

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

March 10, 2020

1:02 p.m.

MEMBERS PRESENT

Representative Laddie Shaw, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Ivy Spohnholz
Representative Chris Tuck
Representative Sharon Jackson
Representative George Rauscher

MEMBERS ABSENT

Representative Chuck Kopp

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 27

Requesting the United States Department of Defense to invest in the Port of Alaska.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HJR 27

SHORT TITLE: FEDERAL INVESTMENT IN PORT OF ALASKA

SPONSOR(S): REPRESENTATIVE(S) FIELDS

02/24/20	(H)	READ THE FIRST TIME - REFERRALS
02/24/20	(H)	MLV, AET
03/10/20	(H)	MLV AT 1:00 PM GRUENBERG 120

WITNESS REGISTER

ETHAN BERKOWITZ, Mayor
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 27.

REPRESENTATIVE ZACK FIELDS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HJR 27.

STEVE RIBUFFO, Director
Port of Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 27.

BRITTANY SMART, Special Assistant to the Mayor
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HJR 27.

CAPTAIN ROBERT PAWLOWSKI, Retired Vice Chair
Port Commission
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 27.

ACTION NARRATIVE

[1:02:23 PM](#)

CO-CHAIR LADDIE SHAW called the House Special Committee on Military and Veterans' Affairs meeting to order at [1:02] p.m. Representatives Tuck, Rauscher, Spohnholz, Shaw, and Thompson were present at the call to order. Representative Jackson arrived as the meeting was in progress.

HJR 27-FEDERAL INVESTMENT IN PORT OF ALASKA

[1:03:02 PM](#)

CO-CHAIR SHAW announced that the only order of business would be HOUSE JOINT RESOLUTION NO. 27, Requesting the United States Department of Defense to invest in the Port of Alaska.

[1:04:03 PM](#)

ETHAN BERKOWITZ, Mayor, Municipality of Anchorage, testified in support of HJR 27, which he said would work to ensure the military was prepared for contingencies. He said HJR 27 would urge Congress to participate in the reconfiguration of the new port so the commitment may be honored. He added neither the State of Alaska nor the Municipality of Anchorage had the fiscal wherewithal to do everything that could be done to support national defense, but with a bit of "couch change" from the federal government, the federal mission could be supported. The Port of Alaska would be able to remain one of the 17 ports designated as "strategic" by the U.S. Department of Defense

(DoD), and missions of all bases in the state could be supported. He added it was a good sign that more than half of the committee had signed on as co-sponsors to HJR 27.

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REPRESENTATIVE ZACK FIELDS, Alaska State Legislature, as prime sponsor, presented HJR 27. Representative Fields related via PowerPoint presentation that the Port of Alaska is Alaska's largest port, handling more than three-quarters of all railbelt-bound, waterborne, non-fuel freight cargo, as well as 95 percent of all refined petroleum products. The port served 85 percent of the state's population, he added, well over 200 communities. Relevant to HJR 27 was that the port was the primary entry point for DoD installations, including Joint Base Elmendorf-Richardson (JBER), Fort Wainwright, Eielson Air Force Base and Fort Greely, he said. The port was one of only 23 DoD-designated strategic sea ports, he related, and maybe the only one as at risk of corrosion and failure in the event of a significant seismic event. The Port of Alaska handled most consumer goods coming into the state and was a foreign trade zone as well, he imparted. Jet fuel, including that used at JBER, came in through the port, he added, and increased demand for jet fuel from the state's military bases has helped keep port losses from being more severe. Tankers carrying jet fuel into the port now made up nearly half the port's business; such units as the 172nd Stryker Brigade Combat Team at Fort Wainwright and an Airborne Brigade Combat Team at Fort Richardson require the ability to deploy by sea, he related.

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REPRESENTATIVE FIELDS said he had seen the corrosion on the port's pilings himself and it was severe. Referencing slide 5, regarding renovation needs for the port, he said increases in taxes wouldn't be enough to pay for all of the improvements that were needed for the port, whose main work was to carry out DoD operations, hence the need for HJR 27.

REPRESENTATIVE FIELDS imparted he had been approached by port commissioners, specifically by Captain Bob Pawlowski from Anchorage, who shared the resolution from the Port Commission and requested the legislature draft a resolution, which Representative Fields said he felt was the correct thing to do.

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REPRESENTATIVE RAUSCHER asked how 20 percent was arrived upon and how, if at all, the work was intended to be separated.

REPRESENTATIVE FIELDS replied that the 20 percent was just a figure to show the importance of the port for DoD; HJR 27 had been written more generally and there were many "whereas" statements regarding the importance of the port to defense installations. He noted any amount of money received from DoD and Congress would be helpful.

REPRESENTATIVE RAUSCHER asked where the 20 percent would be spent, if received.

REPRESENTATIVE FIELDS answered that the first project was the cement terminal's pilings, but he would defer to port staff to give a more detailed answer.

