

CELEBRATING 50 YEARS

ALASKA'S PORT. ALASKA'S FUTURE



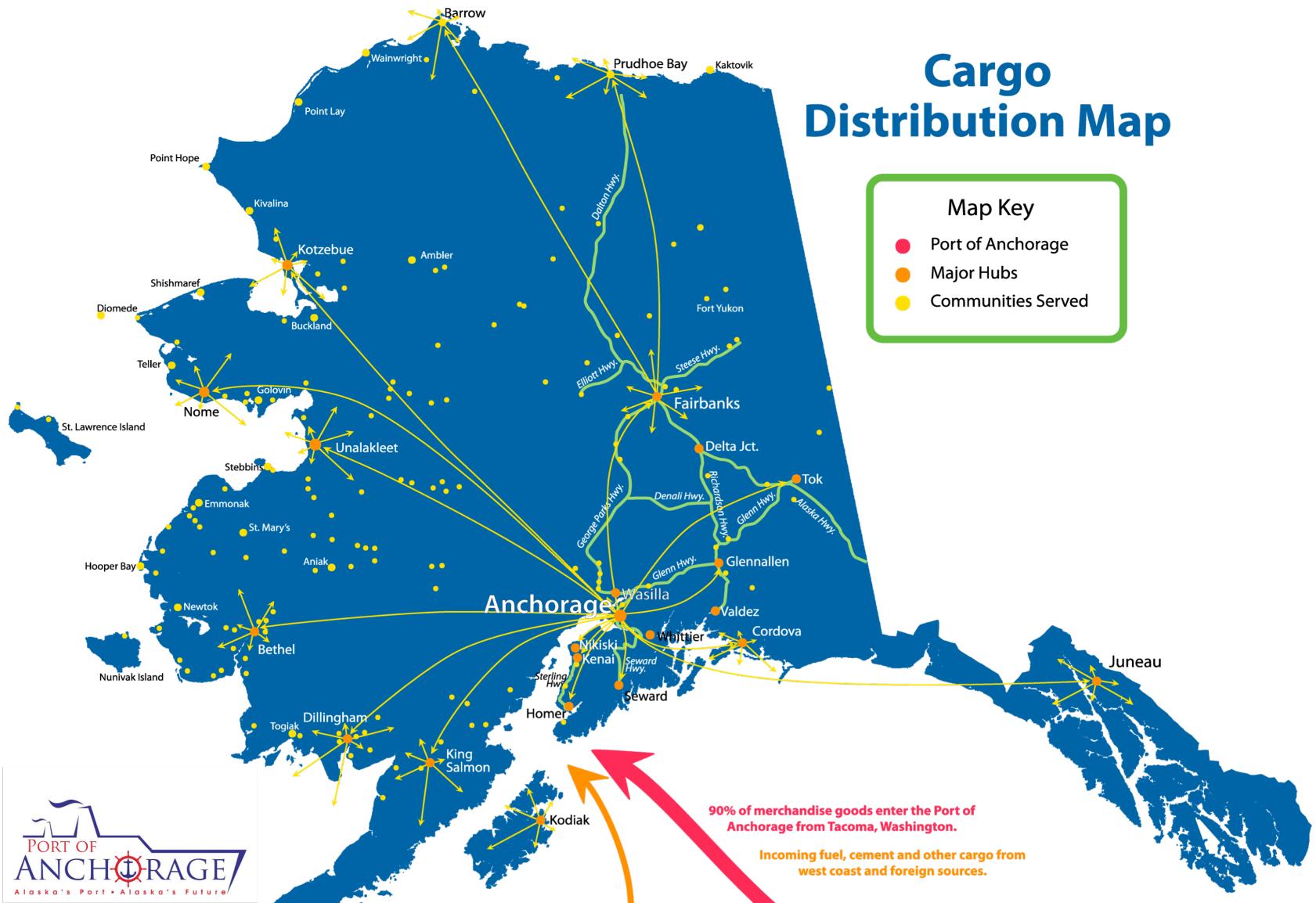
www.portofalaska.com

Facts about the Port

- The major point of entry for containerized cargo in Alaska
- Services support over 200 rural communities in the State
- Annually, 240,000 containers move through the Port
- Since 2000, an average 4 million tons of goods and materials pass through the Port's facilities annually
- 90% of merchandise goods for the Railbelt and interior Alaska.
- 100 million pounds of bypass mail items
- 52,000 vehicles processed annually on average
- 80% of the cement for concrete



