airport

- 80% of all cement used in state
• The Port
• The Problem
• The Plan
• The Money
• The Bid
• The Questions
• The Alternatives
• The Recommendation
Facilities beyond their planned service life
Memorandum

To:          Sharon Walsh, P.E.
From:        Joshua Crowe, P.E.
Subject:     Port of Alaska – Terminal 1 and POL No. 2 Pile Damage
Date:        6/12/2019
Project #:   2600.01.04

Terminal 1
Recent under-deck inspections have identified three adjacent piles at Terminal 1 with significant damage. They are located at the southern edge of the terminal northeast of the joint at POL1 and southwest of the transit shed. These are piles 1T, 2T and 3T. See Figure 1.

There is sufficient redundancy in the pile support structure and the deck to transfer loads to the adjacent piles. That said, the adjacent piles are compromised as well, though not in the same fashion. Their ability to carry some load is still present. Pile 1T is cracked below the butt splice and pile 3T exhibits sufficient weld corrosion at the butt splice that it is weeping water. See Photo 2 and Photo 3, respectively.

These piles at bent T are located at a less critical location as it relates to the working surface of the deck at Terminal 1. However, we recognize that this area of the terminal is a part of the truck route for Matson during ship loading and unloading operations. Therefore we recommend that these piles be jacketed as soon as practicable. Unfortunately, the current 2019 pile enhancement project does not have 20” diameter jackets that we might be able to...
substitute. On a concept level, we have reached out to the current jacket Contractor regarding feasibility of modifying 24" jackets with 20" collars. Fabrication is currently underway for the 2019 contract and, as of the date of this memo, we are unsure if this can be accomplished without adversely affecting production and delivery timeline. Jackets may need to be manufactured specifically for these piles.

Current pile enhancement jackets are manufactured 18 feet long to encapsulate the corrosion zone in the outboard piles where the most severe corrosion occurs just below 0’ MLLW. Mud is rarely an issue as it relates to the installation of jackets on the outboard piles. However, the most severe corrosion and damage in the bent T piles is located near mudline at approximately +5’ MLLW. Corrosion of the piles is likely occurring at a slower rate below mudline. Therefore to minimize dredging (i.e. water-jet excavation), jackets for these piles could be manufactured in shorter lengths e.g. 10 feet, and then installed with the jacket centered over the damaged portion of the pile.

Until such a time that pile strengthening can be enacted, if it is not already posted as such, we recommend that the portion of Terminal 1 south of the transit shed be limited to 200 PSF safe working load with axle loads limited to HS20-44. (Original design live load was 400 PSF.) Parking of heavy equipment should be prohibited. Heavy wheeled or tracked crane loads should be evaluated on an individual basis prior to mobilization or operation in this area of the terminal. Further, these piles and nearby piles (that are now taking additional load) should be regularly monitored until pile strengthening activities transpire.

**POL No. 2**

Recent damage observed at piles located at POL2 include splitting and unraveling of welds. See Photo 4 for example of spiral weld unraveling.

The unraveling currently is limited to a small length of pile at or just below mean lower low water (MLLW) and, therefore, does not pose an immediate threat. Few pile caps have been identified with the aforementioned damage. These piles are batter piles which, in addition to providing vertical support, provide the primary resistance to lateral (seismic and berthing) loads. The capacity of these piles has been compromised. All of these piles have been selected to receive jackets this year. Additionally, two vertical piles supporting the ends of pile caps have been selected to receive jackets. See Table 1 and Figure 2 for a list and schematic layout of piles to receive jackets at POL2 in 2019.

<table>
<thead>
<tr>
<th>PILE</th>
<th>PILE DIA</th>
<th>JACKET LENGTH</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>4B - north</td>
<td>24 in</td>
<td>18 ft</td>
<td>batter</td>
</tr>
<tr>
<td>5B - north</td>
<td>24 in</td>
<td>18 ft</td>
<td>batter</td>
</tr>
<tr>
<td>5D</td>
<td>24 in</td>
<td>18 ft</td>
<td>plumb</td>
</tr>
<tr>
<td>6B - north</td>
<td>24 in</td>
<td>18 ft</td>
<td>batter</td>
</tr>
<tr>
<td>7B - north</td>
<td>24 in</td>
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<td>batter</td>
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<tr>
<td>6D</td>
<td>24 in</td>
<td>18 ft</td>
<td>plumb</td>
</tr>
</tbody>
</table>

*Table 1 - POL2 piles to receive jackets in 2019*

**Figure 2 - POL2 piles to receive jackets in 2019**

*Photo 4 – Example of spiral weld unraveling*
• The Port
• The Problem
• The Plan
• The Money
• The Bid
• The Questions
• The Alternatives
• The Recommendation
On-Going Repairs: Terminal 1

PILE STRENGTHENING COLOR LEGEND
- 2004 STRENGTHENING
- 2007 STRENGTHENING
- 2008 STRENGTHENING
- 2009 STRENGTHENING
- 2010 STRENGTHENING
- 2011 STRENGTHENING
- 2012 STRENGTHENING
- 2013 STRENGTHENING
- 2014 STRENGTHENING
- 2015 STRENGTHENING
- 2016 STRENGTHENING
- 2017 STRENGTHENING
- UNKNOWN DATE REPAIRED
- 2018 STRENGTHENING
On-Going Repairs: Pile Jacketing the Corrosion Zone

- Pile top approximate elevation +33'
- Top of corrosion zone approximate elevation 0.0 = MLLW
- Corrosion zone mudline to MLLW
- Top of embedded zone approximate elevation -31'
- Silt / mud from embedment
- Pile cut off approximate elevation -53'
- Test Pile #8
- MLLW
On-Going Repairs: Terminal 1
On-Going Repairs: Terminal 2
On-Going Repairs: Terminal 3

PILE STRENGTHENING COLOR LEGEND

- 2004 STRENGTHENING
- 2007 STRENGTHENING
- 2008 STRENGTHENING
- 2009 STRENGTHENING
- 2010 STRENGTHENING
- 2011 STRENGTHENING
- 2012 STRENGTHENING
- 2013 STRENGTHENING
- 2014 STRENGTHENING
- 2015 STRENGTHENING
- 2016 STRENGTHENING
- 2017 STRENGTHENING
- UNKNOWN DATE REPAIRED
- 2018 STRENGTHENING
On-Going Repairs: POL 1

