

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

February 8, 2022

1:38 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Joshua Revak, Vice Chair
Senator Peter Micciche
Senator Gary Stevens

COMMITTEE CALENDAR

PRESENTATION(S) :

REGIONAL INFRASTRUCTURE ACCELERATOR PROGRAM AND SUPPLY CHAIN
STABILITY

- HEARD

MARITIME RESILIENCE PROJECT

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MATT MORRISON, Executive Director
Pacific NorthWest Economic Region (PNWER)
Kirkland, Washington

POSITION STATEMENT: Co-presented a PowerPoint on the Regional
Infrastructure Accelerator Program and Supply Chain Stability.

BRUCE AGNEW, Executive Director
ACES Northwest Network; Transportation Co-Chair
Pacific NorthWest Economic Region (PNWER)
Seattle, Washington

POSITION STATEMENT: Co-presented a PowerPoint on the Regional Infrastructure Accelerator Program and Supply Chain Stability.

SETH STORSET, Director of Safety
TOTE Maritime Alaska
Tacoma, Washington

POSITION STATEMENT: Presented a PowerPoint focusing on TOTE Maritime's role in the Maritime Resilience Project.

ACTION NARRATIVE

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CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:38 p.m. Present at the call to order was Chair Costello. Senator Gray-Jackson arrived as the meeting was in progress.

Presentation: Regional Infrastructure Accelerator Program & Supply Chain Stability

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CHAIR COSTELLO announced the consideration of a presentation on the Regional Infrastructure Accelerator Program and Supply Chain Stability.

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MATT MORRISON, Executive Director, Pacific NorthWest Economic Region (PNWER), Kirkland, Washington, began a PowerPoint on Regional Infrastructure Accelerator Program and Supply Chain Stability. He said Alaska is an important part of the Pacific NorthWest Economic Region (PNWER). The other nine jurisdictions share many of the same issues as Alaska. He related today's focus would be on the transportation strategy for the Pacific Northwest binational region.

MR. MORRISON noted that slide 1 identified the presenters, including himself, Bruce Agnew, Executive Director, ACES Northwest Network; Co-Chair, PNWER Transportation; and Seth Storset, the Director of Safety for TOTE Maritime.

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MR. MORRISON said PNWER represents the 14th largest economy in the world.

MR. MORRISON turned to slide 3, depicting a map that illustrated PNWER's member states and provinces.

PNWER is a public-private partnership chartered by the states of Alaska, Idaho, Montana, Oregon, and Washington; the western Canadian provinces of Alberta, British Columbia, and Saskatchewan; and Yukon and Northwest Territories.

PNWER is recognized by the federal governments as the model for regional and bi-national cooperation because of its proven success. It is the leading forum where people in the policy world and business world come together to determine solutions to regional challenges

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MR. MORRISON reviewed slide 4, PNWER's Transportation and Infrastructure Working Group. He identified PNWER's major focus areas.

Major focus areas

- Innovative Infrastructure Finance
- Autonomous, Electric, Connected, and Shared Vehicles
- Focusing on freight, air transport, and industrial electrification
- Market Access & Rail Capacity
- Infrastructure Resilience
- Advanced Air Mobility
- Rural Development and Connectivity
- Especially via broadband access

Benefits to Alaska

- Supported Presidential Permit for Alaska to Alberta (A2A) rail project
- Supported request to USDOT to assist with \$25 million to maintain Alaska-Canada Highway connecting Alaska to the Lower 48

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MR. MORRISON stated that one of the working group's current projects is infrastructure resilience, especially earthquake resilience. PNWER learned about Alaska's experience from the state's Division of Homeland Security and Emergency Management. He described PNWER's Infrastructure Maritime Resilience Project, which is a linkage between the Port of Anchorage and the Puget Sound ports. In addition, the group is reviewing the future of air mobility as electric airplanes become more feasible. He reviewed the benefits to Alaska. He stated that PNWER has

supported the Alberta to Alaska Rail Project (A2A), and the Alaska-Canada Highway connection funding.