Cargo Distribution Map



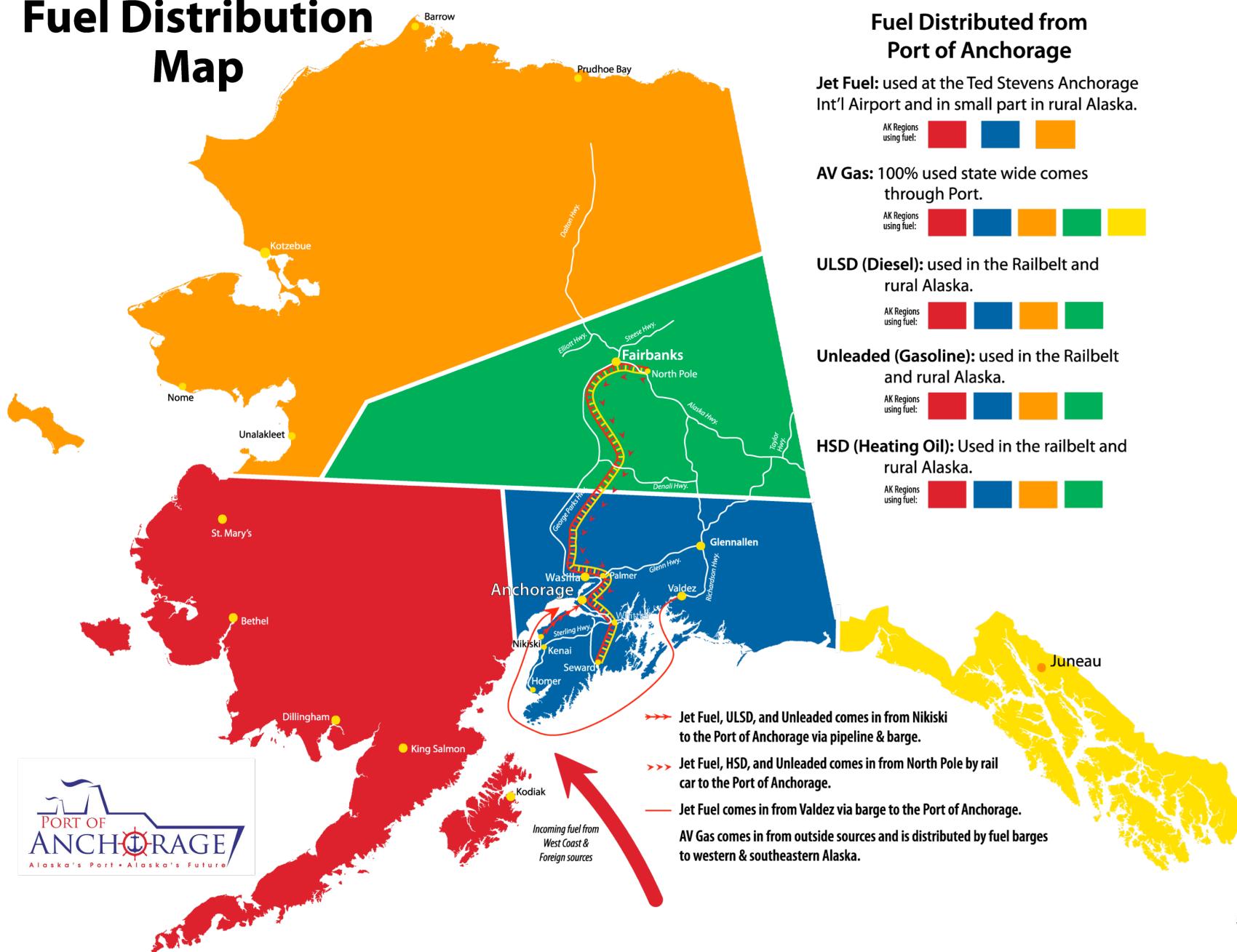
Fuel Services

Fuel Services:

- 11 million barrels of fuel annually
- 2/3 of the jet fuel for Ted Stevens Anchorage International Airport
- 100% of the jet fuel for Joint Base Elmendorf-Richardson
- 2/3 of all fuel used by the military in Alaska
- 1.4 million barrels of fuel shipped from POA to rural Alaska



Fuel Distribution Map



The Port and the U.S. Military

- Designated by the Department of Defense as a National Strategic Seaport. Only 19 ports in the United States have this designation.
- Supported over 30 deployments since 2001, including Stryker Brigade deployments to Iraq and Afghanistan.

