ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE
April 25, 2023
3:30 p.m.

MEMBERS PRESENT

Senator James Kaufman, Chair
Senator Löki Tobin
Senator Jesse Kiehl
Senator Robert Myers

MEMBERS ABSENT

Senator David Wilson, Vice Chair

COMMITTEE CALENDAR

OVERVIEW: PORTS AND HARBORS OF Alaska, PART I

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

STEVE RIBUFFO, Port Director
Port of Alaska in Anchorage
Anchorage, Alaska
POSITION STATEMENT: Delivered the presentation, Port of Alaska Modernization Program.

DAVID AMES, Program Manager
Port of Alaska Modernization Program
Jacobs Engineering
Anchorage, Alaska
POSITION STATEMENT: Responded to questions about the Port of Alaska Modernization Program.

CARL UCHYTIL, Port Director
City & Borough of Juneau
Juneau, Alaska
POSITION STATEMENT: Delivered the presentation, City and Borough of Juneau Docks and Harbors Enterprise.

BRYAN HAWKINS, President
Alaska Association of Harbormaster & Port Administrators;
Port Director for the City of Homer
Homer, Alaska
POSITION STATEMENT: Delivered the presentation, Alaska Association of Harbormasters and Port Administrators.

JOY BAKER, Port Director
Port of Nome
Nome, Alaska
POSITION STATEMENT: Delivered the presentation, Port of Nome Alaska's Arctic Port.

ACTION NARRATIVE

3:30:46 PM
CHAIR JAMES KAUFMAN called the Senate Transportation Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Kiehl, Tobin, Myers, and Chair Kaufman.

OVERVIEW: PORTS AND HARBORS OF Alaska PART I

3:31:45 PM
CHAIR KAUFMAN announced that various ports throughout Alaska will report on their processes, procedures, and ongoing projects.

CHAIR KAUFMAN reviewed the agenda.

3:33:31 PM
At ease due to technical difficulties.

3:34:03 PM
CHAIR KAUFMAN reconvened the meeting and asked Mr. Ribuffo with the Port of Alaska in Anchorage to begin his presentation.

3:34:41 PM
STEVE RIBUFFO, Port Director, Port of Alaska in Anchorage, Alaska, introduced himself and began the presentation, Port of Alaska Modernization Program. He displayed a picture of the port and stated that he would provide an update on the modernization program and the work that was being done in parallel.

MR. RIBUFFO explained that the Port of Alaska in Anchorage has the infrastructure capability to handle any kind of cargo that will be shipped into the state. This includes containerized

cargo; liquid bulk/refined petroleum; dry bulk the majority of which is cement; break bulk which includes replacement parts for oil rigs and heavy machinery; dry barge landing; and cruise ships. He directed attention to the image of the runway beyond the port and explained that Joint Base Elmendorf Richardson is a neighbor. A secure gate structure allows the Department of Defense (DoD) to move cargo directly to and from the port.

3:38:03 PM
MR. RIBUFFO moved to slide 3, relaying that it speaks to the backlands portion of the port. This is about 125 acres of cargo handling yard, 3.1 million barrels of refined petroleum storage, 60,000 tons of cement storage, and a skilled workforce that's within an hour's drive of the port.

MR. RIBUFFO moved to slide 4, "Three Functions." He stated that the first function is commerce; all of the goods that come across the dock are transferred to rail or road for delivery to the final destination. He reported that 90 percent of freight coming into the state comes by water. Half of the freight comes across the dock in Anchorage and half of that continues to destinations outside the municipality. The port in Anchorage serves as the port for Fairbanks, Palmer, Wasilla, Kenai, and Seward. The second function is national defense. The port in Anchorage is one of 18 commercial, strategic seaports in the US with a mission in support of the Department of Defense to move freight to training facilities in the Lower 48 or into combat theaters. An added responsibility is to provide commissary goods for all the bases in the state. The third function is in support of the state and federal disaster response plans. As the owner of the port, the Municipality of Anchorage has to consider all three missions, even though the commerce mission is the only one that pays the bills.

3:42:17 PM
MR. RIBUFFO moved to slide 5, "Since Visiting Juneau in 2022." He stated that he presented the following list to the legislature last year and he was pleased to report that everything that's listed has moved to the next evolution.

