

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

April 27, 2023

1:35 p.m.

MEMBERS PRESENT

Senator James Kaufman, Chair
Senator David Wilson, Vice Chair
Senator Löki Tobin
Senator Jesse Kiehl
Senator Robert Myers

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

OVERVIEW: PORTS AND HARBORS OF Alaska, PART 2 BY THE ALASKA ASSOCIATION OF HARBORMASTERS AND PORT ADMINISTRATORS AND PORT REPRESENTATIVES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

ALVIN OSTERBACK, Mayor
Aleutians East Borough
Sand Point, Alaska

POSITION STATEMENT: Delivered the presentation titled Harbors and Docks in the Aleutians East Borough.

HELEN HOWARTH, City Manager
Cordova, Alaska

POSITION STATEMENT: Delivered the presentation titled Cordova Harbor.

JON ERICKSON, Manager
City and Borough of Yakutat
Yakutat, Alaska

POSITION STATEMENT: Delivered the presentation titled City and Borough of Yakutat Ports and Harbors.

PHILLIP ZAVADIL, Manager
City of St Paul
Saint Paul, Alaska

POSITION STATEMENT: Delivered the presentation titled Saint Paul Harbor.

MIKE BROWN, Manager
Matanuska-Susitna Borough
Port Makenzie, Alaska

POSITION STATEMENT: Delivered the presentation titled Port Makenzie.

BRYAN HAWKINS, President
Alaska Association of Harbormasters and Port Administrators
Homer, Alaska

POSITION STATEMENT: Responded to questions about the overview of Ports and Harbors in Alaska, Part 2.

ACTION NARRATIVE

[1:35:21 PM](#)

CHAIR JAMES KAUFMAN called the Senate Transportation Standing Committee meeting to order at 1:35 p.m. Present at the call to order were Senators Tobin, Wilson, and Chair Kaufman. Senators Kiehl and Meyers arrived thereafter.

OVERVIEW: PORTS AND HARBORS OF Alaska: PART 2

[1:36:08 PM](#)

CHAIR KAUFMAN announced the consideration of part 2 of the overview of the ports and harbors of Alaska. He thanked the Alaska Municipal League for coordinating the various presentations. He recognized Alvin Osterback, mayor of the Aleutians East Borough as the first presenter.

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ALVIN OSTERBACK, Mayor, Aleutians East Borough Sand Point, Alaska, delivered the overview titled "Harbors and Docks in the Aleutians East Borough." He stated that the borough is made up of six communities; it encompasses 15,000 square miles; and the tax structure consists of a two percent raw fish tax. Safe harbors are the backbone of the communities and important to the well-being of businesses in the region.

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MR. OSTERBACK reviewed slide 2, "Sand Point."

Robert E. Galovin Small Boat Harbor

- Owned by the City of Sand Point.
- Berthing space for 170 vessels.
- Fully rehabilitated in 2014: new floats, gangways, electricity, potable water system & fire suppression system.

New Harbor:

- Borough owns New Harbor.
- Served by Float B.
- Adequate to handle large & small vessels.
- Next phase: complete Float A.
- Borough received \$4.125 State Harbor Facility Grant and \$5.3 PIDP.
- State granted 6-month extension to June 30th to execute grant agreement.

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MR. OSTERBACK reviewed slide 3, "King Cove."

North Harbor:

- Provides moorage for up to 75 fishing boats.
- 26,000 square foot timber float system.
- Designed to withstand 130 mph winds.
- Ice-free year round.
- Owned and operated by the City of King Cove.

Robert "Babe" Newman Harbor

- Moorage for 60' to 150' fishing vessels.
- Accommodates about 50 boats.
- Owned by the City.

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MR. OSTERBACK reviewed slide 4, "False Pass."

- Completed boat harbor owned by Borough.
- City maintains & operates.

- Two floats.
- Accommodates 40+ boats from 32' to 120'.
- Borough funded construction of 2 floats.

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MR. OSTERBACK reviewed slide 5, "Akutan Harbor."