MR. MORRISON briefly reviewed slide 5, PNWER's 31st Annual Summit. He noted that PNWER would hold its annual summit in Calgary, Alberta, starting July 24, 2022.

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MR. MORRISON turned to the Regional Infrastructure Accelerator, PNWER's RIA Program listed on slide 6 and PNWER's RIA Timeline on slide 7.

MR. MORRISON stated that PNWER was awarded one of five Regional Infrastructure Accelerator Programs (RIA) in the nation last Friday. He provided PNWER's RIA timeline from the early 2010s to 2022. In the early 2010s, PNWER advocated for a program to help identify and streamline multi-jurisdictional transportation infrastructure projects. PNWER brought legislators to Canada's provincial governments to examine how public-private partnership (P3) projects were funded. The provincial governments bundled their schools, hospitals, and transportation projects and considered whether a P3 would better serve the public to manage the project.

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MR. MORRISON stated that legislators acknowledged that municipalities and cities in their districts often don't know how to manage P3 projects. PNWER worked with its members' congressional delegations to apply for a 2015 FAST Act demonstration project under Section 1441 to "establish a regional infrastructure demonstration program." He noted that PNWER worked with the U.S. Senate to obtain the appropriation for five years and funds were finally appropriated in FY 2020. PNWER obtained technical assistance from the Build America Bureau (Bureau) and developed a competitive application. As previously mentioned, PNWER was selected as one of five accelerators, along with Fresno and San Diego, California; Chicago, Illinois; and Seattle, Washington. He said he would turn the presentation over to Bruce Agnew, who has been a tireless advocate for PNWER's RIA.

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BRUCE AGNEW, Executive Director, ACES Northwest Network; Transportation Co-Chair, Pacific NorthWest Economic Region (PNWER), Seattle, Washington, presented the portion of the PowerPoint relating to the Regional Infrastructure Accelerator Program (RIA) and Supply Chain Stability. He said he had co-

chaired PNWER's Transportation Work with Idaho State Senator Chuck Linder for the last five or six years.

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MR. AGNEW related that his connections to Alaska began in the 1980s when his former boss, Congressman John Miller served with Congressman Don Young on the former Merchant Marine Fisheries Committee that had jurisdiction over fisheries, the U.S. Coast Guard (USCG), and oil spills. He anticipated that RIA would build some projects in Alaska.

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MR. AGNEW reviewed the four goals shown on slide 8. What does the PNWER RIA do?

The PNWER RIA is a one stop shop for USDOT infrastructure credit programs and more

RIA accelerates existing state project priorities to streamline economic return

RIA brings private capital to public-private partnerships for infrastructure

The PNWER RIA is a go-to leader for multi-state and corridor projects

MR. AGNEW noted that the U.S. Department of Transportation (USDOT) infrastructure credit programs were loan programs, not necessarily grant programs. He emphasized that Congress has changed the rules for the Transportation Infrastructure Financing and Innovation Act (TIFIA) program that provides federal credit assistance to eligible surface transportation projects. TIFIA has extended its loan repayment schedule from 50 years to 70 years, making this federal credit program much more attractive to public agencies and investors.

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MR. AGNEW said RIA could highlight the economic return from the project to the country. He said it was essential to ensure that the funding Congress appropriated goes for nationally significant projects. He related that PNWER was essentially a public-private partnership that provided funding for public projects, which is an important distinction about PNWER's RIA. Finally, as a multi-state binational partnership, PNWER can support Alaska projects that connect with Northwest states,

Western Canadian provinces, and territories. He noted that TOTE would further discuss these connections to Alaska.

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MR. AGNEW turned to slide 9, The future of the RIA: A Regional Center of Excellence.

Identifying Resources

Become a one stop shop for transportation projects with region-wide impacts, pulling together the latest information on DOT, DOE, EPA and other funding sources

Accelerating Projects

Work with communities and project sponsors to identify innovative financing options and begin regionally important transportation projects

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MR. AGNEW explained that funding for projects comes from a variety of sources. Besides the U.S. Department of Transportation (USDOT), PNWER could apply for other funding. He highlighted some potential funding sources often not explored for major infrastructure projects. For example, the U.S. Department of Energy has been engaged in numerous clean energy initiatives. The U.S. Department of Commerce would like to enhance trade corridors. He noted other possibilities include the Environmental Protection Agency (EPA) and private sector funding.