PILE STRENGTHENING COLOR LEGEND
- 2004 STRENGTHENING
- 2007 STRENGTHENING
- 2008 STRENGTHENING
- 2009 STRENGTHENING
- 2010 STRENGTHENING
- 2011 STRENGTHENING
- 2012 STRENGTHENING
- 2013 STRENGTHENING
- 2014 STRENGTHENING
- 2015 STRENGTHENING
- 2016 STRENGTHENING
- 2017 STRENGTHENING
- UNKNOWN DATE REPAIRED
- 2018 STRENGTHENING
On-Going Repairs: POL 2

PILE STRENGTHENING COLOR LEGEND
- 2004 STRENGTHENING
- 2007 STRENGTHENING
- 2008 STRENGTHENING
- 2009 STRENGTHENING
- 2010 STRENGTHENING
- 2011 STRENGTHENING
- 2012 STRENGTHENING
- 2013 STRENGTHENING
- 2014 STRENGTHENING
- 2015 STRENGTHENING
- 2016 STRENGTHENING
- 2017 STRENGTHENING
- 2018 STRENGTHENING
- UNKNOWN DATE REPAIRED
- Oct. 2019
On-Going Repairs: Summary

- 1400 Total Wharf Piles
  - 668 already jacketed

- $32,000 / jacket
  - 50 - 100 jackets / year
  - $1.6 million – $3.2 million / year

“Jackets do not bring piles back to original capacity and jackets on vertical piles do not provide significant seismic resilience.”
PORT OF ANCHORAGE INTERMODAL EXPANSION PROJECT
ANCHORAGE, AK
CONCEPT PLAN CHARRETTE REPORT

January 15, 2013
U.S. Army Engineer District, Alaska
Task Order No. W912PP-09-D-0016, T.O. ZJ03
Project ANC027 WP5 – Recommended Concept Plan

ANCHORAGE PORT MODERNIZATION PROJECT
ANCHORAGE, AK
CONCEPT PLANNING CHARRETTE REPORT

October 3, 2014

Prepared for
Municipality of Anchorage / Port of Anchorage
CH2M Hill Task Order No. 03
Concept Design Study
2014 Charrette Stakeholder Representation

- Municipality of Anchorage
  - Geotechnical Advisory Commission (GAC)
- Port of Alaska
- Totem Ocean Trailer Express (TOTE)
- Horizon Lines (Now Matson)
- ABI Cement
- Crowley
- Southwest Alaska Pilots Association
- Cook Inlet Tug & Barge
- US Army Corps of Engineers Alaska District (USACE)
- Alaska Railroad Corporation (ARRC)
PCT Design Review (35%, 65%, 95%)

- Municipality of Anchorage
- Port of Alaska
- ABI Cement
- ASIG/Menzies
- Crowley
- Delta Western
- Marathon
- NRC
- Southwest Alaska Pilots Association
- Cook Inlet Tug & Barge
- Harley Marine Services
- US Army Corps of Engineers Alaska District (USACE)
- Alaska Railroad Corporation (ARRC)
It is the collective opinion of the Southwest Alaska Pilots that utilizing the northern expansion along the legacy open-cell sheet piling, and out of the lee of Cairn Point, will very likely expose the vessels to a greater current and more ice than is desirable. Currents in the area of the northern expansion, where the proposed docks would be located, have been measured at nearly 6 knots. This is double the current encountered at the existing location and is therefore not feasible. More current and significant ice will be encountered if the docks are located further out into Knik Arm. Significant dredging may also need to take place for the northern expansion, potentially causing unintended consequences downstream. Additionally, the present location of docks at POA allows for limited turning room on approach (especially in ice). Locating the docks further to the north would reduce this turning room even more.

In summary, SWAPA sees no benefits and does not support utilizing the northern expansion.
ANCHORAGE PORT MODERNIZATION PROGRAM

- High currents
- Expensive
- Proximity to Shore Facilities
- Expands possibilities for the remainder
Scale of Project

Ten football fields
• The Port
• The Problem
• The Plan
• The Money
• The Bid
• The Questions
• The Alternatives
• The Recommendation
## Money in the Program

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2012 State Capital Grant</td>
<td>$29,400,000</td>
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<tr>
<td>2013 SB160 State Grant</td>
<td>$47,530,000</td>
</tr>
<tr>
<td>2013 State GO Bond</td>
<td>$49,000,000</td>
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<tr>
<td>Port of Alaska Cash 2017</td>
<td>$400,000</td>
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<tr>
<td>AR 2018-378 Grant</td>
<td>$19,600,000</td>
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<tr>
<td>Port of Alaska Cash 2019</td>
<td>$11,000,000</td>
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<tr>
<td><strong>Current Funding</strong></td>
<td><strong>$156,930,000</strong></td>
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## Money Spent to Date

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<th>Uncommitted</th>
<th>Incurred</th>
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<tr>
<td>TOTAL PROGRAM FUNDING</td>
<td>$156,930,000</td>
<td>$96,222,169</td>
<td>$53,175,578</td>
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<tr>
<td></td>
<td></td>
<td>$60,707,831</td>
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</tbody>
</table>

Total Spent or Committed = $96.2 million
Total Funds Available = $60.7 million
ANCHORAGE PORT MODERNIZATION PROGRAM

- $5.8 million test-pile program
- $14.0 million south backlands stabilization
- $2.9 million south-floating dock relocation
- $22.1 million transitional dredging
- $6.2 million PCT soil improvements
- $51.0 million total construction
Money Spent to Date

Total Spent or Committed = $96.2 million
Total Funds Available = $60.7 million
### Form of Funds