- Boat Harbor is near completion.
- Will be able to accommodate 58 vessels for up to 165'.
- Served by Float A.
- Needs funding to design and build a second float.
- Once complete, will accommodate 58 vessels up to 165' in length & 2 vessels up to 125' in length.
- Project depends on State's Harbor Grant Program to finalize.

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MR. OSTERBACK reviewed slide 6, "Nelson Lagoon Dock."

- Borough owns dock: 35' X 150'.
- In 2021, \$1.6 million in repairs conducted.
- Installed piles and anodes, overhauls to existing steel fender system.
- Completion of dock's topside.
- Dock has 2-ton crane mounted on north side, forklifts and loader.
- Boat ramp: 21' X 157' - used for small boats and skiffs.
- Travel lift accommodates boats 50' in length and 14' in width, up to 40 tons.
- One set of finger piers on each side of dock; can operate in most weather & currents.

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MR. OSTERBACK reviewed slide 7, "Cold Bay Dock."

- Cold Bay Dock is 45 years old.
- Serves as major marine hub in Aleutians for conventional and containerized general cargo, petroleum products; landing for passengers via fishing boats and Tustumena Ferry.
- Public dock: 60' wide by 360' long.
- Borough owns dock.

- Has Dock Management Agreement with City of Cold Bay to maintain and operate it.
- Projected to have 10-year life span.
- Borough conducted a Feasibility Study.
- Determined major structural elements in poor condition; show ongoing deterioration.
- Eventually, function & capability will be reduced and no longer be serviceable.
- Borough currently working with AML and State on PIDP grant application for design, permitting & construction of new dock.
- This is a critical need for community & the region.

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MR. OSTERBACK moved to slide 8, "Challenges:" and paraphrased the following:

- Communities are remote: accessible only by plane or boat.
- Harsh & unpredictable weather: gale force winds, dense fog.
- Travel to our communities is expensive.
- Cancellations cause added costs for contractors.
- Other hurdles: inflation, rising interest rates, supply chain issues.
- Despite challenges, proud of accomplishments.
- Will overcome obstacles to provide necessary infrastructure.

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MR. OSTERBACK moved to slide 9, "Importance of Infrastructure" and paraphrased the following:

- Commercial fisheries are the lifeblood of our local communities.
- Cannot grow and attract businesses without operational boat harbors and docks
- This infrastructure is needed to create healthy communities.
- Communities of Aleutians East Borough rely heavily on State for expertise and to provide matching grant funds for all our projects.
- Appreciate State's help.

- Hope to continue improving infrastructure.
- Important for local economies as well as that of the State.

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MR. OSTERBACK paraphrased slide 10, "Importance of State & Federal Funding."

The Borough has applied on many occasions for State of Alaska Harbor Facility Grant funds. Last year, the Borough was pleased to receive \$4.125 million in State Harbor Municipal Grant funding for Sand Point's New Harbor. Those monies were used as matching funds for the \$5.3 million in Port Infrastructure Development Program financing the Borough received for this project. The State of Alaska Harbor Facility grants have been an integral funding source for Borough harbor projects. Those funds will continue to be essential for future projects.

Federal funds are also crucial. Numerous grant opportunities are currently available.

SENATOR TOBIN provide context for the size of the 360 foot Cold Bay Dock by pointed out that it is longer than a football field.

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CHAIR KAUFMAN asked Mr. Osterback to describe the borough's project management structure and the use of contractors to provide oversight.

MR. OSTERBACK responded that the borough has a strong mayor government whereby the mayor and borough administrator work closely with the engineering firm that provides oversight of the project.

CHAIR KAUFMAN recapped the answer.

MR. OSTERBACK agreed with the recap. He said it's worth the money to hire engineers to be project managers to provide oversight and protect the borough's interests.

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SENATOR MYERS joined the committee.

CHAIR KAUFMAN asked if he had any closing comments.

MR. OSTERBACK said he appreciates the opportunity to ensure that the state understand the importance of harbors.