- Completed PCT and SFD Construction
- Awarded a $9 million design-build contract for the new Administration Building project
- Awarded a $114 million design -build contract for the North Extension Stabilization - Step 1 (NES1) project
- Received a $68.7M grant for NES1

- Completed preliminary design for the Cargo Terminals Replacement project
- Conducted bid process for Designer -of -Record contract for new Terminal 1
- Continued permitting for Phase 2A and Phase 2B projects 5 Pet

3:42:50 PM
MR. RIBUFFO moved to slide 6, "Petroleum Cement Terminal Complete - Fall 2022." He stated that the task at this terminal was to complete the construction of this terminal and move the floating dock to the south. That has been accomplished and the first vessel will arrive shortly. He noted that the final certifications for the petroleum lines were forthcoming. The terminal has a 70-year design life. The port provides the state with fuel security and the ability to receive petroleum products for daily commerce and the products that might be needed in the event of a disaster response.

3:44:24 PM
MR. RIBUFFO moved to slide 7, "Administration Building." He explained that the new building is not on the dock. This move will free up dock space for the first new cargo terminal once the design is complete.

MR. RIBUFFO described slide 8, "North Extension Stabilization - Step 1." He noted that this was a two-year process.

- Notice to Proceed on December 20, 2022
- Geotechnical investigation started February 2023
- Ground-breaking expected in April 2023
- Awarded a $68.7M FY22 grant through PIDP

3:46:15 PM
MR. RIBUFFO reviewed slide 9, "Cargo Terminals 1 and 2." He noted that the municipal manager signed the contract for the designer today.

- Completed preliminary design
- On track to award Terminal 1 Design contract in April 2023
- Applying for federal grants this year
- Terminal 1 construction schedule compressed by one year through design innovations
- Terminal 1 is key to Food Security – Operational restrictions may be required by 2025
- Terminal 2 design features under evaluation

3:46:51 PM
MR. RIBUFFO spoke to slide 10, "What Keeps Me Up?"

Key Operational Risks
- Aging docks
- Fragile Power systems
- Limited Port Access

Proposed Solutions
- Port of Alaska Modernization Program (you just saw)
- Port Power Plan
- A new access road – working with AKDOT&PF

3:47:23 PM
MR. RIBUFFO moved to slide 11, "Port Power Plan - a connected microgrid." The aerial picture shows a connected microgrid.

- Connected microgrid
- Energy storage ($5.3M DCIP grant)
- Emergency generation
- Metering and controls (to be installed this year)
- Renewable generation
- New business opportunities!

3:48:08 PM
MR. RIBUFFO discussed slide 12, "Port Power Plan." He spoke about the various partners and about a grant to store renewable energy in addition to a solar farm.

A Series of power-related projects that will combine into a complete, sustainable power system that includes:

- Connected microgrid
- Emergency (backup) power generation
- Energy storage
- Renewable power generation
- System metering/controls to enable efficient system management and operation

Our Partners:

- Chugach Electric
- Department of Energy (Sandia Labs)
- JBER

- Mat-Su Borough (via The Upper Cook Inlet Marine Energy Alliance)
- Port Users

3:49:37 PM
MR. RIBUFFO moved to slide 13, "What keeps me up?" He stated that it is problematic to have just one access road to the port. The Department of Transportation and Public Facilities (DOTPF) has a two-year plan to realign that road and the Alaska Railroad track to the port, which will take the road out of service. DOT has reviewed the port's preliminary design for a new access road through Government Hill and agreed to make that step one of their larger project.

3:51:03 PM
SENATOR TOBIN asked for his thoughts and how the port was engaged in the Seward-Glenn Mobility Planning and Environmental Linkage (PEL).

MR. RIBUFFO replied that the Seward-Glenn connection has been ongoing for the 16 years that he'd been at the port. He relayed that he was less interested in that connection than the connection to the port. He stated that moving truck traffic from downtown Anchorage was not in his purview, but port staff could speak with expertise about how to make the portion where the port property starts more efficient.

SENATOR TOBIN said she looked forward to working together.