<table>
<thead>
<tr>
<th>State Funding</th>
<th>Funding</th>
<th>Committed</th>
<th>Uncommitted</th>
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<tbody>
<tr>
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<td>2013 State GO Bond</td>
<td>$49,000,000</td>
<td>$32,732,422</td>
<td>$16,267,578</td>
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<tr>
<td>2018 State Grant</td>
<td>$19,600,000</td>
<td>$-</td>
<td>$19,600,000</td>
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<tr>
<td><strong>TOTAL STATE FUNDING</strong></td>
<td><strong>$145,530,000</strong></td>
<td><strong>$96,102,247</strong></td>
<td><strong>$49,427,753</strong></td>
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<table>
<thead>
<tr>
<th>Other Funding</th>
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**TOTAL PROGRAM FUNDING** $156,930,000 $96,222,169 $60,707,831
<table>
<thead>
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<th>Grantee Name</th>
<th>Municipality of Anchorage</th>
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Amendment # 5 – Extension
## Form of Funds

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Attachment A
Scope of Work

1. Project Description

The purpose of this FY2019 Designated Legislative Grant in the amount of $20,000,000.00 [pursuant to the provisions of AS 37.05.315 Grants to Municipalities, SLA 2018, SB 142, Chapter 19, Section 1, Page 4, and Line 3] is to provide funding to the Municipality of Anchorage for use towards the Port of Anchorage*. The funding will support the Port of Alaska Modernization Program, Phase I for design and construction of the Petroleum & Cement Terminal (PCT). The objective of this project is to provide a seismically resilient marine terminal for the transfer of refined petroleum products and cement to Anchorage and other communities linked by road, rail and air. The new PCT will enable the Port to eventually accommodate deeper draft vessels by allowing for a harbor depth increase from 35 to 45 feet. Completion of this project is critically important, as this Port serves approximately 87% of Alaska’s population and is also one of 23 designated Department of Defense Strategic Seaports.

*Ordinance No. 2017-122 (S) amends Municipal Code chapter 11.50 to change the name from Port of Anchorage to Port of Alaska.
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<td>$11,280,078</td>
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|                      |          |                 |              |
| **TOTAL PROGRAM FUNDING** | $156,930,000 | $96,222,169     | $60,707,831  |

How best to use the $60.7 million?
• The Port
• The Problem
• The Plan
• **The Money**
• The Bid
• The Questions
• The Alternatives
• The Recommendation
PORT OF ALASKA MODERNIZATION PROGRAM
PETROLEUM & CEMENT TERMINAL
2020 SCOPE OF WORK

INVITATION TO BID No. 2019C033

Municipality of Anchorage
PORT OF ALASKA
2000 ANCHORAGE PORT ROAD
Anchorage, AK 99501
• **PCT Designer of Record** (May 2017)

• **Independent Cost Estimator** (Jan. 2018)

• **PCT “Construction Manager at Risk”** (Nov. 2017)
<table>
<thead>
<tr>
<th>Preliminary Bid Abstract</th>
<th>Vendor # 1</th>
<th>Department's and/or Engineer's Estimate</th>
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<tr>
<td></td>
<td>PACIFIC PILE &amp; MARINE</td>
<td></td>
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<tr>
<td>Local Vendor</td>
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<td></td>
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<tr>
<td>Schedule A - Base Bid</td>
<td>$20,537,400.00</td>
<td>$35,997,264.00</td>
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<td>Schedule B - Base Bid &amp; Option 1</td>
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<td>$50,729,370.00</td>
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<td>Schedule C - Base Bid &amp; Option 1&amp;2</td>
<td>$34,643,000.00</td>
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<td>$39,174,900.00</td>
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<td>$42,156,000.00</td>
<td>$61,427,826.00</td>
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Two Seasons: PCT 2020 Construction Scope

$42.1 million

Access **trestle** up to top of deck, no piping or utilities
Platform piles with cathodic protection
Complete **platform**
Season 2: PCT 2021 Construction Scope

Est. $116 million to finish

Mooring and breasting dolphins
Petroleum piping and utilities
Hose tower and control building
Impressed current cathodic protection

Approx. $100 million funding short fall
From: Mayor

Subject: RECOMMENDATION OF AWARD TO PACIFIC PILE & MARINE FOR PROGRAM PETROLEUM AND CEMENT TERMINAL (PCT) FOR THE MUNICIPALITY OF ANCHORAGE, PORT OF ALASKA (POA) (ITB 2019C033) ($42,156,000)

Award of this bid will provide construction services to the Municipality of Anchorage, POA for the Petroleum and Cement Terminal 2020 Elements Project. This work comprises of furnishing all labor and materials identified within the ITB to complete portions of the PCT (the trestle and work platform). The remaining portions of the PCT will be awarded in subsequent construction contracts.
• The Port
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• The Questions
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• Does proceeding cause the airlines to flee?
• Where does the rest of the money come from?
• What if we get stuck?
• Does this commit us to $2B project?
Port of Alaska Tariff Rate Projections Based on Parrish Blessing and Associates Analysis (DSCR 1.3) on Borrowing of $200 million

### Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<td>%YoY</td>
<td>0.00%</td>
<td>45.03%</td>
<td>45.03%</td>
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<tr>
<td>Cement Tariff/Ton</td>
<td>$1.6100</td>
<td>$2.2355</td>
<td>$3.1039</td>
<td>$4.3098</td>
<td>$5.9841</td>
<td>$8.3089</td>
</tr>
<tr>
<td>Customer Cost Per Pound</td>
<td>$0.0008</td>
<td>$0.0011</td>
<td>$0.0016</td>
<td>$0.0022</td>
<td>$0.0030</td>
<td>$0.0042</td>
</tr>
<tr>
<td>%YoY</td>
<td>0.00%</td>
<td>38.85%</td>
<td>38.85%</td>
<td>38.85%</td>
<td>38.85%</td>
<td>38.85%</td>
</tr>
<tr>
<td>Cement Tariff &quot;REVENUE REQUIREMENT&quot;</td>
<td>$169,575</td>
<td>$235,454</td>
<td>$326,926</td>
<td>$453,934</td>
<td>$630,284</td>
<td>$875,145</td>
</tr>
<tr>
<td>Petroleum Tariff Revenue</td>
<td>$1,794,722</td>
<td>$2,602,938</td>
<td>$3,775,118</td>
<td>$5,475,166</td>
<td>$7,940,794</td>
<td>$11,516,769</td>
</tr>
<tr>
<td>Cement Tariff Revenue</td>
<td>$169,575</td>
<td>$235,454</td>
<td>$326,926</td>
<td>$453,934</td>
<td>$630,284</td>
<td>$875,145</td>
</tr>
<tr>
<td>Total Tariff Revenue</td>
<td>$1,964,297</td>
<td>$2,838,392</td>
<td>$4,102,044</td>
<td>$5,929,100</td>
<td>$8,571,078</td>
<td>$12,391,913</td>
</tr>
<tr>
<td>SBIP Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Revenue</td>
<td>12,644,491</td>
<td>11,770,396</td>
<td>11,770,396</td>
<td>11,770,396</td>
<td>11,770,396</td>
<td>11,770,396</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$14,608,788</td>
<td>$14,608,788</td>
<td>$15,872,440</td>
<td>$17,699,496</td>
<td>$20,341,474</td>
<td>$24,162,309</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating and Non-Operating Expenses</td>
<td>$14,896,590</td>
<td>$15,218,384</td>
<td>$11,765,414</td>
<td>$12,043,462</td>
<td>$12,340,677</td>
<td>$12,655,653</td>
</tr>
<tr>
<td>Projected Debt Service Petroleum/Cement</td>
<td></td>
<td>$487,342</td>
<td>$1,712,467</td>
<td>$4,196,497</td>
<td>$6,938,484</td>
<td>$9,098,329</td>
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<tr>
<td>Projected Debt Allocated &quot;All Other Sachs&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$14,896,590</td>
<td>$15,705,726</td>
<td>$13,477,882</td>
<td>$16,239,959</td>
<td>$19,279,161</td>
<td>$21,753,982</td>
</tr>
</tbody>
</table>

**Note:** Estimated market price for cement is approx. $155/ton (FOB Port of Alaska); or approx. $0.08/lb

**Debt Service Coverage:**
- 2018: N/A
- 2019: N/A
- 2020: 3.86
- 2021: 1.64
- 2022: 1.30
- 2023: 1.30

**Goals for setting rates for Port of Alaska:**

1. Rates set to achieve revenue requirement, meaning...
   a. meet its debt service coverage ratio of 1.3 or the ratio set by lender.
   b. meet its fiscal policy for operating reserves set at a minimum of 60 and maximum of 90 days coverage of operating expenses following GFOA best practices.
   c. meet its fiscal policy for debt reserves when revenue bonds are issued for capital improvements consistent with bond covenants.
Users say fuel tariff hikes would impact cargo operations at airport

By: Elwood Brehmer
Alaska Journal of Commerce
Post date: Mon, 03/18/2019 - 4:23pm

Cargo aircraft are seen at Ted Stevens Anchorage International Airport in this 2015 photo. Possible tariff hikes for fuel offloaded at the Port of Alaska may impact the decisions of operators who now stop to refuel in Anchorage, company officials said at a March 15 Assembly meeting. (Photo/Rob Stapleton/Anchorage Chamber of Commerce)
Goals for setting rates for Port of Alaska:

1. Rates set to achieve revenue requirement, meaning...
   a. meet its debt service coverage ratio of 1.3 or the ratio set by lender.
   b. meet its fiscal policy for operating reserves set at a minimum of 60 and maximum of 90 days coverage of operating expenses following GFOA best practices.
   c. meet is fiscal policy for debt reserves when revenue bonds are issued for capital improvements consistent with bond covenants.
Port Commission Resolution #19-02

Date:       June 19, 2019
From:      Anchorage Port Commission
Subject:  Anchorage Port Commission Resolution No. 19-02

A RESOLUTION OF THE ANCHORAGE PORT COMMISSION SUPPORTING NO PORT OF ALASKA MODERNIZATION PROGRAM (PAMP)-RELATED TERMINAL TARIFF ADJUSTMENTS THAT MAY CAUSE ECONOMIC HARM TO PORT USERS OR THE OVERALL ALASKA ECONOMY, AND EXPRESSING THE SENSE OF THE COMMISSION THAT FUNDS NEEDED TO COMPLETE WORK ON THE PLANNED PETROLEUM/CEMENT TERMINAL SHOULD NOT BE RAISED SOLELY THROUGH TARIFF ADJUSTMENTS.

WHEREAS, pursuant to Anchorage Municipal Code 11.50.030.C, the Anchorage Port Commission is charged with promulgating the Port’s Terminal Tariff subject to approval of the Anchorage Municipal Assembly and notification to the Federal Maritime Commission; and
MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 477-2019

Meeting Date: July 23

From: Mayor

Subject: RECOMMENDATION OF AWARD TO PACIFIC PILE & MARINE FOR PROGRAM PETROLEUM AND CEMENT TERMINAL (PCT) FOR THE MUNICIPALITY OF ANCHORAGE, PORT OF ALASKA (POA) (ITB 2019C033) ($42,156,000)

Award of this bid will provide construction services to the Municipality of Anchorage, POA for the Petroleum and Cement Terminal 2020 Elements Project. This work comprises of furnishing all labor and materials identified within the ITB to complete portions of the PCT (the trestle and work platform). The remaining portions of the PCT will be awarded in subsequent construction contracts.

Does NOT require, or commit us to, tariff adjustments
• Does proceeding cause the airlines to flee?
• Where does the rest of the money come from?
Where the rest of the money comes from

- Federal grants
- State grants or financing
- Blended tariff adjustment on petroleum, cement and cargo
### Application for Federal Assistance SF-424

<table>
<thead>
<tr>
<th>Type of Submission</th>
<th>2. Type of Application</th>
<th>If Revision,</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑️ Application</td>
<td>☑️ New</td>
<td></td>
</tr>
<tr>
<td>☐ Preapplication</td>
<td>☐ Continuation</td>
<td>☐ Revision</td>
</tr>
<tr>
<td>☐ Changed/Corrected Application</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Date Received</th>
<th>4. Applicant Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/16/2019</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12. Funding Opportunity Number:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DHS-18-MT-047-000-99</td>
<td>Title:</td>
</tr>
<tr>
<td></td>
<td>FY 2018 Pre-Disaster Mitigation</td>
</tr>
</tbody>
</table>

**INFRA FY 2019**

Port of Alaska
Petroleum and Cement Terminal

**$4 million received for jacketing**

Ask: $100 million (will know by year’s end)
Hazard Mitigation Grant Program

This section contains information about our Hazard Mitigation Grant Program (HMGP). The purpose of this page is to connect individuals and state, local, and tribal government representatives with the resources they need to implement hazard mitigation measures in their communities.