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CHAIR KAUFMAN recognized Helen Howarth, City Manager of Cordova as the next presenter.

[1:49:42 PM](#)

HELEN HOWARTH, City Manager, Cordova, Alaska, began the presentation about Cordova Harbor on slide 2, "Background."

- BUILT AND MAINTAINED BY STATE OF ALASKA UNTIL 2003 WHEN OWNERSHIP TURNED OVER TO THE CITY
- SOUTH HARBOR BUILT IN 1983
- NORTH HARBOR UPGRADED IN 2006
- 711 SLIPS
- SINGLE BASIN HARBOR WITH TWO MOORAGE AREAS: NORTH HARBOR AND SOUTH HARBOR
- VESSELS ARE BETWEEN 18 AND 80 FT AND PRIMARILY INVOLVED IN COMMERCIAL FISHING INDUSTRY

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MS. HOWARTH reviewed the bullets on slide 3, "General Information." She relayed that a 2016 condition assessment found the harbor in poor to serious condition with 37 of the mooring stalls either missing or damaged to the point that they're unusable.

- 711 SLIPS
- SINGLE BASIN HARBOR WITH TWO MOORAGE AREAS: NORTH HARBOR AND SOUTH HARBOR
- VESSELS ARE BETWEEN 18 AND 80 FT AND PRIMARILY INVOLVED IN THE COMMERCIAL FISHING INDUSTRY
- SHIPYARD WITH 150 TON TRAVELIFT AND LARGE VESSEL STORAGE
- TWO SMALL VESSEL STORAGE LOTS
- 400 FOOT OCEAN DOCK, 300 FOOT CITY DOCK
- THREE 1500LB LIFT RATED HOISTS
- TWO VESSEL LAUNCH RAMPS

MS. HOWARTH moved to slide 4, "Operational Uses." She described the Cordova Harbor as a working harbor. It hosts one of the largest fishing fleets in the state and is the core of the Copper River and Prince William Sound fishing fleet; it houses five seafood processors; it is a cargo hub; all bulk fuel comes

through the harbor; tourism and recreation are emerging industries but still quite small; state and federal agencies regularly use the harbor.

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MS. HOWARTH continued to slide 5, "Challenges and Opportunities" and spoke the following points:

CHALLENGES

- CONSTANT MAINTENANCE
- STORM AND WEATHER-RELATED IMPACTS

OPPORTUNITIES

- ECO-CRUISE INDUSTRY VISITS IN CORDOVA
- YEAR-ROUND FISHERIES AND MARICULTURE

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MS. HOWARTH spoke to slide 6, "South Harbor Rebuild 9/23-6/24." She highlighted that the city had a design build contract with Turnagain Marine Construction and a third-party manager that has extensive port and harbor development experience to help guide the project.

- REPLACE ENTIRE SOUTH HARBOR FLOAT SYSTEM FOR PERMANENT AND TRANSIENT MOORAGE
- NEW DRIVE-DOWN TRANSFER BRIDGE AND SERVICE FLOAT (DRIVE-DOWN DOCK)
- NEW SOUTH HARBOR BULKHEAD
- SOUTH HARBOR PARKING IMPROVEMENTS AND PEDESTRIAN WALKWAY

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MS. HOWARTH discussed slide 7, "South Harbor Project Funding."

CONTRACT \$39.6M (REDUCED SCOPE NEGOTIATED)

FY2 2 PROJECT COST: **\$32M**

PANDEMIC IMPACTED FY2 3 PROJECT COST: \$46M

FUNDING SECURED: \$35.6M

\$20M USDOT RAISE [Rebuilding American Infrastructure with Sustainability and Equity] GRANT, \$5M STATE TIER 1 GRANT, \$3M LEGISLATIVE (FY22), CITY BOND \$5M, CLEAN WATER LOAN \$2M, PINK SALMON DISASTER \$670K

SHORTFALL: \$4M

ONGOING CITY EFFORTS TO RAISE BALANCE

MS. HOWARTH said she wanted the committee to be aware that a \$360,000 administrative fee was assessed on the \$5 million state tier 1 grant and that unexpected costs like that hurt because the budget was built around the \$5 million award.