3:53:36 PM
CHAIR KAUFMAN mentioned the controversy about increasing the scope of the port project. He asked what controls were in place to determine the scope and ensure it doesn't continue to increase.

DAVID AMES, Program Manager for the Port of Alaska Modernization Program, Jacobs Engineering, Anchorage, Alaska, introduced himself and explained that he had worked with the program for 18 months and tremendous progress had been made on the physical aspect. Part of that is improving the controls on the project. Jacobs Engineering and the municipality have updated the program management plan to assist the city in overseeing the project. He stated that a new baseline project budget and schedule would allow the port to award the contracts in a reasonable time, in-budget, and with the necessary oversight to provide the city with auditable services. The city is also developing an

oversight group that includes several control positions. He offered to provide the city's organizational chart.

CHAIR KAUFMAN confirmed that he'd like to see the chart.

3:57:23 PM
SENATOR MYERS asked what resiliency plans the port has in the event of a disaster, such as a large earthquake, that puts the port out of business.

MR. RIBUFFO replied that replacing the old infrastructure is the greatest defense to ensure the port is still standing after a catastrophic event like the 1964 earthquake. Design standards are much more resilient than they were 60 years ago and that is embraced in the new port design. However, the port is the landlord so it does not control dock operations. The plans for disaster recovery and the continuation of commerce reside with the port users. In the event of a disaster, the port's job would be to work with the incident response team to figure out how to get back up and running.

CHAIR KAUFMAN asked him to send the seismic design for the port.

4:00:40 PM
CHAIR KAUFMAN recognized Carl Uchytil with the Port of Juneau as the next presenter.

4:00:52 PM
CARL UCHYTIL, Port Director, Port of Juneau, City & Borough of Juneau (CBJ), Juneau, Alaska, delivered the presentation "The City and Borough of Juneau Docks and Harbors Enterprise." He relayed that Juneau has four municipally owned small boat harbors; six launch ramp facilities; and two boat yards under lease. Juneau is the 46th largest commercial fishing port in the country by value. He stated that the cruise ship docks allow tourists to access whale-watching vessels in Auke Bay.

4:03:03 PM
MR. UCHYTIL discussed the bullet points on slide 2, "Port of Juneau." He noted that in 2019 Juneau had four percent of the world market share of cruise ships and in 2023 that is projected to be six percent.

- 1.3M passengers in 2019
- Anticipating 1.65M passengers in 2023
- Passenger Fees (aka Head Tax) to generate $21.5M for the local community

- Over 700 ship visits to Juneau
- Tourism largest private sector employment in SE Alaska
- Major new private cruise ship docks planned for:
  - Whittier
  - Juneau (Huna-Totem)
  - Seward

4:04:25 PM
MR. UCHYTIL continued to slide 3, "Juneau Dock Electrification Plans." The idea to electrify the two city-owned docks has been in process for more than a decade. Conduit was installed when the two new cruise ship docks were constructed. This is a high priority for the CBJ Assembly and the industry. CBJ will be pursuing a $3 billion Clean Port Initiative grant that's offered through the Inflation Reduction Act. A new transformer for the dock that has electricity was purchased from the local utility, but the supply chain for that is 152 weeks.

4:06:33 PM
MR. UCHYTIL reviewed the chart on slide 4, "Harbor Facility Grant." He stated that this is an important grant for small boat harbors throughout Alaska. Juneau pursues this grant as often as possible. He discussed the following points.

- 50-50 Match cap - $5M
- Only fully funded twice since inception 2006
- FY23 Funded five municipal projects with $16.4M
- FY23 need was $20M
- FY24 need is $8.2M
  - Meyer's Chuck
  - Sitka
  - Whittier

4:07:35 PM
MR. UCHYTIL moved to the chart on slide 5, "Construction Cost Escalation - Floats." He noted that bids opened two weeks ago for CBJ's Aurora Harbor phase III project. The project started in 2014 when the cost per square foot for floats was $106 and today the cost is $295 per square foot.