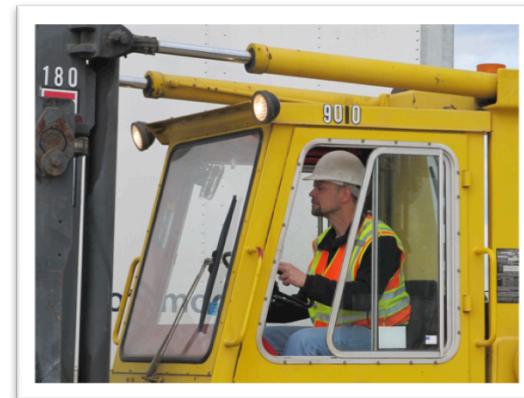


The POA provides essential fuel supplies, vehicles and almost all of the goods for commissaries & exchanges base/post.



Employment & Payroll

- Regular Operations:
 - \$50 million aggregate annual payroll from Port Stakeholders
 - Ship days over 3,600 vehicles moving through port
 - Non-ship days over 600 vehicles
 - **The Port of Anchorage covers all of its own operational costs and reserves its profits for the project.**
- Expansion Project:
 - Directly employs 150-200 tradesmen & women annually
 - Over 200 companies involved in project from 2005 – 2009



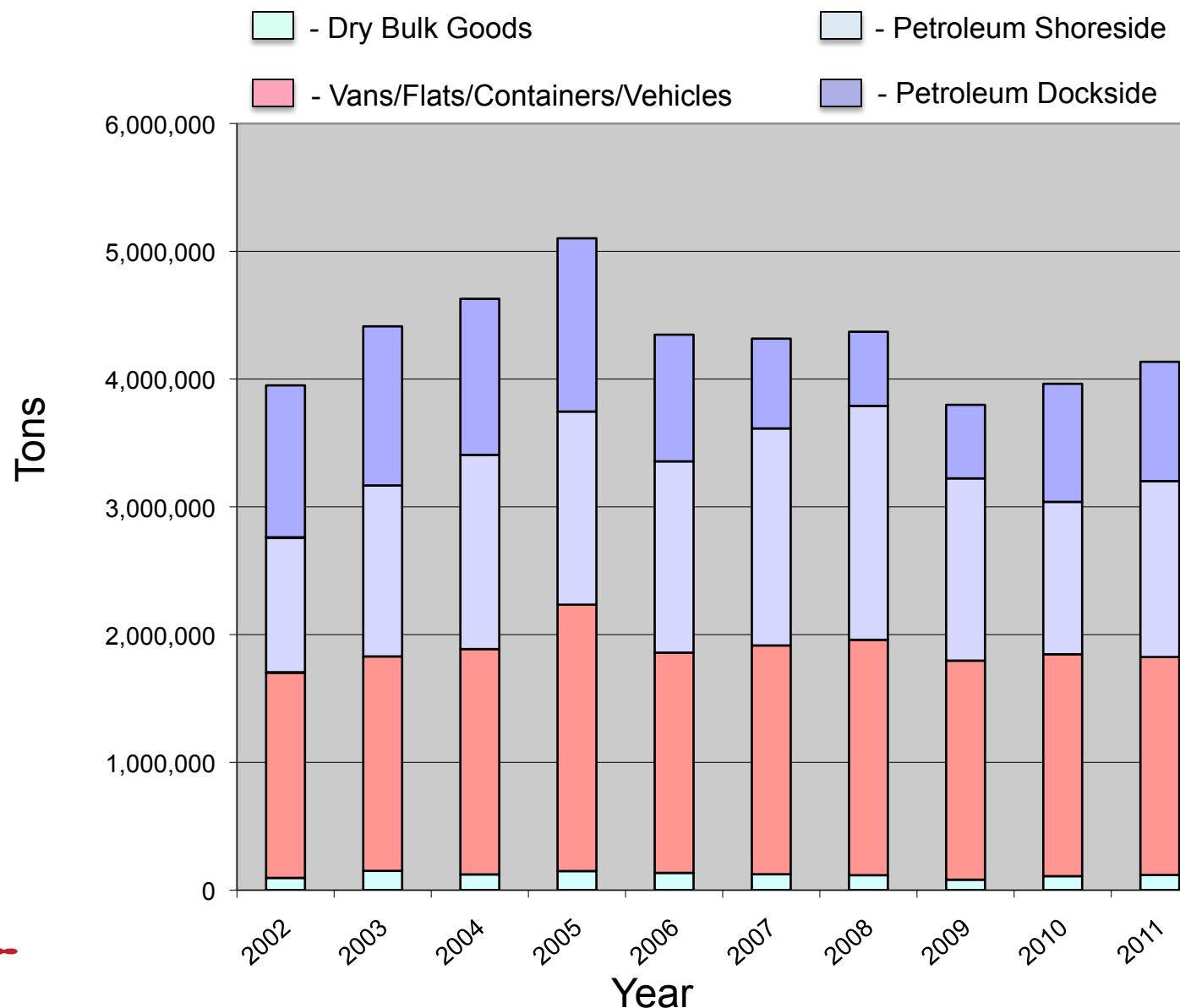
Port Stakeholders