MR. AGNEW highlighted one in particular, the Federal Tax Opportunities Zone. This program approved by Congress in 2017 allows developers and private capital to take advantage of capital gains tax deferrals to make investments in infrastructure. He researched opportunities for Alaska and identified 35 qualified opportunity zones for private sector investment in northern Alaska, Western Alaska near Dillingham, the Aleutians, and Southeast Alaska. He explained that these opportunity zones are designed to bring public and private funding to underserved communities in Alaska.

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MR. AGNEW noted that while PNWER is currently funded, the second round of funding is coming up in a month or two.

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MR. AGNEW reviewed slide 10, PNWER RIA Program Activities, which highlighted three projects that PNWER initially identified.

Seaport Emission Reduction

Establish a viable pathway for sustainable CO2 emission reduction in the Port areas of Seattle and Tacoma via drayage truck electrification

Highway-Rail Grade Separation

Assist the rural community of Spokane Valley, WA to utilize TIFIA & other loan programs to address a freight mobility bottleneck

Center of Excellence

Develop capacity within the PNWER RIA to help states better understand TIFIA, RRIF, PABs, and other loan programs, and how to navigate the new IIJA funding sources

MR. AGNEW turned to PNWER's RIA Seaport Emission Reduction. In the first project, PNWER will work with the ports of Seattle and Tacoma to electrify their drayage trucks. He explained that drayage trucks are diesel trucks used to connect freight containers and bulk cargo at ports to rail yards and distribution centers. Second, PNWER will work on Highway-Rail Grade Separation. He said PNWER supports public and private funding for highway overpasses and underpasses for railroads. The first project is in East Spokane as part of the Great Northern Corridor that connects the Northwest ports to Chicago and the Midwest.

MR. AGNEW reviewed the Center of Excellence program. He stated that PNWER will help states like Alaska navigate federal grant and credit programs for transportation infrastructure and broadband funding. He noted broadband was important to Alaska.

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MR. AGNEW reviewed slide 11; How will the RIA work?

Phase 1 - RIA Kickoff

- Convene Advisory Committee
- Establish online presence
- Stakeholder outreach and leadership briefings

- Create & maintain database of funding opportunities

Phase 2 - Identifying & Funding Projects

- Provide technical assistance for first 2 projects
- Develop funding matrix
- Solicit applications for next round of projects
- Develop long-term sustainability model

Phase 3 - Moving Towards Sustainability

- Implement long-term sustainability model
- Finalize TIFIA, RRIF, or PAB applications for found 1 projects
- Select second round of projects for acceleration
- Begin acceleration efforts for round 2 of projects.

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MR. AGNEW stated that slide 11 highlighted the three phases of the RIA process. He reported that this two-year grant ranges from \$1.25 million to \$4 million. He said he hopes to make the RIA process permanent.

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MR. AGNEW turned to slide 12, Applying to the PNWER RIA for Project Acceleration.

Submitting projects for RIA acceleration is a cooperative process between legislators, community members, Department of Transportation, and the RIA team.

We are developing a potential project pipeline that looks at transportation projects that are identified but are not top contenders for state funding. Special attention is paid to projects that have regionwide implications, or cross-jurisdictional boundaries.

MR. AGNEW said this slide shows a picture of the Haul Road, [Dalton Highway] in northern Alaska. Projects like these would be eligible for RIA support, particularly ones that can be bundled. He related that USDOT is very interested in bundling projects to have enough economic mass to make it worthwhile to invest public resources and private money. USDOT is also interested in metro and rural areas, which would be significant to Alaska.

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MR. AGNEW stated that RIA would bring in the best practices from the U.S. and Canada. PNWER would like to work with the Alaska Industrial Development and Export Authority (AIDEA) on projects. He related that he first learned about IDEA when a PNWER delegation traveled from Prince Rupert to Ketchikan. At that time, he toured the Ketchikan Dry Dock and shipyard and learned that AIDEA invested in the project with Seattle-based Vigor Alaska. [The shipyard also received numerous federal grants.] He offered to answer questions on how PNWER could help Alaska accelerate projects and take advantage of a myriad of public and private funding sources.