4:08:55 PM
MR. UCHYTIL moved to slide 6, "Construction Cost Escalation Electrical." He reported that when the Statter Harbor project in Auke Bay was done in 2020, the cost per square foot for the electrical system was $40; the cost today for Aurora phase III is $280 per square foot. He noted that the cost of copper had

quadrupled since the pandemic, all of which will affect small boat harbors throughout the state.

MR. UCHYTIL moved to slide 7, "UAS Property Lease." He noted that this prime property is located between Juneau's two small boat harbors along Egan Expressway. CBJ would like to purchase the property but the university isn't ready to sell. He discussed the following points.

- Juneau Fisheries Terminal considered critical for commercial fishermen & boatyard activity;
- Since 1988, CBJ has enjoyed favorable lease rent with UA at ~$12K/year;
- Lease expires May 5th, 2023
- UA willing to enter into new 4 year lease at $100K/year
- Fair Market Value of leased property is $230,400/year

He highlighted the grant application to build a drive-down float in this area. At Statter Harbor CBJ is working with the Army Corps of Engineers on a $50 million breakwater project. Senator Murkowski provided $1.5 million in congressionally directed spending this year to start the project.

4:11:10 PM
CHAIR KAUFMAN asked for additional information about the project on the UAS lease property.

MR. UCHYTIL replied that this area is the commercial fisheries terminal and the entire infrastructure needs to be replaced. He restated that he would like CBJ to purchase the property because it's right between the two small boat harbors.

4:12:37 PM
SENATOR KIEHL added that this infrastructure has incubated several new businesses and shoreside processors in the community. He asked whether the lift shown on parcel B would be replaced.

4:13:36 PM
MR. UCHYTIL responded that it's a travel lift that the university owns and leases to Harri Commercial Marine. He agreed that the facility needed major maintenance.

4:14:21 PM

CHAIR KAUFMAN recognized Bryan Hawkins, Port Director for the City of Homer; and President, Alaska Association of Harbormasters & Port Administrators as the next presenter.

4:14:41 PM
BRYAN HAWKINS, President, Alaska Association of Harbormaster & Port Administrator; and Port Director for the City of Homer, Homer, Alaska, delivered the presentation Alaska Association of Harbormasters and Port Administrators. He began with slide 1 that depicts 47 harbors and river ports around the state. The river ports are in the communities of Emmonak, Kwethiluk, and Nenana. He stated that these facilities are essential to the state's transportation network.

4:16:33 PM
MR. HAWKINS advanced to slide 2, "Approved applicants for FY 2024 budget." The chart shows the three communities that have been approved for FY2023 Municipal Facility Harbor Grants. He noted that to apply for these grants, the project must be shovel-ready with the local match in place. These projects are ready to go to bid.

CHAIR KAUFMAN asked what the match ratio is.

MR. HAWKINS replied it is a 50:50 match.

MR. HAWKINS moved to slide 3, "Funded FY2023 Municipal Harbor Grant Projects." He explained that the chart shows the five communities that were awarded grants last year.

4:17:32 PM
MR. HAWKINS moved to slide 4 and spoke to the following points.

> As we all know recent federal legislation provides a once-in-a-generation opportunity to build and improve infrastructure.
>
> DOT has the STIP to formally advance and rank transportation projects across the state, however, ports are not included.
>
> Some very low interest Federal loans require inclusion on the STIP and it is an easy way to establish required matching funds are available.

The DOT needs to quickly include ports as part of the STIP process or provide another formal way to rank and advance port projects

MR. HAWKINS highlighted that the City of Homer is applying for a Port Infrastructure Development Program (PIDP) grant to replace floats in the Homer harbor. It's an 80 percent federal, 20 percent local match. He explained that the city bought the harbor from the state in 1999 for $1.00. That included a lot of deferred maintenance so the grant is a great opportunity, but the 20 percent match will stretch the budget. The city is looking for a particular low interest federal loan but to apply they must be listed on the Alaska Statewide Transportation Improvement Program (STIP). The problem is that DOTPF doesn't list ports and harbors on its STIP list.

4:19:12 PM
CHAIR KAUFMAN asked if he knew why ports and harbors aren't listed on the state's STIP.