Ask: $22 million (will know by year’s end)

Must have shovel-ready projects to apply

About BUILD Grants

The Better Utilizing Investments to Leverage Development, or BUILD Transportation Discretionary Grant program, provides a unique opportunity for the DOT to invest in road, rail, transit and port projects that promise to achieve national objectives. Previously known as Transportation Investment Generating Economic Recovery, or TIGER Discretionary Grants, Congress has dedicated nearly $7.1 billion for ten rounds of National Infrastructure Investments to fund projects that have a significant local or regional impact.

Ask: $25 million (will know by year’s end)
Where the rest of the money comes from

- Federal grants
- State grants or financing
- Blended tariff adjustment on petroleum, cement and cargo
Priority Capital Request

Note: The Municipality of Anchorage is not submitting any State Capital Budget request in 2016. Instead, it asks the Legislature to include the Port of Anchorage Modernization Project as a 2016 State General Obligation (GO) Bond proposition.

Port of Anchorage Modernization Project bond request . . . . . . $290 million

Funding is requested for design and modernization of facilities at Alaska’s largest port, which handles three-quarters of all Southcentral Alaska/Railbelt-bound, waterborne, non-fuel, freight and 95 percent of all refined petroleum products. The Port of Anchorage is Alaska’s port. 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.

<table>
<thead>
<tr>
<th>Terminal</th>
<th>Age (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terminal 1 (general cargo)</td>
<td>54</td>
</tr>
<tr>
<td>Terminal 2 (cargo containers)</td>
<td>46</td>
</tr>
<tr>
<td>Terminal 3 (cargo containers)</td>
<td>40</td>
</tr>
<tr>
<td>POL Terminal 1 (petroleum, oil and lubricants)</td>
<td>50</td>
</tr>
<tr>
<td>POL Terminal 2 (cement, petroleum, oil and lubricants)</td>
<td>20</td>
</tr>
</tbody>
</table>
• 50 year financing
• 0% for 15 years
• 0.25% for next 35
**Note:** Estimated market price for cement is approx. $155/ton (FOB Port of Alaska); or approx. $0.08/lb

---

**Tariffs increase drop by ~97% (at year 6)**

---

**Municipality of Anchorage**

**Port of Alaska**

**Parrish, Blessing and Associates**

Port of Alaska Tariff Rate Projections Based on Parrish Blessing and Associates Analysis (DSCR 1.3) on Borrowing of $200 million and Demand Elasticity of -0.00%

**Assumptions**

1. The Municipality of Anchorage borrows $200 million at zero interest for the first 15 years and then beginning in Year 16, repays the loan over then next 35 years at 0.25% interest.
2. The Municipality of Anchorage creates a sinking fund that will be used to repay the entirety of the $200 million loan and save for replacement in year 75.
3. Only Petroleum and Cement Wharfage rates are increased to repay the $200 million loan.
4. All revenues generated by the rate increases will be deposited into the sinking fund.
5. Capital fund balance in excess of minimum reserve is transferred into sinking fund.
6. Rates set to achieve revenue target, meaning:
   a. meet its debt service coverage ratio of 1.3 or the ratio set by lender.
   b. meet its fiscal policy for operating reserves set at a minimum of 60 and maximum of 90 days coverage of operating expenses following GFOA best practices.
   c. meet fiscal policy for debt reserves when revenue bonds are issued for capital improvements consistent with bond covenants.

---

**Revenues**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Petroleum (Assumed Demand)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barrels</td>
<td>11,366,194</td>
<td>11,325,616</td>
<td>11,285,184</td>
<td>11,244,896</td>
<td>11,204,752</td>
<td>11,164,751</td>
<td>11,124,893</td>
<td>11,085,177</td>
<td>11,045,603</td>
</tr>
<tr>
<td><strong>Petroleum Tariff/Barrel Rate</strong></td>
<td>$0.1579</td>
<td>$0.1635</td>
<td>$0.1694</td>
<td>$0.1754</td>
<td>$0.1817</td>
<td>$0.1882</td>
<td>$0.1949</td>
<td>$0.2018</td>
<td>$0.2091</td>
</tr>
<tr>
<td><strong>Customer Cost Per Gallon</strong></td>
<td>$0.0038</td>
<td>$0.0039</td>
<td>$0.0040</td>
<td>$0.0042</td>
<td>$0.0044</td>
<td>$0.0045</td>
<td>$0.0046</td>
<td>$0.0046</td>
<td>$0.0046</td>
</tr>
<tr>
<td><strong>%YoY</strong></td>
<td>0.00%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
</tr>
<tr>
<td><strong>Petroleum Tariff Revenue</strong></td>
<td>$1,764,722</td>
<td>$1,852,158</td>
<td>$1,911,431</td>
<td>$1,972,602</td>
<td>$2,035,730</td>
<td>$2,100,879</td>
<td>$2,168,112</td>
<td>$2,237,498</td>
<td>$2,309,103</td>
</tr>
<tr>
<td><strong>Cement Tons (Assumed Demand)</strong></td>
<td>105,326</td>
<td>104,950</td>
<td>104,575</td>
<td>104,202</td>
<td>103,830</td>
<td>103,459</td>
<td>103,090</td>
<td>102,722</td>
<td>102,355</td>
</tr>
<tr>
<td><strong>Cement Tariff/Ton</strong></td>
<td>$1.6000</td>
<td>$1.6675</td>
<td>$1.7270</td>
<td>$1.7877</td>
<td>$1.8525</td>
<td>$1.9166</td>
<td>$1.9816</td>
<td>$2.0561</td>
<td>$2.1316</td>
</tr>
<tr>
<td><strong>Customer Cost Per Pound</strong></td>
<td>$0.0008</td>
<td>$0.0008</td>
<td>$0.0009</td>
<td>$0.0009</td>
<td>$0.0009</td>
<td>$0.0009</td>
<td>$0.0010</td>
<td>$0.0010</td>
<td>$0.0011</td>
</tr>
<tr>
<td><strong>%YoY</strong></td>
<td>0.00%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
<td>3.57%</td>
</tr>
<tr>
<td><strong>Cement Tariff Revenue</strong></td>
<td>$169,575</td>
<td>$175,002</td>
<td>$180,602</td>
<td>$186,302</td>
<td>$192,347</td>
<td>$198,502</td>
<td>$204,855</td>
<td>$211,411</td>
<td>$218,177</td>
</tr>
<tr>
<td><strong>Total Tariff Revenue</strong></td>
<td>$1,365,297</td>
<td>$1,344,360</td>
<td>$1,391,034</td>
<td>$1,376,904</td>
<td>$1,408,177</td>
<td>$1,440,924</td>
<td>$1,481,267</td>
<td>$1,514,610</td>
<td>$1,547,278</td>
</tr>
<tr>
<td><strong>STBP Revenue</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other Revenue</strong></td>
<td>11,526,869</td>
<td>11,815,041</td>
<td>12,110,417</td>
<td>12,413,177</td>
<td>12,723,207</td>
<td>13,041,594</td>
<td>13,367,634</td>
<td>13,701,625</td>
<td>14,044,371</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$13,491,168</td>
<td>$13,852,200</td>
<td>$14,202,451</td>
<td>$14,572,161</td>
<td>$14,951,584</td>
<td>$15,340,976</td>
<td>$15,740,602</td>
<td>$16,150,733</td>
<td>$16,571,850</td>
</tr>
</tbody>
</table>