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CHAIR COSTELLO congratulated PNWER on being one of five entities in the country to receive this opportunity. The legislature previously contemplated a Transportation Infrastructure Fund accompanied by prioritized projects. Although that fund never got started, the discussion is critical. She explained that the legislature usually decides what projects to fund each year. However, a new legislature might have different priorities. She asked whether it would be helpful for the legislature to have a prioritized list of projects.

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MR. AGNEW answered yes. He said Alaska has done a great job securing federal funding for basic infrastructure projects also in partnership with Alaska Native Corporations. It would be helpful to have a priority list. The USDOT Build America Bureau that PNWER partners with recognizes that the \$1 trillion in the federal infrastructure bill won't provide enough funding for all infrastructure needs. He acknowledged that Alaska has unique transportation needs.

MR. AGNEW stated that the opportunity to mix public and private capital into a joint venture is very critical. He said there is a lot of private capital, which is patient capital since it can be repaid in the long term, including by pension funds. These entities don't know the partners, state leaders, or the state laws. So definitely, if Alaska could form an infrastructure fund that could mix and match funding sources, it would allow the state to prioritize projects for federal discretionary grants, formula grants, and earmarks, which are back in the congressional discussion.

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MR. AGNEW said that PNWER has been meeting with U.S. Senator Murray, Washington, and others. The congressional delegation looks to PNWER to vet some of these projects for their economic impact. He acknowledged that Congress is deluged with requests from different areas. PNWER can examine a project regarding its economic impact and its ability to reduce carbon. He suggested that it would be beneficial. He envisioned this could be an opportunity for Alaska to form the infrastructure bank or fund, pursue a prioritized list, and work with PNWER to ensure that the project moves forward. He noted that PNWER works with Alaska's Congressional delegation and the entire Northwest delegation from the other four states, who are in powerful positions to help get these projects funded.

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CHAIR COSTELLO welcomed Senator Gray-Jackson.

CHAIR COSTELLO recalled that he said projects being considered for RIA would be assessed in terms of its economic return to the state. It brought to mind the A2A Project. She asked whether a study would identify the economic benefit of a rail connection.

MR. AGNEW responded that PNWER's relationship with the Alaska Alberta railroad goes back to PNWER's meeting in Whitehorse. PNWER's role has supported projects and improvements to the Alaska-Canada Highway. PNWER has not yet developed the ability to consider projects in terms of economic return since it is still setting up the Regional Infrastructure Accelerator.

MR. AGNEW suspected that Alaska would consider the economic benefits to citizens, and PNWER's role would be the binational organization examining the economic return of the long corridor that would stretch over two countries. One of the ideas for RIA's top three projects, the Center of Excellence, could develop that expertise to help support the project and provide a national perspective on its impact and importance.

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CHAIR COSTELLO asked for a recap of PNWER's RIA for Senator Gray-Jackson.

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MR. AGNEW stated that before the Infrastructure Investment and Jobs Act (IIJA), transportation funding was guided by the FAST Act. The Alaska congressional delegation played a significant role in the FAST Act. It authorized PNWER's Regional Infrastructure Accelerator (RIA) to put a system of projects

together that would accelerate infrastructure projects and highlight their importance to the economy and the environment. PNWER competed for federal funding, which was appropriated in 2020. He emphasized this was an essential distinction because PNWER is not involved with the new IIJA funding.

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MR. AGNEW said PNWER was one of the five grantees selected, in part, because PNWER is comprised of five states and five Canadian provinces and territories. USDOT is very interested in looking at multi-corridor projects, corridor projects in transportation and telecommunications, and broadband that connects metropolitan and rural areas. Further, USDOT is interested in projects to leverage private investment from a variety of sources with public sector funding. He highlighted that Alaska could obtain some gap funding to finish certain projects. It's one reason he referenced the Haul Road in Alaska, which would meet the acceleration criteria.