MR. HAWKINS replied that it's policy. He read that docks and harbors are not included in the STIP because they receive financial assistance through the state-funded Municipal Harbor Grant Program. He continued to read that STIP does not have to include projects that are entirely state-funded or those that don't involve the US Department of Transportation.

CHAIR KAUFMAN advised that the committee would look into the matter.

4:20:16 PM
MR. HAWKINS moved to slide 5 which shows an aerial view of the Homer Harbor. He stated that the original harbor project started in 1960 and was completed six years later. The footprint was 16 acres and it had 16 slips. The picture shows the expanded harbor that was built in 1986. It covers 50 acres. It is the largest single-basin harbor in the state. The harbor has a 345-foot fish dock with eight public-access cranes and an ice plant that can produce 100 tons of flake ice per day. The city owns and manages the facility. The harbor has 900 slips, a five-lane launch ramp, two ocean piers, a commercial barge ramp, and a marine haul-out and repair facility. The fleet is comprised of boats devoted to commercial fishing, charter, tour boats, and six water taxis. He relayed that more than 400 names are on the waiting list for a stall. Twenty-eight businesses lease upland property from the port. The port also manages the airport terminal building and campground, and they do parking enforcement.

4:22:24 PM
MR. HAWKINS moved to slide 6 which shows large boats rafted on the transient large vessel dock. He said the city has been talking with the Army Corps of Engineers (Corps) since 2004 about expanding the facility. He noted that all the boats pictured were larger than 86 feet, which is the size of the largest slips in the harbor. These are Bering Sea crabbers, commercial towing vessels, freight vessels, and a fleet of private research vessels under contract. There's a lot of competition for moorage and vessels are routinely turned away.

4:23:55 PM
MR. HAWKINS moved to slide 7, "Small Harbor Improvements, Large Vessel Harbor Master Planning." He said the shaded area on the graphic is shallow water, so there is an opportunity to expand. He advised that the commercial freight companies serve about 30 communities that are not connected to the road system. The idea is to build a next generation, large vessel harbor. It will accommodate vessels that are too large to come into the existing harbor. When those vessels need long term moorage, they transit to the Lower 48. He advised that a benefit to building this harbor is that maintenance and secondary spending will generate commerce for the community.

4:25:57 PM
SENATOR MYERS asked if he would send information about the scoring system for the Municipal Harbor Grant Program to the committee. He relayed his interest in how that might be expanded to other types of infrastructure.

MR. HAWKINS replied that he would provide the contact information for the manager of the committee that scores the projects.

4:27:17 PM
CHAIR KAUFMAN recognized Joy Baker, Port Director for the Port of Nome as the next presenter.

4:28:13 PM
JOY BAKER, Port Director, Port of Nome, Nome, Alaska, delivered the presentation, Port of Nome Alaska’s Arctic Port.

MS. BAKER displayed slide 2, "Regional Transshipment Hub." She pointed to the map on the right of the slide that shows the coastal communities in Western Alaska and the Arctic from Platinum to Barrow. She spoke to the following bullets.

- Serving over 60 communities (Platinum to Barrow)
  - Maritime Hub Services
    - Community resupply (fuel, vehicles, equipment, buildings, appliances, groceries)
    - Commercial & Subsistence fisheries
    - Construction project equipment/materials
    - Environmental/Oil Spill Response
    - Resource Development
    - Search and Rescue
    - Scientific research
    - Industrial support Tourism

4:29:15 PM
MS. BAKER moved to slide 3, "Beyond the Breakwater." The slide shows multiple colored lines that reflect the vessel traffic to and from the Nome Harbor during the 2022 6-7 month ice-free season. On the top right is the list of industry vessels that use the harbor. These include: tug, towing, pleasure/passenger, cargo, fishing, military/law enforcement, research, and dredging. She noted the color legend was missing and offered to provide it.

CHAIR KAUFMAN confirmed that he'd like to see the legend.

MS. BAKER displayed slide 4 that shows much of the port and harbor infrastructure at the Port of Nome. She noted that the causeway in the outer harbor has three 200-foot large-boat docks. The construction of this infrastructure ranges from 1989 to 2015, and the three docks have been filled since they were constructed.