---

**Expenses**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating and Non-Operating Expenses</strong></td>
<td>$22,869,528</td>
<td>$15,261,246</td>
<td>$14,293,151</td>
<td>$12,236,064</td>
<td>$12,602,326</td>
<td>$12,988,557</td>
<td>$13,387,668</td>
<td>$13,800,191</td>
<td>$14,226,685</td>
</tr>
<tr>
<td><strong>Projected Debt Service Petroleum/Cement</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Projected Sinking Fund Contributions (PCT)</strong></td>
<td>-</td>
<td>62,863</td>
<td>127,737</td>
<td>194,687</td>
<td>203,780</td>
<td>335,084</td>
<td>408,670</td>
<td>484,611</td>
<td>562,963</td>
</tr>
<tr>
<td><strong>Operating Cash</strong></td>
<td>$7,229,553</td>
<td>$3,752,478</td>
<td>$3,492,842</td>
<td>$2,969,107</td>
<td>$3,642,381</td>
<td>$3,120,034</td>
<td>$3,200,301</td>
<td>$3,263,294</td>
<td>$3,369,132</td>
</tr>
<tr>
<td><strong>No. of Days Operating Cash</strong></td>
<td>170</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td><strong>Debt Service Coverage</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>PCT Sinking Fund Balance</strong></td>
<td>$102,650,210</td>
<td>$105,405,037</td>
<td>$108,223,797</td>
<td>$111,202,504</td>
<td>$114,335,127</td>
<td>$117,625,749</td>
<td>$121,075,378</td>
<td>$124,685,021</td>
<td>$128,455,685</td>
</tr>
</tbody>
</table>
Where the rest of the money comes from

• Federal grants
• State grants or financing
• Blended tariff adjustment on petroleum, cement and cargo
## TEU ("20-ft Equivalent") Cargo Surcharge

A 20-foot-long (6.1 m) ISO container equals 1 TEU.

<table>
<thead>
<tr>
<th>TEU Surcharge</th>
<th>Average TEU Rate Per Pound</th>
<th>Est. Effect on a Gallon of Milk ($4.89 &amp; 8 lbs)</th>
<th>Increase on Gallon of Milk</th>
<th>Annual Revenue Raised</th>
<th>Potential Size of Loan (@4% w/1.3 DSCR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10.00</td>
<td>$0.0013</td>
<td>$4.90</td>
<td>$0.01</td>
<td>$4,350,000</td>
<td>~$66 million</td>
</tr>
<tr>
<td>$16.00</td>
<td>$0.0021</td>
<td>$4.91</td>
<td>$0.02</td>
<td>$6,960,000</td>
<td>~$106 million</td>
</tr>
<tr>
<td>$25.00</td>
<td>$0.0033</td>
<td>$4.92</td>
<td>$0.03</td>
<td>$10,875,000</td>
<td>~$165 million</td>
</tr>
<tr>
<td>$50.00</td>
<td>$0.0067</td>
<td>$4.94</td>
<td>$0.05</td>
<td>$21,750,000</td>
<td>~$330 million</td>
</tr>
<tr>
<td>$100.00</td>
<td>$0.0133</td>
<td>$5.00</td>
<td>$0.11</td>
<td>$43,500,000</td>
<td>~$660 million</td>
</tr>
</tbody>
</table>
• Does proceeding cause the airlines to flee?
• Where does the rest of the money come from?
• What if we get stuck?
• Finished platform and trestle
• Seismically resilient emergency facility
• Maximize purchasing power of current state grants
• No harm to navigation with incomplete structure
• Does proceeding cause the airlines to flee?
• Where does the rest of the money come from?
• What if we get stuck?
• Does this commit us to $2B project?
ANCHORAGE PORT MODERNIZATION PROGRAM

<30% Designed; Vast Majority of the Cost—but Design Assumptions Likely Will Change

