

## Port of Alaska Users Group

May 20, 2020

William (Bill) D. Falsey, Anchorage Municipal Manager  
632 W. 6th Avenue, Room 850  
Anchorage, AK 99501

Dear Bill,

On behalf of the Port of Alaska Users Group (PAUG), thank you for your commitment to the Port of Alaska Modernization Program (PAMP) and your work as incident commander during the COVID-19 response.

Over the last several weeks, PAUG members met to review the PAMP Advisory Committee draft ordinance you presented at the Anchorage Assembly Enterprise Utility Oversight Committee work session on January 23, 2020.

The members of the PAUG have spent considerable time discussing the merits of two different versions of the ordinance. Attached to this correspondence, please find two versions of the draft ordinance. The majority of the group supported version #1. There was a minority opinion that we feel should be presented as well, thus version #2 is shared in the spirit of full transparency. The differences can be found in 3c (quorum), 3f (majority vote) and 4a (administration review and assembly submission).

We look forward to discussing your thoughts and collaborating to establish this advisory committee.

Respectfully,



Bal Dreyfus  
Port of Alaska Users Group, Co-chair  
Matson, Senior Vice President, Alaska



Alex Hofeling  
Port of Alaska Users Group, Co-chair  
TOTE, Vice President and Alaska General  
Manager

### The PAUG consists of the following companies:

- |  |                         |
|--|-------------------------|
| 1. Alaska Maritime Agencies            | 5. Delta Western        |
| 2. Alaska Sand and Gravel              | 6. Marathon             |
| 3. Anchorage Fueling & Service Company | 7. Matson               |
| 4. Crowley                             | 8. Petro Star           |
|  | 9. TOTE Maritime Alaska |

### CC:

Mayor Ethan Berkowitz  
Assemblyman Chris Constant  
Assemblywoman Meg Zalatel  
Steve Ribuffo, Director, Port of Alaska  
Sharen Walsh, Port Modernization Program Director, Port of Alaska  
PAUG members

**Version 1:**

**Port of Alaska Modernization Program (PAMP) Advisory Committee**

**1. Purpose**

- a. As stated by the Port of Alaska, the mission of the Port of Alaska Modernization Program is not a port expansion project. It is a necessary reconstruction project that will:
  - i. Enable safe, reliable, and cost-effective Port operations
  - ii. Improve resiliency to enable facilities to survive extreme seismic events and Cook Inlet's harsh marine environment with minimal operation disruption for at least 75 years
  - iii. Update facilities to improve operational efficiency and sustainably accommodate modern shipping operations (e.g., support larger, deeper draft vessels, etc.)
  - iv. Optimize facilities to accommodate changing statewide economic and market needs (e.g., petroleum product shipments are increasing significantly faster than general cargo growth due to Flint Hills refinery closure in 2014)
  - v. Optimize project scope, schedule, and budget to deliver practical, timely, and cost effective port modernization program
- b. It is in the collective interest of the citizens of Alaska, the Port, and the petroleum and cargo users of the Port to see PAMP's mission undertaken in an efficient and collaborative manner, to secure third party funding sources, and to ensure such efforts do not interfere with internal development activities of the Port users.
- c. To further coordination among these interested parties, an Advisory Committee to the Mayor of Anchorage is established to hear disputes between the users and the Port regarding non-structural engineering design criteria (user requirements), seismically resilient dock designation and project management for future cargo and fuels infrastructure to assist in moving the project forward.

**2. Members**

- a. Municipal Manager
- b. Director of the Port of Alaska
- c. Matson (Carrier)
- d. TOTE (Carrier)
- e. Petroleum User (appointed by the Port of Alaska Users Group)

**3. Procedures**

- a. Public Meetings.
  - i. Meetings of the Advisory Committee shall be public and publicly noticed under the Anchorage Muni. Code Sec. 1.25.005 et seq., and 1.25.015.B.
- b. Frequency.
  - i. The Advisory Committee shall meet as often as determined necessary by the Advisory Committee and not less than twice a year.
  - ii. The Port of Alaska will provide project updates as needed but not less than quarterly to the Advisory Committee.
- c. Quorum.
  - i. A majority of the members of the Advisory Committee shall constitute a quorum.
- d. Proxy.