A “stakeholder” is a company that relies regularly on the Port facilities to conduct routine business and/or leases port property.

- Horizon Lines
- Totem Ocean Trailer Express (TOTE)
- Alaska Basic Industries (ABI)
- Tesoro Alaska
- Crowley Marine Services
- Aircraft Service International Group (ASIG)
- Flint Hills Resources
- Alaska Railroad Corporation
- U.S. Army – Alaska and U.S. Transportation Command’s Surface Deployment & Distribution Command (SDDC)
- Cook Inlet Tug and Barge



Annual Dock Tonnage



The Port is 50 years old and in a deteriorated condition.



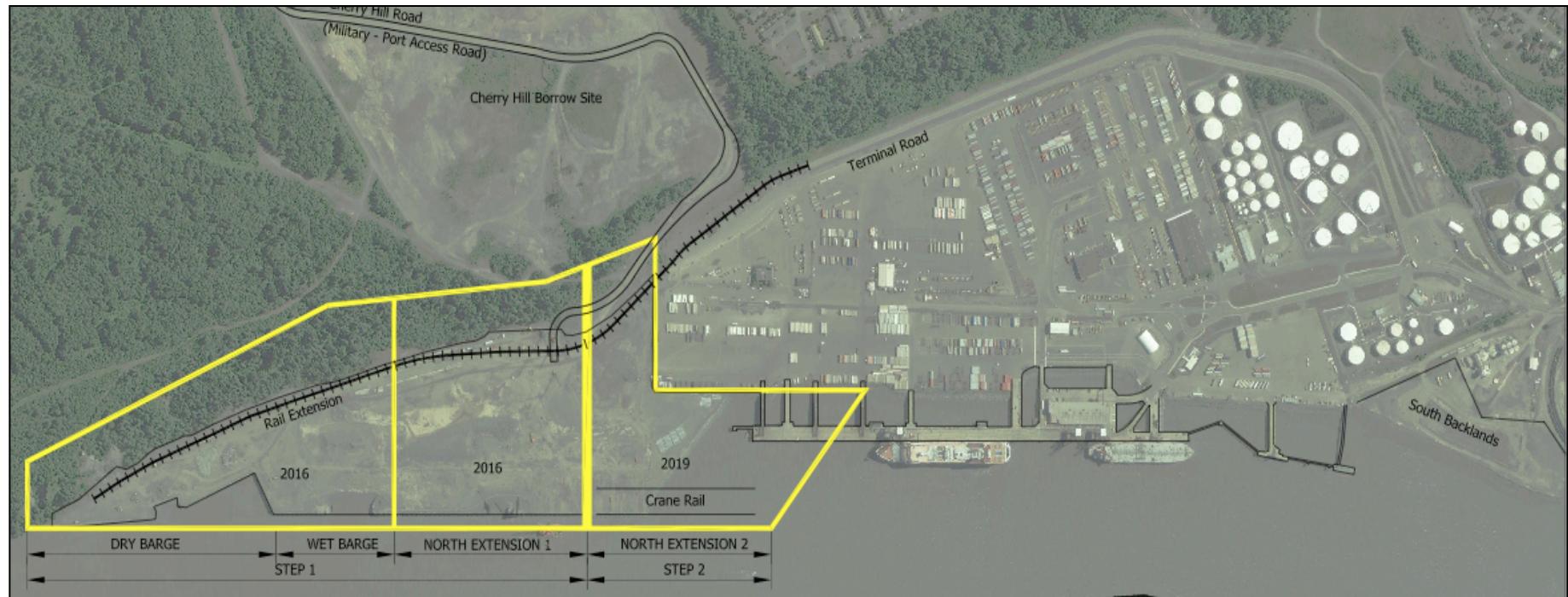
The Port requires costly annual repairs, and is vulnerable to failure during a high magnitude earthquake.