MR. AGNEW said PNWER accelerators help states navigate the myriad of new federal transportation programs, including competitive discretionary grants and formula funds via the usual USDOT processes. Most importantly, RIA provides an opportunity to marry private equity and capital funds. For example, pension funds have assets and seek good projects for investments. He offered that PNWER could help Alaska navigate the funding and programs. PNWER focused on the Alaska Industrial Development and Export Authority (AIDEA) because it has been a highly successful model for the country. He mentioned the successful AIDEA projects in Ketchikan and the Red Dog mine in Northwest Alaska. He indicated that PNWER would seek to partner with AIDEA due to its expertise in financing and engineering. He stated that PNWER could offer Alaska assistance with projects within Alaska and projects that cross into Canada, such as those in the Yukon, Alberta, Northwest Territories, and British Columbia (BC). He offered PNWER's assistance to help Alaska expand its financing options.

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CHAIR COSTELLO asked Mr. Morrison if he would like to continue.

MR. MORRISON said he thought this was timely since PNWER is just launching RIA and would be seeking Alaskans to serve on the advisory board. He said he was happy to present today.

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MR. MORRISON began his portion of the PowerPoint on Supply Chain Stability beginning on slide 14, Maritime Regional Catastrophic Planning Grant Program for Earthquake Preparedness. He recalled that in September 2001, commercial pressure was bringing down the electrical grids. California had brownouts, and 9/11 happened right after PNWER's summit. PNWER discussed these issues with their legislative leaders. They expressed concern that if commercial pressures could bring down the grid, a terrorist could wreak havoc. He related that PNWER had just mapped the entire electrical transmission grid during one of its meetings.

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MR. MORRISON said that led to the Partnership for Regional Infrastructure Security, which created the first binational infrastructure interdependency exercise, where in fact a handful of terrorists took down the grid for months in the Northwest. This led to PNWER creating the Center for Regional Disaster Resilience, which has had an outstanding 20-year history that PNWER operates. PNWER conducts these exercises several times a year. Often, PNWER has noted the lack of a good Maritime Transportation Plan for a catastrophic event such as an earthquake.

MR. MORRISON pointed out that seismologists predict an [Alaska-Aleutian and Cascadia] subduction zone 9.0 earthquake will occur off the coast of Alaska to California, which would destroy linear infrastructure. He stated he would show a map of how many bridges PNWER expects would be unusable in the Seattle area for over two years. He expressed concern that the FEMA plan to resupply the four or five million people in the greater Seattle area would be to fly things to Moses Lake and somehow truck goods to Seattle. After repeatedly pointing out the inadequacy of FEMA's plan, two years ago, PNWER applied for and received a \$1 million Maritime Catastrophic Planning Grant to reevaluate maritime shipping and transportation systems in the event of a catastrophic disruption. PNWER recognized that the Seattle and Alaska region has a resilient waterway. If bridges are damaged or destroyed and trucks can't be used, it's essential to have a clear plan for maritime assets. He expressed delight that funding for the two-year project was designed to reevaluate marine shipping and transportation systems for the Port of Alaska and the Port of Tacoma.

MR. MORRISON reviewed slide 15, Strengthening Connections between the Port of Alaska and Puget Sound Ports. He stated that PNWER's two-year program would strengthen the connections

between the communities and evaluate what systems to use if the catastrophic earthquake happens. He acknowledged that Alaska is currently discussing structural issues at the Port of Alaska.

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MR. MORRISON turned to slide 16, Puget Sound Regional Catastrophic Planning. He reported that the grant was focused primarily on Washington state. PNWER has conducted eight or nine workshops in a nine-county region and is currently holding workshops to evaluate existing plans in each port. The goal of the workshops is to determine any gaps, link operational needs, resource allocation, and organize maritime assets to address a catastrophic situation.

