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HB 203

HB 203 - AN ACT MAKING A SPECIAL APPROPRIATION TO THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES FOR PHASE I OF THE NOME PORT FACILITY.

CHAIRMAN ADAMS INDICATED THAT CSHB 203 (FINANCE) WOULD MAKE A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES FOR EXPENSES RESULTING FROM AN INCREASE IN PRISON POPULATION.

ROGER LANGE, DIVISION OF ADULT CORRECTIONS, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, PROVIDED AN OVERVIEW OF THE COMPONENTS OF THE SUPPLEMENTAL REQUEST TOTALING \$1,972.7 (SEE ATTACHMENT #1). REPRESENTATIVE WARD QUESTIONED THE AMOUNT NEEDED FOR ONE MONTH TO MEET REQUIREMENTS OF THE CLEARLY SETTLEMENT. MR. LANGE RESPONDED THAT THERE WAS A PARTIAL SETTLEMENT AGREEMENT MADE IN JANUARY WHICH COVERED "NON-LARGE COST ITEMS". HE SAID THERE ARE 10 POSITIONS INCLUDED OF WHICH SEVEN WOULD BE FOR MONITORING TO REPORT BACK TO THE COURT WITH REGARD TO THE PERFORMANCE BY THE DIVISION IN MEETING THE PARTIAL SETTLEMENT AGREEMENT. THERE WAS DISCUSSION CONCERNING THE AGREEMENT AND PARTIES WHICH SIGNED THE AGREEMENT. REPRESENTATIVE WARD ASKED IF THE AMOUNT INCLUDED IN

THE SUPPLEMENTAL WOULD SATISFY THE PARTIAL AGREEMENT. MR. LANGE SAID IT WOULD AND THAT THE DEPARTMENT'S FY 84 REQUEST INCLUDES PART OF THE ASSOCIATED COSTS REQUIRED UNDER THE PARTIAL SETTLEMENT. HE SAID PERSONNEL COSTS WILL BE ANNUALIZED. MR. LANGE SAID THE NUMBER WHICH WOULD BE ANNUALIZED WOULD BE \$57.5. (REPRESENTATIVE PESTINGER ARRIVED AT THIS TIME.)

CHAIRMAN ADAMS NOTED PROBLEMS WITH INCLUDING WITHIN THE SUPPLEMENTAL \$161,476 TO FUND SALARIES AND RELATED COSTS FOR THE ANTICIPATED DEPARTMENTALIZATION OF THE DIVISION OF ADULT CORRECTIONS TO FUND 10 NEW POSITIONS AND INCREASES FOR SIX EXISTING POSITIONS. HE NOTED THAT POSITIONS HAVE BEEN INCLUDED WITHIN HB 103 AS WELL AS THE ADDITION OF 18 POSITIONS WITHIN THE HOUSE BUDGET FOR FY 84. MR. LANGE SAID THE POSITIONS ARE COVERED IN THE FY 84 BUDGET; HOWEVER, THE DEPARTMENT IS TRYING TO COMPLETE THE PAPERWORK ON NEW POSITIONS DURING THE CURRENT FISCAL YEAR TO AVOID AN INUNDATION OF WORK ASSOCIATED WITH ESTABLISHING NEW POSITIONS. CHAIRMAN ADAMS SAID HE ALSO HAD A PROBLEM WITH THE CAPITAL ACCOUNTS CHARGEBACK REQUEST FOR \$312,088. HE ASKED WHY THE DEPARTMENT COULD NOT UTILIZE HB 309 AND REAPPROPRIATE CAPITAL FUNDS TO THE OPERATING SECTION. CHAIRMAN ADAMS FELT THE

SUPPLEMENT IS NEEDED BUT DID NOT FEEL THAT THESE TWO ITEMS SHOULD BE INCLUDED.

CHAIRMAN ADAMS SAID IT WOULD BE HIS SUGGESTION TO THE COMMITTEE THAT THE SUPPLEMENTAL BE REDUCED TO \$1,499,140 REPRESENTING A DECREASE OF \$312,088 FOR CAPITAL ACCOUNTS CHARGEBACKS AND \$161,476 FOR THE DIRECTOR'S OFFICE DEPARTMENTALIZATION. REPRESENTATIVE BETTISWORTH MOVED TO REPORT OUT OF COMMITTEE CSHB 203 (FINANCE) IN THE AMOUNT OF \$1,499,140. THERE BEING NO OBJECTION, IT WAS SO ORDERED. CSHB 203 (FINANCE) WAS REPORTED OUT OF COMMITTEE WITH A "DO PASS" RECOMMENDATION.

SSHB 346

SSHB 346 - AN ACT EXEMPTING PUBLIC UTILITY INCOME FROM THE NET INCOME TAX.