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MS. HOWARTH moved to slide 8, "North Harbor Uplands and Transportation Improvements."

- STABILIZE AND PROTECT FREIGHT CORRIDOR (BREAKWATER AVE)
- INCREASE FREIGHT CORRIDOR SAFETY AND REDUCE CONGESTION
- PROVIDE SAFE AND EFFICIENT FUELING FACILITY FOR MARINE VESSELS

BUDGET: \$26.9M

FUNDING: Pending US DOT PIDP Grant

CHAIR KAUFMAN thanked her for the presentation.

[2:00:10 PM](#)

CHAIR KAUFMAN recognized Jon Erickson, Manager of the City and Borough of Yakutat, as the next presenter.

[2:00:19 PM](#)

JON ERICKSON, Manager, City and Borough of Yakutat, Yakutat, Alaska, delivered the presentation titled City and Borough of Yakutat Ports and Harbors. He reported that he had been the manager for nine years and had worked to upgrade Yakutat's ports throughout his tenure.

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At ease while Chair Kaufman handed the gavel to Vice-Chair Wilson.

[2:02:55 PM](#)

VICE-CHAIR WILSON reconvened the meeting and asked Mr. Erickson to proceed.

MR. ERICKSON began the presentation by describing the port of Yakutat's three main facilities as outlined on slides 2, 3, and 4.

Small Boat Harbor: The state built this boat harbor in 1960 and gave it to the city in approximately 2002. The harbor accommodates small fishing vessels and boats.

Multi-Purpose Dock: The city built this sheet pile dock in 2015 to receive fuel and cargo. This dock receives fuel and freight barges and provides transient moorage for larger commercial fishing and other vessels that utilize the small float and walkway. He noted that Allen Marine meets cruise ships and takes passengers on private tours. The city enjoys some of this revenue.

Ocean Cape Dock: This city-owned dock has been in operation since the early 1900s. It is rented to the local fish processor that primarily ships fresh fish on Alaska Airlines. It accommodates large ocean vessels because the Multi-Purpose Dock is too short to dock larger ferries, barges, and cruise ships. He noted that the Alaska Marine Highway ferry Kennecott is not running this year so the city won't have a ferry all summer. Also, the Mental Health Trust has plans to open a garnet/gold mine in nearby Icy Bay.

[2:05:00 PM](#)

SENATOR KIEHL joined the committee.

[2:08:06 PM](#)

MR. ERICKSON moved to slide 4, "Port Challenges" and spoke to the following points:

ECONOMIC GROWTH STALLED

Multi-Purpose Dock expansion needed to handle larger ships such as cruise ships. The state has offered to fund.

FUNDING LIMITED

The state awarded a \$3.6M grant for Small Boat Harbor, but must be used by June 30, 2023 or it will be lost.

SAFETY CONCERNS

Small Boat Harbor has deteriorated to the point it is unsafe to use. It is not ADA compliant and the fire suppression system is out of order.

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MR. ERICKSON advanced to slide 5, "Port Planned Projects." He discussed the following points:

MULTI-PURPOSE DOCK

The State of Alaska has offered to fund the extension of the Multi-Purpose Dock, which is expected to cost \$17 M. This is potentially the site of the new ferry dock.

SMALL BOAT HARBOR

The state provided \$3.6M to replace the Small Boat Harbor. Yakutat applied for the DOT RAISE and Port Infrastructure Development Program (PIDP) grants for the additional funding needed to complete this project, which is \$8.9M. The total project cost is \$12,630,824.

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SENATOR TOBIN summarized her understanding of the funding for the Small Boat Harbor. The state provided \$3.6 million and the additional funding that's needed must go to bond. The concern is that the \$3.6 million may no longer be available by the time the additional funding has been secured.