- i. Each member may designate a proxy to attend meetings and vote on their behalf.
  - e. Chair.
    - i. The Director of the Port of Alaska shall serve as chair of the Advisory Committee.
  - f. Majority vote.
    - i. Motions of the Advisory Committee shall be approved by simple majority vote of a quorum.
  - g. Agendas and Recordings.
    - i. Agendas and audio recordings of meetings shall be retained and made publicly available.
  - h. Recommendation of Design Criteria and Dispute Resolution to the Mayor.
    - i. The Advisory Committee, by vote, shall advise the Mayor to propose for adoption by the assembly, design criteria to govern additional cargo and fuels infrastructure at the Port of Alaska.
    - ii. The Port of Alaska will submit to the PAMP Advisory Committee for review any changes that (a) meaningfully impact users' operations or (b) impact project costs by the lesser of \$2M or 5% of the overall project costs.
    - iii. The Advisory Committee is advisory to the Mayor. If a recommended document is not recommended on a unanimous vote, any member not voting in favor of the recommended document may transmit to the mayor a minority report.
- 4. Assembly Review and Approval of Basis-of-Design Documents.
  - a. Administration review and Assembly submission.
    - i. Not more than 60 days after receiving from the Advisory Committee a recommended design criteria document, the mayor shall submit a proposed basis-of-design document for Assembly review and approval. The mayor shall also submit the document proposed by the Advisory Committee, and any accompanying minority reports. To the extent that the basis-of-design document proposed by the mayor differs in any material aspect from the document proposed to the mayor by the Advisory Committee, the mayor shall describe for the Assembly the considerations that led the mayor to depart from the Advisory Committee's recommendation.
  - b. Assembly approval.
    - i. After receiving a proposed basis-of-design document from the mayor, the Assembly shall review and, after a public hearing, approve the basis-of-design document narrative with such changes as it deems necessary or advisable, in the best public interest.

## Version 2:

### Port of Alaska Modernization Program (PAMP) Advisory Committee

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  - iii. Update facilities to improve operational efficiency and sustainably accommodate modern shipping operations (e.g., support larger, deeper draft vessels, etc.)
  - iv. Optimize facilities to accommodate changing statewide economic and market needs (e.g., petroleum product shipments are increasing significantly faster than general cargo growth due to Flint Hills refinery closure in 2014)
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#### 3. Procedures

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  - i. The Advisory Committee shall meet as often as determined necessary by the Advisory Committee and not less than twice a year.
  - ii. The Port of Alaska will provide project updates as needed but not less than quarterly to the Advisory Committee.
- c. Quorum.
  - i. The Port Director and three additional members of the Advisory Committee shall constitute a quorum.

- d. Proxy.
  - i. Each member may designate a proxy to attend meetings and vote on their behalf.
- e. Chair.
  - i. The Director of the Port of Alaska shall serve as chair of the Advisory Committee.
- f. Majority vote.
  - i. Motions of the Advisory Committee shall be approved by simple majority vote of the entire body.
- g. Agendas and Recordings.
  - i. Agendas and audio recordings of meetings shall be retained and made publicly available.
- h. Recommendation of Design Criteria and Dispute Resolution to the Mayor.
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  - ii. The Port of Alaska will submit to the PAMP Advisory Committee for review any changes that (a) meaningfully impact users' operations or (b) impact project costs by the lesser of \$2M or 5% of the overall project costs.
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  - b. Assembly approval.
    - i. After receiving a proposed basis-of-design document from the mayor, the Assembly shall review and, after a public hearing, approve the basis-of-design document narrative with such changes as it deems necessary or advisable, in the best public interest.