4:31:26 PM
MS. BAKER moved to slide 5."Commodity Movement." She opined that the five pictures provide a rounded perspective of the types of industry vessels served at the port. The primary drivers are fuel and cargo movement, including the export of rock and crushed material that are vital for community development projects in Western Alaska and the Arctic. She pointed to the picture on the bottom right that illustrates that when the docks are loaded with containers, the port is shut down to other types of vessels because of the congestion. This is a growing phenomenon and a driver for the expansion of the port.

4:32:46 PM
MS. BAKER moved to slide 6, "Ship Resupply/Crew Change." The large vessels in the five slides reflect typical ship traffic.

She noted that most of the passenger vessels use the port to turn over passengers before continuing north through the Northwest Passage or south. She noted that some passenger vessel traffic had changed since Russia invaded Ukraine. She pointed to the pictures of the Canadian Coast Guard vessels, the US Coast Guard vessels, and the NOAA ships. She noted that foreign ice breakers also use the Port of Nome.

4:34:41 PM
MS. BAKER displayed slide 7, "Arctic Deep Draft Port Modifications." She explained that expanding the port into deeper water was part of their ongoing partnership with the Army Corps of Engineers. Phase I of the project will extend the existing causeway 3,500 feet and add 2,000 feet of dock space. Dredging the deep water basin will be done in phase II and the existing breakwater will be removed during phase III. Most of that rock will be used to extend the causeway further. Two more docks will be added to accommodate passenger vessels. She said the overall intent is to increase the capability to service more and larger vessels, reduce delays, improve navigation, and provide a superior location for the refueling and resupply of the national security fleet.

4:36:32 PM
MS. BAKER moved to slide 8, "Port of Nome." The picture is an artist's rendition of the expanded port and the types of vessels that will be accommodated. The picture also demonstrates the elements of responsibility between the city, the port, and the Army Corps of Engineers. The items listed on the left are the items the City of Nome is paying for. These include the development of the docks, roads, bridges, and dolphins. The city is also paying to build the utility infrastructure for fuel, power, water, waste, and lighting. The city is sharing the cost of the breakwaters and the dredging with the Corps; the ratio is 10 percent non-federal and 90 percent federal.

4:38:14 PM
MS. BAKER moved to slide 9, "National Security/Mariner Safety." She spoke to the following points.

National Security

- Strengthen U.S. presence by expanding Arctic Ports to stage strategic assets
- Establish year-round Arctic facilities to drive further infrastructure development

Life Safety

- Enable Coast Guard to operate more efficiently in Arctic with base support
- Increase response capacity to meet nearly double the demand in activity
- Expand on role as a port of refuge

4:38:44 PM
MS. BAKER moved to slide 10, "Targeted Benefits of Arctic Deep-Draft Port at Nome." She directed attention to the graphic on the right that shows the number of LNG tanker transits in the region in January 2021. She spoke to the following benefits of the expansion.

National Security & Life Safety
Strengthen U.S. presence in Arctic
Critical refuel/resupply support for SAR
Environmental Safety
Regional staging for oil spill response assets
Reducing need for offshore fuel transfers
Economic/Cultural Sustainability
Lowering regional transportation costs
Bringing economic opportunity to the region
Research & Resource Development
Enhanced mission support through hub services
Tourism & Recreation
Support increased ship calls (23 ships scheduled 2022) with more ice-hardened hulled vessels coming online

4:39:16 PM
MS. BAKER displayed the chart on slide 11, "Project Design and Construction Schedule." She stated that this provides an overview of the schedule for the design and construction of the three phases of the expansion. She recounted that the expectation is to have 100 percent of the design for phase I completed in May 2023, the Army Corp will solicit bids in August 2023, the bids will be awarded in January 2024, construction will begin in June 2024, and construction will be completed in the fall of 2027. She noted that the city will sign the project partnership agreement with the Army Corp of Engineers in May 2023 and pay for the entire amount of the phase I construction before the Corps solicits bids. She noted that the additional slides were for the committee's enjoyment.

4:41:16 PM
SENATOR TOBIN noted the significant information that had been collected about the potential impacts to the coastline in

Western Alaska. She asked whether the design had been modified to ensure the port could sustain another destructive weather event.