REPRESENTATIVE RAUSCHER asked whether the military paid any fees for using the port.

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The committee took an at-ease from 1:14 p.m. to 1:15 p.m.

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STEVE RIBUFFO, Director, Port of Alaska, testified in support of HJR 27. Mr. Ribuffo explained he has explored the port's relationship with the state and with DoD, having retired from the U.S. Air Force as a colonel. He listed multiple reasons the port was a key node to supply chains, and he applauded the committee's acknowledgment of there being no existing way for DoD to participate in financing port infrastructure efforts to ensure that the capabilities expected from a strategic port would be available when needed. He informed the committee that despite the relationship between port workers and DoD logistics partners, it was agreed that what DoD needed would likely not be consistently deliverable. Commercial operations would need to step aside for DoD and vice versa, he explained. If DoD had a way to be a financial partner in significant infrastructure planning and construction, then the probability of having to deal with "this type of interruption" would go almost to zero, he stated.

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REPRESENTATIVE SPOHNHOLZ asked what type of funding HJR 27 would make available for the port.

MR. RIBUFFO, responding to Representative Spohnholz, as well as to the previous questions asked by Representative Rauscher, related that when DoD used the port for deployments or redeployments, it paid its bills, but there was nothing requiring DoD to provide anything else for port infrastructure maintenance or replacement.

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REPRESENTATIVE SPOHNHOLZ asked for confirmation that there was no additional funding available.

MR. RIBUFFO answered that's correct.

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REPRESENTATIVE TUCK asked Mr. Ribuffo to confirm whether DoD paid the same rates as other private entities when using the port.

MR. RIBUFFO replied that DoD paid tariff rates because it brought in military sea lift command vessels or contracted with a commercial carrier to move its equipment and supplies, so DoD paid the same rates, with the exception of Matson and Tote Maritime shipping companies, who had what were termed preferential user agreements, having negotiated relief from the public rates in a contracted exchange for a guaranteed amount of cargo.

REPRESENTATIVE TUCK asked whether the guarantee was still in place considering the current economic downturn.

MR. RIBUFFO replied that the volume had been guaranteed on an annual basis, and to date he had not witnessed any downturn worth noting.

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REPRESENTATIVE JACKSON asked how often DoD used the port annually.

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MR. RIBUFFO replied that military equipment moved through the port all the time on the two scheduled carriers that called twice a week. Major movements, such as helicopters, varied in terms of national responsibility. He added that in 2019 there were seven instances of movement of major equipment; in 2018 there were only two.

REPRESENTATIVE JACKSON asked about the \$20 million grant for the port and whether there was a portion DoD was being asked to match.

MR. RIBUFFO replied that the \$20 million was in addition to the \$25 million received in the fall of 2019 to go towards offsetting the construction costs of the first piece of new infrastructure. He said the offsetting was a success by about \$45 million, and the remainder would go to the banking community to enter a financing arrangement to finish the project. He added that the final price would be contingent upon how much fuel was brought in to the port.

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REPRESENTATIVE JACKSON asked whether there had been a conversation with DoD and engineers or whether HJR 27 was the conversation.

MR. RIBUFFO replied that there had been communication with logisticians up to the general officer level but not with engineers. He added that some of the best letters of support for grant money have come from DoD.

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REPRESENTATIVE SPOHNHOLZ asked what HJR 27 would achieve if the purpose was to secure more funding from DoD when there was none.

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MR. RIBUFFO answered that fuel was half of what went to DoD for the port; the other half was consumer goods. He said that as he understood HJR 27, those in the strategic port industry desired financing for construction and facilities put into place. The other aspect was the port readiness plan that listed the specifics DoD was looking for when it came to the port. If DoD did not provide the actual length it needed, then it would have to be okay with what the port built for business purposes, Mr. Ribuffo related. In other words, DoD needed to provide what it

needed to get exactly what it wanted, and HJR 27 would provide that flexibility.

REPRESENTATIVE SPOHNHOLZ asked what the timeframe was for the port to make decisions on the additional capacity to operate as a military strategic port.

MR. RIBUFFO answered that the port was in discussions regarding the cargo dock portion of the modernization program, which was the next phase to seek users' input as to what the requirements ought to be. An invitation to participate in these conversations would be extended to DoD, he related. He surmised that a plan would be made within the next eighteen months. He added he did not think the strategic port was in jeopardy.

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REPRESENTATIVE TUCK asked what portion of goods and services going in and out of the port could be attributed to DoD.

MR. RIBUFFO replied around 20 percent, and that included dry goods, bulk goods, and refined petroleum.

REPRESENTATIVE TUCK asked whether, outside DoD, other fuel was coming into the Port of Alaska to serve Alaska.

MR. RIBUFFO answered that the watershed of all bulk products including commercial grade jet fuel, high sulfur diesel fuel, and unleaded gasoline, as well as leaded aviation gasoline, were covered to meet customer demand.