MR. ERICKSON agreed with the summary and then provided more granularity to show that the revenue shortfall amounts to \$8.9 million

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SENATOR TOBIN said she understood the concern and posited that the committee and individual members would follow up and help anyway they could.

VICE-CHAIR WILSON asked whether the small rock right outside the Small Boat Harbor been addressed.

MR. ERICKSON responded that boaters are safe if they hold to the right of the small island that's just outside the harbor. There's trouble for boaters who choose to go left.

VICE-CHAIR WILSON thanked Mr. Erickson for the presentation.

[2:17:46 PM](#)

VICE-CHAIR WILSON recognized Phillip Zavadil, Manager of the City of Saint Paul as the next presenter.

[2:18:00 PM](#)

PHILLIP ZAVADIL, City Manager, City of St Paul, Saint Paul, Alaska, delivered the presentation titled Saint Paul Harbor

Saint Paul Island, Alaska. He related that the harbor was built to transition from the commercial fur seal economy to fishing. Historically, nearly 50 percent of the Bering Sea snow crab was delivered to and processed at Saint Paul. He noted that this fishery was in transition.

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MR. ZAVADIL began the presentation on slide 2, "Harbor Background."

- First breakwater constructed in 1983. Failed following year during storm
- New 750' long breakwater constructed in 1987
- Current breakwater completed in 1989
 - 1,800' long main breakwater
 - 970' long detached breakwater
- 8 to 10 acres of harbor space
- Depths 18' to 25'
- Entrance channel is 300' wide
- In 2009 the Small Boat Harbor was completed

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MR. ZAVADIL continued to slide 3, "Facility Background."

- City South Dock - 200'
- City North Dock - 100'
- City Piers
- TDX/Trident Dock - 294'
- West Landing
- Tribal Dock (SBH) - 60'
- Floating Docks (SBH)
- Harbor Office

He noted that the City South Dock accommodates most of the heavy cranes, fuel barges, and other construction barges. The Icicle Seafoods barge was on the West Landing dock during the heyday of crab. That landing was destroyed by Hurricane Merbok.

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MR. ZAVADIL reviewed slide 4, "Use of Harbor."

- Fishing vessels
- Fuel barges
- Essential goods for the community

- Passengers from cruise ships, lighter in via small boat
- Construction barges
- Port of refuge
- Medical incidents
- Research vessels

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MR. ZAVADIL spoke to the points on slide 5, "Challenges."

- No crab season
- Wave climate, changing conditions due to climate change
- Funding and match requirements
- Harbor office constantly damaged by storms
- Depth does not allow larger ships to enter

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MR. ZAVADIL described the points on slide 6, "Opportunities."

- Increased tourism and cruise ships
- Support for Arctic research and research vessels
- National security interests
- Increased Coast Guard presence

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MR. ZAVADIL discussed the points on slide 7, "Ongoing and Planned Projects."

- USACOE [US Army Corps of Engineers] Maintenance Project in 2024
- Phase 1 - Facility Improvements
- Phase 2 - Expand Breakwater and Revise Entrance Channel
- Phase 3 - Relocate Exit to Salt Lagoon, Expand Uplands and Inner Harbor

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At ease

[2:27:20 PM](#)

VICE-CHAIR WILSON reconvened the meeting. He mentioned visiting the Coast Guard station and asked whether it was still fully-staffed.

MR. ZAVADIL stated that the building was renovated after it burned in 2020 but it's not currently staffed. The plan is to use it seasonally, and renovate the facility at the airport to store the helicopter and to use as a forward operating base for search and rescue.

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MR. ZAVADIL moved to slide 7, "Phase 1A" and discussed the following:

- Engineered fender system for City South Dock instead of tires
- Installation of larger mooring bollards
- Installation of 5 berthing dolphins north of South Dock
- New harbor office (relocate to small boat harbor)

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MR. ZAVADIL moved to slide 8, "Funding Applied for to Date" and described the following points:

- USDOT RAISE [Rebuilding American Infrastructure with Sustainability and Equity] - Submitted for Phase 1A Construction, Planning for North Dock Remove and Replacement, Planning for Harbor Road
- USDOT PIDP [Port Infrastructure Development Program] - Applied for in 2021 and 2022 but not received. Applying for in 2023 for Phase 1A
- EDA [Economic Development Administration] - Received for Small Boat Harbor Utility Improvements
- FEMA [Federal Emergency Management Agency] PSGP [Port Security Grant Program] - Applied for port security plan

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SENATOR MYERS asked whether the Saint Paul Harbor was ice-free year round.