Port of Alaska Modernization Program
Budget Report Summary Thru 3/29/2019

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimate At Complete</th>
<th>Funded</th>
<th>Funding Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Backlands Stabilization (SBS)</td>
<td>$18,503,837</td>
<td>$18,503,837</td>
<td>$ -</td>
</tr>
<tr>
<td>Petroleum and Cement Terminal (PCT)</td>
<td>$226,887,158</td>
<td>$116,194,035</td>
<td>$110,693,123</td>
</tr>
<tr>
<td>North Extension Stabilization Step 1 (NES1)</td>
<td>$122,945,878</td>
<td>$4,313,282</td>
<td>$118,632,596</td>
</tr>
<tr>
<td>Landside Buildings (LSB)</td>
<td>$15,611,067</td>
<td>$380,501</td>
<td>$15,230,567</td>
</tr>
<tr>
<td>Terminal 1 (T1)</td>
<td>$747,374,069</td>
<td>$8,887,177</td>
<td>$738,486,893</td>
</tr>
<tr>
<td>Terminal 2 (T2)</td>
<td>$446,079,706</td>
<td>$6,518,511</td>
<td>$439,561,195</td>
</tr>
<tr>
<td>Petroleum Terminal (PT)</td>
<td>$174,510,349</td>
<td>$2,266,532</td>
<td>$172,243,817</td>
</tr>
<tr>
<td>North Extension Stabilization Step 2 (NES2)</td>
<td>$131,857,050</td>
<td>$537,419</td>
<td>$131,319,630</td>
</tr>
<tr>
<td>Terminal 3 Demolition (T3)</td>
<td>$48,298,181</td>
<td>$194,722</td>
<td>$48,103,459</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,932,067,295</strong></td>
<td><strong>$157,796,015</strong></td>
<td><strong>$1,774,271,280</strong></td>
</tr>
</tbody>
</table>
• The Port
• The Problem
• The Plan
• The Money
• The Bid
• The Questions
• The Alternatives
• The Recommendation
- Repair in place
- Go north instead
- Delay
  - End up with PCT
  - End up with something else
- Build in front of POL 1
- Build a reduced PCT
Pause that Ends with PCT

Schedule
- 1 year delay

Seismic / corrosion risk
- Extended 1 year

Cost
- 3% Escalation on estimated PCT cost of $158m ($42m + $116m) = ~$5 million
- Risk of price increase on re-bid = ~$10 million?
- 1 year of extra jacketing = ~$2 million
- Repair in place
- Go north instead
- Delay
- End up with PCT
- End up with something else
- Build in front of POL 1
- Build a reduced PCT
Pause that Ends with *Something Very Like* the PCT

**Schedule**
- 1 year delay

**Seismic / corrosion risk**
- Extended 1 year

**Cost**
- 3% Escalation on estimated PCT cost of $158m ($42m + $116m) = ~$5 million
- Risk of price increase on re-bid = ~$10 million?
- 1 year of extra jacketing = ~$2 million
- Cost savings due to changes ??? = ($___ ) million
Pause that Ends with Something Significantly Different from PCT

Schedule
• 2-3 year delay

Cost
• Re-design and permitting costs = ~$5 million
• 3% escalation for 2-3 years (assume $100m project) = ~$10 million
• 2-3 years of additional jacketing = ~$4 million
• Savings of new design (if any) = (____) ?

Seismic / corrosion risk
• Extended 2-3 years
• Concerns about getting to cargo docks

Impact on Federal Grants
• No shovel-ready project for 2-3 years
- Repair in place
- Go north instead
- Delay
- End up with PCT
- End up with something else
- Build in front of POL 1
- Build a reduced PCT
Build a platform in front of POL 1
Build a platform in front of POL 1

Safety
- Discontinuous berth face complicates navigation for cargo ships
- Not clear if Army Corp would permit, or how it would affect dredging program

Schedule
- 2-year delay (could be built in one year)

Cost
- Re-design and permitting costs = ~$3 million
- 3% escalation for 2 years (assume $42m project) = ~$2.5 million
- 2 years of additional jacketing = ~$4 million
- Petroleum and cement users could not access POL 1 for two years
- If trestle replaced, significant increased costs to trestle work
- If PCT is ever developed, significant re-dredging costs

Seismic / corrosion risk
- Extended 2 years at minimum, indefinitely if trestle not replaced

Impact on Federal Grants
- No shovel-ready project for 2-3 years
- Repair in place
- Go north instead
- Delay
  - End up with PCT
  - End up with something else
- Build in front of POL 1
- Build a reduced PCT
Possible “Deductive Alternatives”

- Reduce life from 75 years to 50 years
- Lower height from +44 to +40 (or +39)
- Narrow trestle
Suggestion #1 – Reduce Design Life from 75-years to 50-years

The current design requirement of a 75-year design life was discussed at the recent roundtable. Absent any code required design life, PCT incorporates 75-years based on industry practice trending from 50-years to 75-years for primary maritime infrastructure. Current designs, construction practices and materials make a 75-year life viable for a minimal additional cost over 50-year life, and this was considered appropriate for a Modernization program that incorporates future requirements such as future vessel size, dredge depth, etc.

It should be understood that the design life of 75-years applies to the primary structure, not other elements in the program. Other elements have varying design life based on usage and industry practice. As discussed at the roundtable, dolphin structures have a design life of 50-years, and items such as piping, buildings, and fenders have a design life of 25-years. Components that can be repaired or replaced with little disruption to the facility typically have a shorter design life than primary structural elements.
Cost

At the roundtable we discussed the reduction of the primary structure design life. Design life of the primary structure focuses on the aspect of pile corrosion, which is the governing degradation mechanism. The current design corrosion strategy relies on a combination of impressed current cathodic protection (ICCP), 1/8” sacrificial pile wall thickness, and pile coatings.

One way to reduce cost and design life from 75-years to 50-years would be to eliminate the pile coatings. The coatings are anticipated to provide 20-years of corrosion protection. Pile coatings were initially estimated to be $2M. If we eliminate the coatings, we will need to negotiate a deductive change order with Pacific Pile and Marine (PPM). The final deductive value would need to be justified from the PPM’s material supplier quotations. The final costs may vary from the initial estimate but the $2M is within an order of magnitude cost reduction.
The ICCP system functions by providing power to the steel components exposed to corrosion. The power consumption increases as the pile coating fails over time and more surface steel is exposed. Initial calculations on power cost, without demand charges and anode sled replacement, reflect a power consumption cost for 50 years with coated piles to be $500,000. A simplistic analysis of power consumption on uncoated piles, taking years 20-70 on the coated pile power consumption calculations, yields a power consumption cost of $1,000,000. The effect of eliminating coatings will result in an increase in lifecycle cost of approximately $500,000 in power consumption.