MR. MORRISON turned to slide 17, Project Purpose, consisting of a map of the Puget Sound area near Tacoma. He directed attention to the red dots on a map predicting the bridges that would likely be unusable for one to two years. The dark red dots identify the bridges that would take two years to repair or replace. He stated that members familiar with Seattle know that I-5 is impassable, as are the major thoroughfares. There is very little likelihood that trucks could use roadways from Moses Lake to Puget Sound. Meanwhile, Puget Sound has an amazing waterway that is resilient to an earthquake, so that's the reason PNWER wants to understand and organize the maritime assets, so people can quickly and efficiently use them. He remarked that communities get no warning when an earthquake occurs.

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MR. MORRISON skipped slide 18 and turned to slide 19, Maritime Disaster Resilience Regional Workshops. He advised members that PNWER will host a series of online workshops in the next six months. He said he was excited to see the level of engagement from the private sector. He related that the maritime industry has a culture of helping. If a disaster happens at sea and a ship is in trouble, there are no better friends than mariners. Mariners must depend on one other.

MR. MORRISON introduced Seth Storset, who has worked for TOTE Marine for seven years. He has studied ports in Alaska and Washington state. His job is to think about the long-term viability of the connection between Alaska and Tacoma.

Presentation: Maritime Resilience Project

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CHAIR COSTELLO announced consideration of the Maritime Resilience Project presentation. She noted that the Maritime Resilience Project PowerPoint will be uploaded to BASIS.

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SETH STORSET, Director of Safety, TOTE Maritime Alaska, Tacoma, Washington, began a PowerPoint focusing on TOTE Maritime's role in the Maritime Resilience Project. He stated that his responsibilities are not only safety, but also risk management, sustainability, compliance, emergency response preparedness, and business continuity. He said he is grateful for the partnership with PNWER since TOTE Maritime is a stakeholder. He shared TOTE Maritime's motto "dedicated, reliable and built to serve." He offered to give a brief overview of TOTE's parent company to provide a broader perspective of its capabilities, discuss business continuity, show potential contingency plans, and identify needs.

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MR. STORSET reviewed slide 2, Saltchuk - Our Parent Company.

- Family owned and managed
- Founded in 1982 with the
- purchase of Totem Ocean
- Trailer Express (TOTE Alaska)
- Our Values: Safety, Reliability,
- Commitment
- Approx. 7,500 employees
- \$3 billion in annual revenues
- Investment grade credit rating
- 90% of earnings reinvested

MR. STORSET summarized that TOTE is a family-owned business in Seattle that started in 1982 and currently employs approximately 7,500 employees.

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MR. STORSET turned to slide 3, SALTCHUK FAMILY OF COMPANIES. Saltchuk includes TOTE, Saltchuk Marine, Northstar, Northern Aviation Services, Tropical Shipping, and Saltchuk Logistics.

MR. STORSET said Saltchuk is one of the top employers in Washington State. It reinvests 90 percent of its earnings for sustainability and continued growth. He related that TOTE started Saltchuk, which has acquired many other businesses. Saltchuk marine services include Cook Inlet Tug & Barge, Foss

Maritime, and Young Brothers in Hawaii. Saltchuk Marine is in domestic shipping as a Jones Act trader. The company also works in energy, aviation, and logistics, providing many services in Alaska.

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MR. STORSET reviewed slide 3, TOTE Maritime Alaska that provides a general overview of TOTE Maritime.

Dedicated. Reliable. Built to Serve.

- Ports: Tacoma, WA & Anchorage, AK
- Twice-weekly shipping
- Transit Time: 66-72 hours (1,453 nautical miles)
- Key partnerships with Alaska Railroad and Inland transportation
- 46 years of expertise in Alaska
- The most environmentally friendly ships in the trade
- Extension of the L48 supply chain
- 250 vehicle holds in each of our two vessels:
- Midnight Sun & North Star

MR. STORSET stated that TOTE Maritime ships roundtrip from Tacoma to Anchorage. Ships are full going to Alaska, but there's less southbound freight. Usually, people are relocating and shipping household goods or companies are shipping seafood. TOTE Marine has two sailings of ORCA class vessels per week, each of which takes about three days depending on the shoal crossing into Anchorage. TOTE Maritime has partnerships with the Alaska Railroad Corporation (ARRC) to serve Anchorage and the state.