MR. ZAVADIL said no, but it'd been two years since there was enough ice to prevent vessels from entering the harbor. Winter storms typically come from the north, but recently more storms are coming from the south. The entrance to the harbor is southwest and the harbor has had to be closed several times in the last 5-6 years due to unsafe conditions.

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VICE-CHAIR WILSON asked whether Saint Paul sees very much tourism from birders.

MR. ZAVADIL replied that Saint Paul Tours primarily focuses on birders who fly in and then go on tour by bus. Efforts are ongoing to provide birders more opportunities for tourists to go out on a vessel to view birds not only on the water but also on the cliffs. Small cruise ship passengers are primarily focused on fur seals and the birds on the cliffs near the seal rookeries. These tours are on the ground from 2-4 hours.

VICE-CHAIR WILSON asked if Saint Paul collaborated with Saint George.

MR. ZAVADIL responded that collaboration is increasing between the communities, but he'd like there to be more.

VICE-CHAIR WILSON recognized Mike Brown, Manager of the Matanuska-Susitna Borough as the next presenter.

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CHAIR KAUFMAN took the gavel.

[2:34:46 PM](#)

MIKE BROWN, Borough Manager, Matanuska-Susitna Borough, Port MacKenzie, Alaska, delivered the presentation on Port MacKenzie. He stated that what characterizes Port MacKenzie is access to the Upper Cook Inlet. The port will support barges and deep-draft vessels and it has about 9,000 acres of uplands that are zoned industrial. The two primary limitations are limited cargo-handling equipment and a barge dock that is difficult to use. A challenge is that the port is subject to the tidal and icing conditions in the Upper Cook Inlet.

[2:38:15 PM](#)

MR. BROWN turned to slide 1 of the presentation, "Port MacKenzie Way Ahead" and reviewed the three objectives.

BUSINESS DEVELOPMENT

1. -Develop Roll-on/Roll-off (Ro-Ro) ramp capability
2. -Develop business that aligns with regional needs (partner with private sector/company with marine expertise)

INFRASTRUCTURE IMPROVEMENTS

1. Roll-on/Roll-off (Ro-Ro) ramp

2. Explore Federal funding to improve cargo handling
3. Include private sector partner in design and construction of new infrastructure

INCENTIVIZE PRIVATE INVESTMENT

1. Potential State corporate tax holiday
2. Tariffs breaks
3. Local tax incentives

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MR. BROWN moved to slide 2, "Port MacKenzie What Next?"

Cooperation with Port of Alaska.

Marine energy agreement with Municipality of Anchorage to explore feasibility of a microgrid at Port MacKenzie

He noted that efforts were ongoing to find areas where the two ports can cooperate.

Economic Development Zone

Develop incentives oriented toward inviting private investment

Maintain existing infrastructure

Completed earthquake repairs and working toward disposal of select segments of Port conveyor system

Pursue grant opportunity

Develop Federal grant application for improving cargo handling capability

Improve Port infrastructure

Construct roll-on/roll-off (Ro-Ro) ramp in conjunction with current EDA grant for pile sleeve protection

Port MacKenzie Rail Extension

Explore use of corridor for multi-modal use: industrial road or public road

He reported that over the last decade the state had invested about \$184 million in the extension. At this point the effort has stalled out and the public has not realized any benefit. One of the port's legislative priorities this year is to change the conversation to be about multi-modal usage. The concept is to turn it into a road to provide access to the Parks Highway and Interior Alaska. He summarized that with some modest

improvements, Port MacKenzie is positioned to provide better service to local users, create new opportunities, provide economic opportunities to the Mat-Su, and improve resiliency for the region.