The net reduction from modifying the design life requirement from 75-years to 50-years is on the order of $1,500,000.

**Schedule**

PPM’s schedule indicates they need to give the pile supplier a Notice-to-Proceed by August 1, 2019. The supplier will have some lead time to order the raw steel for fabrication. If we notify PPM by August 1, there should be no schedule impact to eliminating the pile coating.
Possible “Deductive Alternatives”

- Reduce life from 75 years to 50 years
- Lower height from +44 to +40 (or +39)
- Narrow trestle
<table>
<thead>
<tr>
<th>Current Requirement</th>
<th>Current Requirement Source</th>
<th>Minimum Requirement</th>
<th>Minimum Requirement Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deck height at +44 MLLW to meet 500 yr storm surge and Federal modeled sea level rise.</td>
<td>POA/FEMA</td>
<td>Maintain current terminal elevations of +40 or design for 500 year storm surge of +39.</td>
<td>UFC Criteria #2 for 500 year storm surge</td>
</tr>
</tbody>
</table>
**POA Requirement 4: Reduce sea level predictions**

<table>
<thead>
<tr>
<th>Operational Considerations</th>
<th>Investment Costs</th>
<th>Life-cycle Considerations</th>
<th>Potential Cost Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same as current operations</td>
<td>May lose FEMA grant</td>
<td>May experience overtopping of structure near end of design life</td>
<td>Lowering platform elevation saves piling material costs</td>
</tr>
</tbody>
</table>

*Est. $2 million steel savings*
Dropping from +44 design to +39 would likely expose underside of PCT to cyclical wetting and drying.
Possible “Deductive Alternatives”

- Reduce life from 75 years to 50 years
- Lower height from +44 to +40 (or +39)
- Narrow trestle
# Requirement 8: ABI trestle width

<table>
<thead>
<tr>
<th>Trestle Width</th>
<th>Current Requirement</th>
<th>Current Requirement Source</th>
<th>Minimum Requirement</th>
<th>Minimum Requirement Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32’ wide trestle with 30’ travel width Requirement</td>
<td>ABI Programming Charrette Input</td>
<td>Provide platform area for stationary uploader and 12-ft trestle travel way to support all other access requirements</td>
<td>24-ft trestle with 20-ft travel way to support all other vehicle access requirements</td>
</tr>
</tbody>
</table>

30’ traveled way needed for new ABI unloader to traverse between land and platform
Requirement 8: Reduce trestle width

<table>
<thead>
<tr>
<th>Operational Considerations</th>
<th>Investment Costs</th>
<th>Life-cycle Considerations</th>
<th>Potential Cost Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement unloader has to winter in place on platform or be pulled off by floating gear if required</td>
<td>None, there is a cost savings.</td>
<td>Less trestle and piling to maintain</td>
<td>Cost savings unknown, requires analysis to determine if one row of piles can be deleted. Deck and pile cap width cost savings even if we cannot eliminate a row of piles</td>
</tr>
</tbody>
</table>

- Est. $3.5m in construction savings
- Reduced annual M&O costs
- Could be deductive change order; no impact to schedule
• The Port
• The Problem
• The Plan
• The Money
• The Bid
• The Questions
• The Alternatives
• The Recommendation
Need to Protect
Anchorage's aging docks are the single biggest hazard to Alaska's import supply chain because they are a frail, single point of failure that is waiting to happen. There is no cost-effective alternative to reconstructing POA docks. Alaska's small and disperse population cannot economically support redundant facilities with adequate cargo handling capacity to substitute for POA if it fails.
Our nation’s ability to project power to combat theaters around the globe relies heavily on sealift. In 2016, the Military Surface Deployment and Distribution Command revalidated the Port of Alaska as a National Strategic Seaport in order to provide military planners and port operators with information critical to successfully executing contingency plans and operations for military installations in Alaska.

The Port of Alaska, as part of the United States Maritime Administration’s National Port Readiness network, is key to these operations. Since 2005, military cargo in the form of combat vehicles, weaponry, and support equipment have passed through the port, utilizing over 25 acres of land for staging, and up to three berths for all cargo types including bulk, containerized, heavy-lift, and roll-on/roll-off assets essential to deploying/redploying combat forces from Alaska.

In addition to supporting deployment operations, over 50 million gallons of military aviation fuel, as well as approximately 4,600 inbound & 6,300 outbound military household goods shipments, and 2,500 vehicle shipments flow through the Port of Alaska annually. Furthermore, the port is the largest single point of throughput for commodities stocked in our base exchanges and commissaries supporting over 55,000 military family members.

The Port’s significance to operations and contingencies cannot be overstated. Sustaining the capabilities of the Port of Alaska remains crucial to our ability to carry out our military missions and support significant military investment in Alaska over the next 5-10 years.
• Get the volumes in
• Reliably
• Do it cheaply
July 10, 2019

The Honorable Elaine Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20515

Dear Secretary Chao:

We are writing to express our support for an application submitted jointly by the Municipality of Anchorage, Alaska and the Port of Alaska to the Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grant program. The Municipality and Port are seeking funding to assist with the first phase of the “Port of Alaska Modernization Program (PAMP),” a project vital to the economic security of Alaskans.

Sincerely,

DON YOUNG
Congressman for All Alaska

LISA MURKOWSKI
United States Senator

DAN SULLIVAN
United States Senator
MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 477-2019

Meeting Date: July 23

From: Mayor

Subject: RECOMMENDATION OF AWARD TO PACIFIC PILE & MARINE FOR PROGRAM PETROLEUM AND CEMENT TERMINAL (PCT) FOR THE MUNICIPALITY OF ANCHORAGE, PORT OF ALASKA (POA) (ITB 2019C033) ($42,156,000)

Award of this bid will provide construction services to the Municipality of Anchorage, POA for the Petroleum and Cement Terminal 2020 Elements Project. This work comprises of furnishing all labor and materials identified within the ITB to complete portions of the PCT (the trestle and work platform). The remaining portions of the PCT will be awarded in subsequent construction contracts.

- Award PCT
- Administration will explore and present on possible deductive alternatives