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MR. STORSET turned to slide 4, Orca Class Vessels, that depicts a schematic of an ORCA Class Vessel. He directed attention to the green tanks and compartments. TOTE is in its final week of converting its first vessel to liquid natural gas (LNG). He stated that the ship has a dual fuel motor that can use diesel or LNG. He opined that TOTE is the first in the world to convert a ship to LNG. He emphasized that TOTE is committed to meeting environmental standards. He related that TOTE plans to convert its second vessel next year.

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MR. STORSET reviewed the specifications of the ships on slide 5, ORCA Vessels.

- Built in 2003
- ORCA Class
- Capacity 600 FEU + 250 Vehicles
- 4 main engines (12,000 HP each)
- 2 auxiliaries (6,000 HP each)
- 2 electric motors
- Twin shaft
- 56,000 KW
- 6 decks
- 11.5 stories high
- Overall Length: 839 ft.
- Beam: 118 ft.
- Speed: 24 knots

MR. STORSET stated that the ORCA vessels can also hold 250 vehicles on designated car decks. He characterized these vessels as extremely powerful and reliable. They will serve Alaska for years as they basically come out of dry dock as new vessels.

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MR. STORSET turned to slide 6, Roll-On/Roll-Off (RO/RO).

- Allows shipper provided equipment to reach state of Alaska
- Accommodates all sizes of equipment, vehicles and project cargo
- Fastest and most efficient port turn-around time

MR. STORSET said the Roll-On/Roll-Off operations are different than the standard container operations that use cranes. TOTE uses extremely efficient ramps so it has the fastest turnaround times in port. He reported that this operation performs three to four times faster than a crane. TOTE can completely discharge and reload in six hours. This extreme efficiency allows TOTE to operate just two vessels to provide twice-weekly sailings.

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MR. STORSET said TOTE can transport all types of cargo and is not limited to transporting trailers. It also ships vehicles and performs military deployments. TOTE has even transported a 100-foot Christmas tree destined for the nation's capital that came from Fairbanks. He remarked that although it was a task to get it on the vessel, it was very cool to ship it.

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MR. STORSET reviewed slide 7, PNW and the Alaska Supply Chain.

- Resilience is Key and freight coming out of the Port of Tacoma is a critical link to the supply chain of Alaska
- 90% of Alaska's population uses goods that come through the Port of Alaska (POA)
- 80% of the consumer goods supplying Alaska's populated areas pass through the POA
- Washington relies on consistent Alaska load backs for equipment, fish and the state's natural resource exports

MR. STORSET explained that Alaska is dependent on the Lower 48, but if an incident or an earthquake happened, Alaska could send assets southbound to help the Lower 48. He emphasized that the supply chain is complex.

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MR. STORSET reviewed slide 8, Port of Alaska (POA).

- The Port of Alaska Modernization Program (PAMP) aims to replace Anchorage's aging docks and infrastructure before it fails.
- Currently, the POA is completing construction on the Petroleum & Cement Terminal.
- Anchorage Mayor Dave Bronson will be making decisions about the plan of finance for the remaining POA enhancements.
- Terminal 2 Design
 - Engineering design 2022
 - Cargo berth permits 2022-2023

MR. STORSET said the Port of Alaska dock is in poor condition. He surmised that a significant earthquake could shut it down. He emphasized that if the dock cannot hold the load capacity or a vessel alongside, TOTE vessels cannot use the port.

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MR. STORSET acknowledged that the Port of Alaska is working on this issue, but the timeline to complete the dock repairs is 10 years. This places everyone, including TOTE, in a risky situation in terms of continuing to provide service to Alaska.

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MR. STORSET reviewed slide 9, Business Continuity Plan (BCP).