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SENATOR MYERS asked him to expand on his statement about the challenges that ice and tidal action in the Upper Cook Inlet present to the port and whether the conditions are markedly different on the other side at the Port of Alaska in Anchorage in terms of ship traffic.

MR. BROWN replied that both ports are subject to the same tidal conditions, but he believes the icing conditions at Port MacKenzie can be more challenging for navigation than the Port of Alaska in Anchorage. He opined that the two ports are not in direct competition. Port MacKenzie was built as a bulk commodity, resource development export facility, and it would be beneficial to have some capability to import project cargo and for other industrial uses. But there is no intention to compete with the Port of Alaska in Anchorage for the movement of commerce.

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SENATOR WILSON asked what it means to have resiliency for the region.

MR. BROWN mentioned a natural disaster like an earthquake, and opined that it would be helpful to have additional ports in the region that could support the movement of goods and services should the need arise. Additionally, Point MacKenzie is sparsely populated and zoned industrial, so it could accommodate certain industrial uses that aren't suitable near a major population center.

CHAIR KAUFMAN asked if he was referring to the Port of Alaska in Anchorage solar panel project when he mentioned the opportunity to provide power.

MR. BROWN said yes; the Port of Alaska in Anchorage is spearheading the project and Port MacKenzie is happy to cooperate and talk about how it could also support the municipality.

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CHAIR KAUFMAN asked if Port MacKenzie was currently handling cargo.

MR. BROWN replied yes, but it comes and goes with projects; there's nothing recurring at this point.

[2:46:38 PM](#)

CHAIR KAUFMAN recognized Bryan Hawkins, President of the Alaska Association of Harbormasters and Port Administrators, as the next presenter.

[2:47:04 PM](#)

BRYAN HAWKINS, President, Alaska Association of Harbormasters and Port Administrators ("Association"), Homer, Alaska, stated that he did not prepare a presentation, but was available to answer follow up questions.

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SENATOR KIEHL asked if there were best practices or a general approach for funding harbors.

MR. HAWKINS replied that the standard approach is to set up harbors as enterprises, so their finances are separate from the communities that own them. In Homer, the budgets are separate but the city operates the facility and as harbormaster he's a city employee. The city pays into the enterprise fund and the reserves are used to maintain the facility. In the next budget cycle Homer is setting aside funds that will be used for match grants.

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CHAIR KAUFMAN asked whether the Association has best practices related to the management of construction processes to ensure good oversight of projects.

MR. HAWKINS replied that the Association members have been networking for a number of years and are learning best practices from each other. It's been a goal and they're seeing solid projects come together. He

MR. HAWKINS said he'd like to discuss the indirect cost allocation plan (ICAP) which is the fee that's charged to communities that receive a State Harbor Municipal Grant. The program was established to address maintenance needs for the harbors the state sold to cities and municipalities. His explanation for Homer is that the city purchased the harbor from the state in 1999 for \$1 and that dollar also bought all the deferred maintenance. The Harbormaster's Association worked with the Department of Transportation and Public Facilities (DOTPF)

to address the issue and the solution was the State Harbor Municipal Grant Program. It has a 50:50 match and a \$5 million cap. The city or municipality has to have all the engineering in place and have proof that it has the match before the application can be submitted. For the first 10-15 years, the fee was about two percent of the total project cost, but in the last few years, it's been as high as 10 percent. That can amount to a lot which takes away from the dollars that are available for the project. He said the Association greatly appreciates and advocates for the program but doesn't believe the larger ICAP fee is justified.

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CHAIR KAUFMAN said he appreciated the information and committed to look into the matter further and share his findings with the committee.

SENATOR WILSON quipped his appreciation for the presentations.

CHAIR KAUFMAN thanked the presenters.

[2:55:43 PM](#)

There being no further business to come before the committee, Chair Kaufman adjourned the Senate Transportation Standing Committee meeting at 2:55 p.m.