MS. BAKER replied that the Army Corps of Engineers sent engineers immediately after the storm to inspect the causeway, the causeway bridge, the breakwater, and the town's seawall. Several holes were identified on the seawall that will be filled this spring, but nothing severe was identified. The west side of the bridge sustained a little damage, but nothing structural. They determined that the storm had no effect on the causeway or breakwater and that the design did not need to be altered.

4:43:15 PM
SENATOR MYERS asked whether the mines identified on slide 15 were reliant on the port expansion so roads and other infrastructure could be built.

MS. BAKER replied that the map simply identifies the mines in place on the Seward Peninsula that could see development sometime in the future. The Graphite Creek Prospect was an exception; the volume of graphite that's been discovered was four times what was initially anticipated. The existing port will be adequate initially, but it may not be adequate in the future.

4:45:47 PM
CHAIR KAUFMAN asked whether tariffs on cargo that's transported pay for operations and an element of growth.

MS. BAKER replied yes; tariffs are based on the growth of the Anchorage consumer price index (CPI). They are analyzed every year and adjusted accordingly. The city also plans to solicit an additional rate study on the Port of Nome.

4:47:26 PM
CHAIR KAUFMAN invited members to ask questions about any of the presentations.

4:47:42 PM
SENATOR MYERS said a criticism he'd heard about the Port of Alaska in Anchorage was that the opportunity for expansion was limited by its location between downtown and Joint Base Elmendorf Richardson (JBER). He asked Mr. Ribuffo or Mr. Ames to speak to the current use of space and the potential for expansion in 10 years.

4:48:53 PM
MR. RIBUFFO replied that there is space for an additional marine terminal on the water side of the modernization program. The caveat is that a business case would need to be made for an additional expansion. The utilization rate on the existing dock is 40 percent so the current dock is sufficient. The modernization program has been sized to be a little smaller than it is right now. He cautioned that more port should only be built if there is revenue to cover its maintenance and he didn't foresee anything in the next 20-40 years that indicated a significant increase in the customer base that couldn't be handled with the existing port.

MR. AMES added that the berths that are under design will be utilized at less than capacity at the current time. He stated that berth capacity can be expanded with more cranes and vertical storage of containers. This would require improvements to the ground and paving. He emphasized that a limited footprint did not mean that space is as limited as it may appear. Planning for this would also require planning for the traffic networks into and out of the port which would all be part of a master plan.

4:53:13 PM
CHAIR KAUFMAN asked Mr. Ames for additional information on the master study, the identified bottlenecks, and the immediate need on the waterfront to reinforce the port against seismic and fall-down risk.

4:54:07 PM
MR. AMES deferred to Mr. Ribuffo to speak to the scope of the study because it is a land-side master plan that the port is managing on its own. He continued to say that how the port can be modernized is limited not only by the timeframe but also by the fact that the facility must keep all terminals operational while construction is ongoing.

MR. RIBUFFO clarified that there will be both a strategic plan and a master plan. In the short term, the port has contracted for a landslide operational study to identify how to best use the transit yards adjacent to the marine terminal, understanding that the docks will be relocated further south to better align with the port. He said there will need to be creative thinking about how to make better use of the existing footprint of the port. He mentioned the possibility of stacking containers in some locations and positioning flatcars to take freight directly from ships to the railroad. These sorts of things will be

considered in both the landside optimization study and the master plan.

4:57:58 PM
CHAIR KAUFMAN asked what's being done to ensure the port will have the best management team possible for this work.

MR. RIBUFFO suggested Mr. Ames discuss the change management plan.

MR. AMES stated that the new program management plan has a very specific change management process that is being implemented to evaluate, decide on, and implement changes according to the change management process that has been outlined. He stated that each proposed change will go through an evaluation process with a cost benefit analysis. He noted that the city oversight team plays a large role so developing the city process is also very important.

MR. RIBUFFO highlighted that the Anchorage Assembly makes the final determinations.

CHAIR KAUFMAN thanked the participants.

5:03:14 PM
CHAIR KAUFMAN There being no further business to come before the committee, Chair Kaufman adjourned the Senate Transportation Standing Committee meeting at 5:03 p.m.