Intermodal Expansion Project

Investing in our future.



The Project will replace the current container facilities while providing modern, reliable and expanded infrastructure for our future.



- 2 new ship berths
- 2 new barge berths
- Ability to accommodate larger ships
- Improved seismic capacity
- Secure access to JBER
- 65 acres of land for commercial/industrial use



Expanded Opportunities

Recent Customers

BP & ExxonMobile – Drill Pipe for the North Slope Operations
U.S. Army - Alaska - Military Deployments
Chugach Electric – Sub-station infrastructure
Film Productions – Big Miracle
Holland America – 7 to 9 summer port calls

New Customers

Tetrotech – CIRI Fire Island Wind Farm turbines & construction equipment
A Refined Petroleum Storage Facility/Barge Operator
A Container Barge Operator
Alaska Basic Industries – Planned storage expansion
USS Anchorage – Commissioning ceremony

Future Possibilities

Current Petroleum Tenant – Addition of a new product line
Film Productions
Resource development projects – Gasline, dam, etc.



Funding

The project has been funded through a combination of port, state and federal funds.

\$331 million received to date:

Federal Funds \$138.7 million

State Funds \$ 121.3 million

Port of Anchorage Funds \$ 71.0 million

- The Port also qualifies for a \$75 million line of credit and is currently allowed to draw up to \$51 million. Currently it has drawn \$40 million of this credit line.
- The Port has also put \$31 million towards the project from savings and revenues since 2001.



Project History

- 1999** The Port's 10-year Master Plan recommends an expansion program to meet future needs.
- 2003** The Port partners with the U.S. Maritime Administration (MARAD) to implement the program.
- 2005** The preferred alternative is selected (current project design) and the permitting process begins.
- 2006** Terminal Road Rail Extension and Coast Guard floating dock completed.
- 2007** The project receives final permits.
- 2008** North and South Backlands filled and Port/Tidewater Rd. improvements completed. Bulkhead construction in the northern phase begins.
- 2009** Dry Barge Berth bulkhead and mooring complete. Bulkhead construction continues. The port is made aware of problems in the spring of 2009.
- 2010** Bulkhead construction halted when the extent of the damage was revealed.
- 2011** Work focused on completing sheet pile inspections to establish the integrity of the structure.



Funds Expended on Project

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
(Millions)	-	\$6.6	\$18.3	\$19.6	\$10.5	\$43.7	\$63.3	\$63.4	\$39.6	\$36.5	\$301.5

- Baseline site assessment, scientific studies, permitting & environmental impact assessments
- Instituted environmental impact avoidance, minimization, and/or mitigation measures
- Over-water Geotechnical Program:
 - sampling, analyses, seismicity studies, design enhancements, and optimized dredging specs
- Hydrologic & hydraulic modeling for harbor sedimentation and icing studies
- Geotechnical Analysis: Borings, Analysis, Design Changes
- Extracted, tested, sorted, transported and placed structural fill to create 65 acres of useable new land
- Completed dry barge berth with limited operational capacity
- Constructed 5 mile haul connecting POA to Joint Base Elmendorf Richardson (JBER) allowing secured military deployment, an emergency evacuation route and off-road gravel transport.
 - This road is already being used for military deployments, relieving congestion on public roadways.*
- Cleared land, opened and operated two gravel extraction borrow pits on JBER
- Realigned Terminal and Tidewater roads with enhanced intersections, track & fuel line crossings, & safety upgrades
- Demolished unserviceable track and installed upgraded, extended track with tie-in to the ARRC rail line
- Installed a new dedicated ultra-low sulfur diesel line
- Manufactured and installed a customized floating dock for the Coast Guard for Emergency Response
- Buried, upgraded and extended power lines and critical drainage systems
- Completed sheet pile inspections establishing the integrity of the structure