- The Business Continuity Plan is designed to maintain functional operations during or shortly following disruptive events and quickly resume business functions
- TOTE has a specific BCP in place should the Port of Alaska in Anchorage become unusable
- Homer - Current BCP port
 - 4.5 hours South of Anchorage on the Kenai Peninsula by road
 - One ramp operations currently possible
- Seward - Preferred BCP port
 - 2.5 hours South of Anchorage on the Kenai Peninsula by road
 - Served by Alaska Railroad
 - Working with Alaska Railroad to build out a 3-ramp, TOTE-usable berth
 - Estimated to be available in 2023

MR. STORSET said this slide shows the three options TOTE considered in its plan, including continuing to use Anchorage, where TOTE's key partners and customers are located. In addition, TOTE also considered Whittier, Valdez, Homer, and Seward. Seward stood out as the port to use as a contingency plan. TOTE has a BCP to complete this project and expand the cargo dock in Seward. He explained that Seward is ideal because TOTE partners with the Alaska Railroad Corporation (ARRC), the southern terminus of the Alaska Railroad. He related that the Seward Highway could provide a year-round option, but TOTE has some concerns that would need to be addressed.

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MR. STORSET reviewed slide 10, Forward Thinking.

- Proud to work with all our partners now and in the future
- Committed to reducing our impact on the environment by
- converting our vessels to using LNG with dual fuel engines
- Ready to protect customers by deploying business
- continuity plans in the event of supply chain threats
- Invested in modernizing the Port of Alaska to ensure

- freight reaches Alaska efficiently
- Deeply connected to the Alaskan communities we serve by
- giving our time, money and in-kind donations

MR. STORSET stated that TOTE has been working on its business continuity plan for 10 years. He related that TOTE has been working on this somewhat independently regarding fuel supplies and how to mobilize its ramps, but now it has a partner. Even though using Seward is coming together, many things need to be decided if a catastrophe occurs, including how to mobilize ramps and set up mobile communication units to move cargo as quickly as possible. He cautioned that if an earthquake occurred, moving TOTE's ramps from Anchorage to Seward could take weeks. He expressed concern that Alaska will not have weeks. He concluded that TOTE needs to have a plan to immediately turn its ships and bring them into Seward without any hesitation.

[2:19:43 PM](#)

CHAIR COSTELLO thanked Mr. Storset for his presentation.

[2:19:52 PM](#)

SENATOR GRAY-JACKSON said she didn't have any questions but was happy to see the committee discussing the port. She said she had been involved in the Port of Alaska issues for many years, so she was pleased to see things happening. She remarked that Mayor Bronson requested legislative funding at TOTE's urging. She thanked Mr. Storset for his role.

[2:20:16 PM](#)

CHAIR COSTELLO asked if TOTE was paying for some things to make Seward more viable. She further asked who he was working with to make Seward an option.

MR. STORSET answered that TOTE has a partnership with the City of Seward, Governor Dunleavy, and ARRC.

[2:20:55 PM](#)

CHAIR COSTELLO asked to revert to slide 10, Business Continuity Plan. She wondered if there would be any interruption to consumers in Anchorage at grocery stores or businesses if the Port of Anchorage were not a viable option.

MR. STORSET offered his view that some delays would arise initially if the Seward Highway were impacted. However, since the rail travel from Seward to Anchorage is 2.5 hours, it would cut out 14 hours of vessel transit time. He predicted that goods

would arrive in Anchorage and be shipped to Fairbanks in a shorter timeframe.

[2:22:14 PM](#)

MR. MORRISON said that TOTE has focused on how to get the necessary cargo to Alaska. He highlighted that the Port of Tacoma is built on fill, and the cranes are unstable in both Seattle and Tacoma, which is the reason for the RO/RO ramps. He related that Mr. Storset has been studying the Puget Sound ports as potential points of access for cargo in case one or more of the big ports were shut down.

MR. STORSET elaborated that he spent several months visiting nine different ports in the Lower 48 to determine their feasibility for use. He reiterated that TOTE is confident Seward is the best option for Alaska. However, it is more challenging to decide on in the Lower 48. He assessed ports as far north as Everett, and found some were acceptable, but others were not, mainly due to the ramp access. He concluded his presentation by advising members that there's a good plan in place if something happens.

[2:23:50 PM](#)

CHAIR COSTELLO thanked the presenters.

[2:24:21 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee at 2:24 p.m.