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REPRESENTATIVE TUCK asked whether the Port of Alaska had lawsuits against the federal government over the oversight and construction of the port.

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MR. RIBUFFO replied, "Not lawsuits." [Emphasis was placed on the plural aspect.] He said there was one with the Maritime Administration, which he explained was the lead federal agency and project manager for the old intermodal expansion project. He explained there had been bad work done and a big area left unusable as a consequence, and "there's an attempt to recover damages for that which we've been elected to have to deal with but is otherwise unusable." In response to a follow-up

question, he said the Maritime Administration is within the U.S. Department of Transportation (DoT).

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REPRESENTATIVE TUCK recommended that a copy of HJR 27 be sent to DoT considering the mess the port was in trying to serve the federal government's needs, especially regarding DoD. He added that a copy should also be sent to the Department of the Interior as it controlled 75 percent of federal lands, and all areas in which federal help could be administered ought to be explored, as the port served not only Alaska's but America's needs.

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BRITTANY SMART, Special Assistant to the Mayor, Fairbanks North Star Borough, testified in support of HJR 27. Ms. Smart related that the Fairbanks North Star Borough was a member of the Association of Defense Communities, an organization that helped leverage the role communities played in meeting military needs. One way this had been put into effect, she related, was through working with Congress to establish the Defense Critical Infrastructure Program (DCIP), for which DoD had been allocated \$50 million for 2020. The need far exceeded the \$50 million, she added; DoD had funding for peripheral concerns, but there was yet a need to establish criteria for "award and review."

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CAPTAIN ROBERT PAWLOWSKI, Retired Vice Chair, Port Commission, testified in support of HJR 27. Captain Pawlowski said the role of the Port Commission is to develop and propose tariffs for goods and services across the port. He anticipated the Port Commission's having to do the same regarding cargo tariffs associated with consumer goods coming into the Port of Alaska, primarily on Matson and TOTE Maritime. He said it was key to consider that the quality of living that first attracted, and then kept, military families living in Alaska, is dependent on the port. He informed the committee there were approximately \$2.9 billion in defense spending in 2017 to support Alaska, and that fund remained "at a significant level." He related that the important, strategic port was unfunded as a federal mandate, and as such it was not possible to design the port to the level of resiliency needed to ensure proper response in a national security incident or in a disaster. Without the port

functioning, major and arduous airlift or sealift operations would be needed to continue military operations, he added.

CAPTAIN PAWLOWSKI said HJR 27 would work to keep strategic resiliency in place as well as to assist with commercial viability. He also noted that of the 17 strategic ports, 15 were on a conventional road system; only the Port of Alaska and Guam were not, which also came back to the difficulty of overland road lift. He mentioned he was grateful for the discussion regarding how to get authorization for funding into strategic seaport language.

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CAPTAIN PAWLOWSKI noted military bases, particularly through Matson, were supported not only on mainland Alaska but also Integrated Support Command Kodiak [a naval facility located on Kodiak, Alaska, and the largest Coast Guard station in the U.S.]. He echoed other testimony regarding quality of life afforded by the port having led to highest per capita of veterans, who depended on services administered by Veterans Affairs (VA).

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REPRESENTATIVE SPOHNHOLZ asked for more details regarding the relationship between the Port of Alaska and the military installations on Kodiak.

CAPTAIN PAWLOWSKI answered that Kodiak depended on Matson after Matson called on the port, the port not being large enough to support full container ships.

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REPRESENTATIVE TUCK asked how many strategic ports there are.

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REPRESENTATIVE FIELDS replied there are 17 commercial seaports and an additional 5 DoD ports. In response to Representative Tuck, he confirmed that most strategic seaports serve both commercial and DoD functions, while some only serve DoD functions. He added he did not know whether DoD weighted either more heavily, in terms of importance to defense installations.

REPRESENTATIVE TUCK asked for confirmation that 17 commercial seaports should be in HJR 27.

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REPRESENTATIVE FIELDS confirmed that is correct, because the Port of Alaska was a commercial seaport.

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CO-CHAIR THOMPSON related he was in the U.S. Army working in the transportation office at Fort Wainwright in 1965 when the 6th and 9th infantry, basically the entire Fort Wainwright population of military, had been shipped to Vietnam. From 2001 to 2007, when he was city mayor, the striker brigade was shipped overseas from Fort Wainwright. He spoke to the importance of the port and expressed gratitude for HJR 27.

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REPRESENTATIVE JACKSON asked where the additional five non-strategic seaports were located.

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REPRESENTATIVE FIELDS replied he did not know.

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REPRESENTATIVE SPOHNHOLZ thanked the sponsor of HJR 27 and admitted the ability to meet military needs required funding.

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CO-CHAIR SHAW announced that [HJR 27 was held over].

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ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 1:54 p.m.