Funding

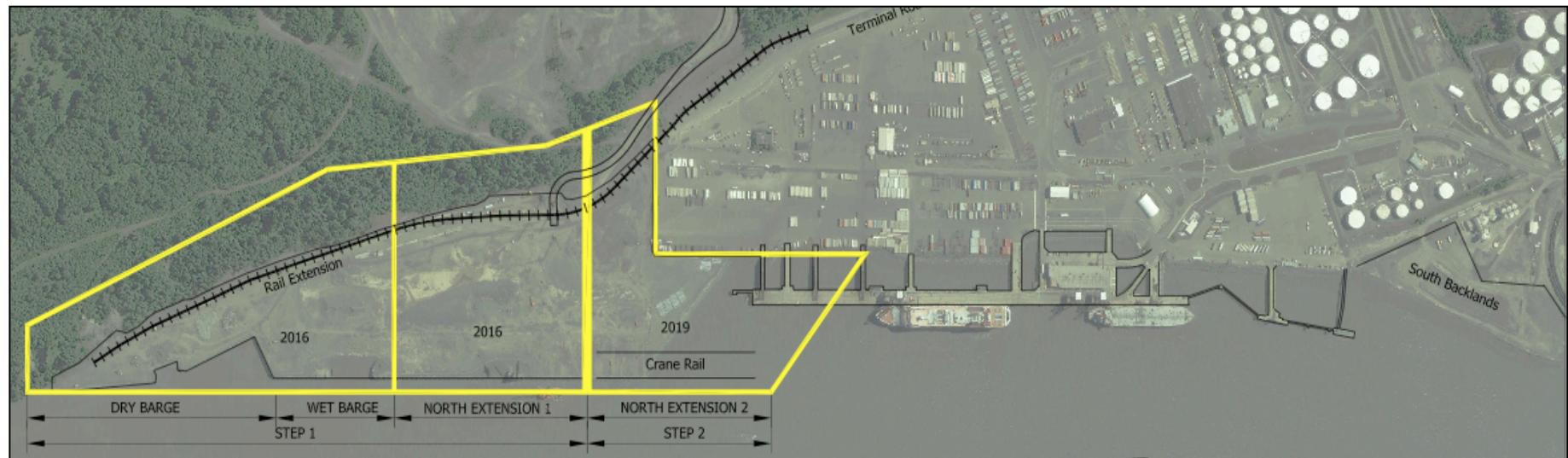
State Funding Needed: \$350 million

This funding is based on the February, 2011 ICRC cost estimate to complete two barge berths and two ship berths in the northern project area.

The construction will be completed in two steps so as not to interrupt our commercial shippers.

Step 1: complete two barge berths and northern ship berth

Step 2: compete second ship berth with crane rails



Old Paradigm

Federal Lead Agency

MARAD

US DOT Maritime Administration

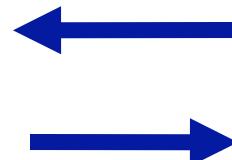
- Contracting & procurement authority, oversight and quality assurance and management of project funds.

Project Owner

Port of Anchorage

Municipality of Anchorage

- Securing funding and coordinating the construction phasing to fit the port's needs.



Project Manager

ICRC

Integrated Concepts & Research Corp.

- Project development & management, design, construction and permitting activities.

Design & Construction Subcontractors



New Paradigm

Old Paradigm Problems:

- No direct authority over project contractors by Port/Muni.
- No on-site MARAD representative at Port.
- No direct liability or bonding protection for Port/Muni.
- No Port directed construction oversight authority.

New Paradigm Solutions:

- New agreement establishing oversight committee.
- Established a technical advisory committee.
- On-site MARAD representative.
- A performance bond has been established for Port/Muni.
- On-site construction observers reporting directly to Port.
- Direct involvement in quality control & assurance program and monitoring.



Enacted Solutions

In September, 2011, the Municipality of Anchorage signed a new Memorandum of Agreement with MARAD. The new agreement provides increased accountability from all parties and ensures local control of the project moving forward.

The 2011 agreement:

- Formalized the Project Oversight and Management Organization giving the Port & Muni a decision making role in all aspects of the project.
- Ensures that MARAD will place a full-time representative at the Port.
- Increases liability and performance bond coverage for the Muni
- Transfers all contracting and procurement responsibilities from MARAD to the Muni or their designee by May 31, 2012.**



Establishing Control

Additional measures have been taken to ensure the success and accountability of future construction.

- The U.S. Army Corps of Engineers is conducting an independent design review and an analysis of the work completed to date.
- The U.S. Department of Transportation's Office of the Inspector General is conducting an audit of MARAD's contracting and procurement methods in its port development program using the Port of Anchorage as a case study.
- MARAD has engaged AECOM, a nationally known company, to conduct a "root cause" analysis of work performed prior to 2010.

For more information please review the quarterly reports we have submitted to the legislature. They are available on our website at

www.portofalaska.com





Barge in on us...

Anytime!

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