CHAIRMAN ADAMS READ A STATEMENT PREPARED BY THE SPONSOR OF THE LEGISLATION, REPRESENTATIVE BETTE CATO (SEE ATTACHMENT #2). COMMISSIONER BOB HEATH, DEPARTMENT OF REVENUE, STATED THAT THE DEPARTMENT IS OPPOSED TO THE BILL. HE SAID THEY OBJECT TO A SPECIFIC SUBSIDY WHICH WILL NOT EFFECT ALL COMMUNITIES WITH ANY DEGREE OF SIMILARITY. COMMISSIONER HEATH SAID THIS WOULD BE A WINDFALL FOR CABLE T.V. SYSTEMS IN AS MUCH AS THEY ARE NOT

REP. JOHN G. (JACK) FULLER

DISTRICT 22

ALAKANUK
BREVIG MISSION
CHEVAK
DIOMEDE
ELIM
EMMONAK
GAMBELL
GOLOVIN
HOOPER BAY
KOTLIK
KOYUK
NOME
SAVOONGA
SCAMMON BAY
SHAKTOOLIK
SHELDON'S POINT
SHISHMAREF
STEBBINS
ST MICHAEL
TELLER
UNALAKLEET
WALES
WHITE MOUNTAIN



CHAIRMAN, RULES COMMITTEE

MEMBER
FINANCE COMMITTEE
POLICY COMMITTEE
COMMITTEE ON COMMITTEES
REAA BUDGET OVERSIGHT COMMITTEE
BLUE RIBBON COMMISSION ON PERSONNEL

Alaska House of Representatives

March 3, 1983

The Honorable Bette Cato
House Transportation Committee
Pouch V
Juneau, Alaska 99811

Dear Bette:

Attached for your review and information is a copy of the preliminary statement of fiscal impact on House Bill 203 - Phase I of the Nome Port Facility, a color coded map of the area determined to be the best location for the causeway and bridge, and a brochure which outlines the proposed Nome Port Facility.

On March 4 at 8:30 a.m., I have arranged to show a video-tape of the proposed Nome Port Facility. The tape is 10-1/2 minutes long.

Thank you for taking the time to review the packets of information I have sent to you.

Sincerely,


Rep. Jack Fuller

cc: Transportation Committee Members

PORT
OF
NOME

*Unlocking the resource
wealth of the northwest
region for all Alaskans to
share.*

ECONOMICS and TRANSPORTATION

Nome is the regional distribution center for most of the Seward Peninsula and the southern coast of Norton Sound. This area is rich in natural resources such as offshore oil and gas, hardrock minerals and fisheries. A modern, medium draft port at Nome will offer lower shipping costs to and from the area, thus helping to make development of these resources more economically feasible.

The port will be a transshipment center for materials and equipment used in offshore development. Increased activity in the area will require incoming shipments of fuels, supplies and equipment, and by the turn of the century the mines are projected to generate large volumes of bulk ore shipments. The proposed port will also



MAJOR IDENTIFIED MINERAL PROSPECTS AND DEPOSITS, NORTHWEST ALASKA

encourage the development of a more efficient regional fishing operation.

Today the port at Nome serves as the distribution center for supplies to villages throughout the region — an estimated population of over 11,200. By the year 2000, that service area will include more than 15,000 people. This population will rely more and more on a cash economy and larger volumes of incoming and transshipped cargoes.

Economic development in northwest Alaska has been hindered by the high cost of transportation. Access is available only by sea and air.

Today, ocean-going vessels must anchor one mile off the shore at Nome. From there, cargoes are "lightered" ashore: transported to the Snake River harbor and then to coastal villages. The current harbor is subject to considerable siltation and must be dredged each year to a depth of 8 feet by the U.S. Army Corps of Engineers.

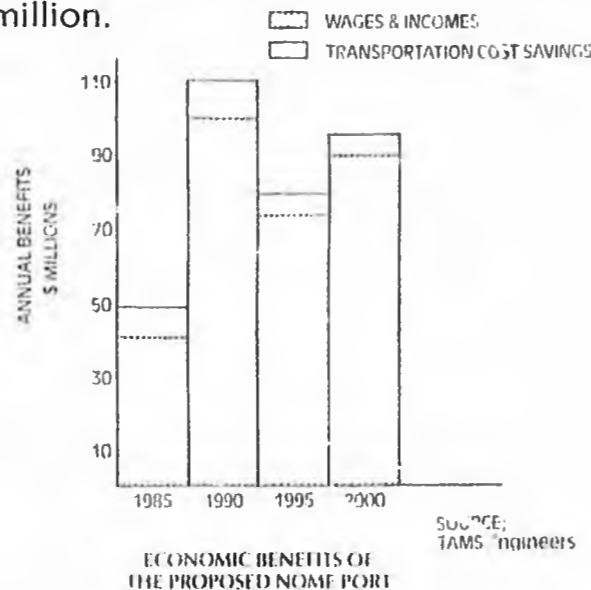
Northwest Alaska has no link to the railbelt. Any plan to extend the Alaska Railroad into the region would take considerable time and money, since right-of-ways would be needed across federal, state, and native lands. The cost alone makes rail construction questionable in the foreseeable future.

Therefore, a medium draft port at Nome is the most economical alternative to bring low cost, viable transportation to an area of the state on the verge of very significant economic development.

STATEWIDE BENEFITS

The statewide economic benefits of the proposed project are measured in terms of wages and salaries. As the port helps to spur development of the area's vast natural resources, these activities will expand the employment base in the region and throughout the state. When the total employment in offshore oil and gas, minerals and fisheries development is combined, more than 1,400 jobs will be created by the Nome port within its first decade. This will generate more than \$101.5 million statewide in direct, indirect and induced incomes by 1990.

The port will also reduce the cost of living and doing business in the northwest by lowering shipping costs to Nome. A summary of the total economic benefits for selected years ranges from a low in 1985 of \$48.3 million to a high in 1990 of \$115 million.



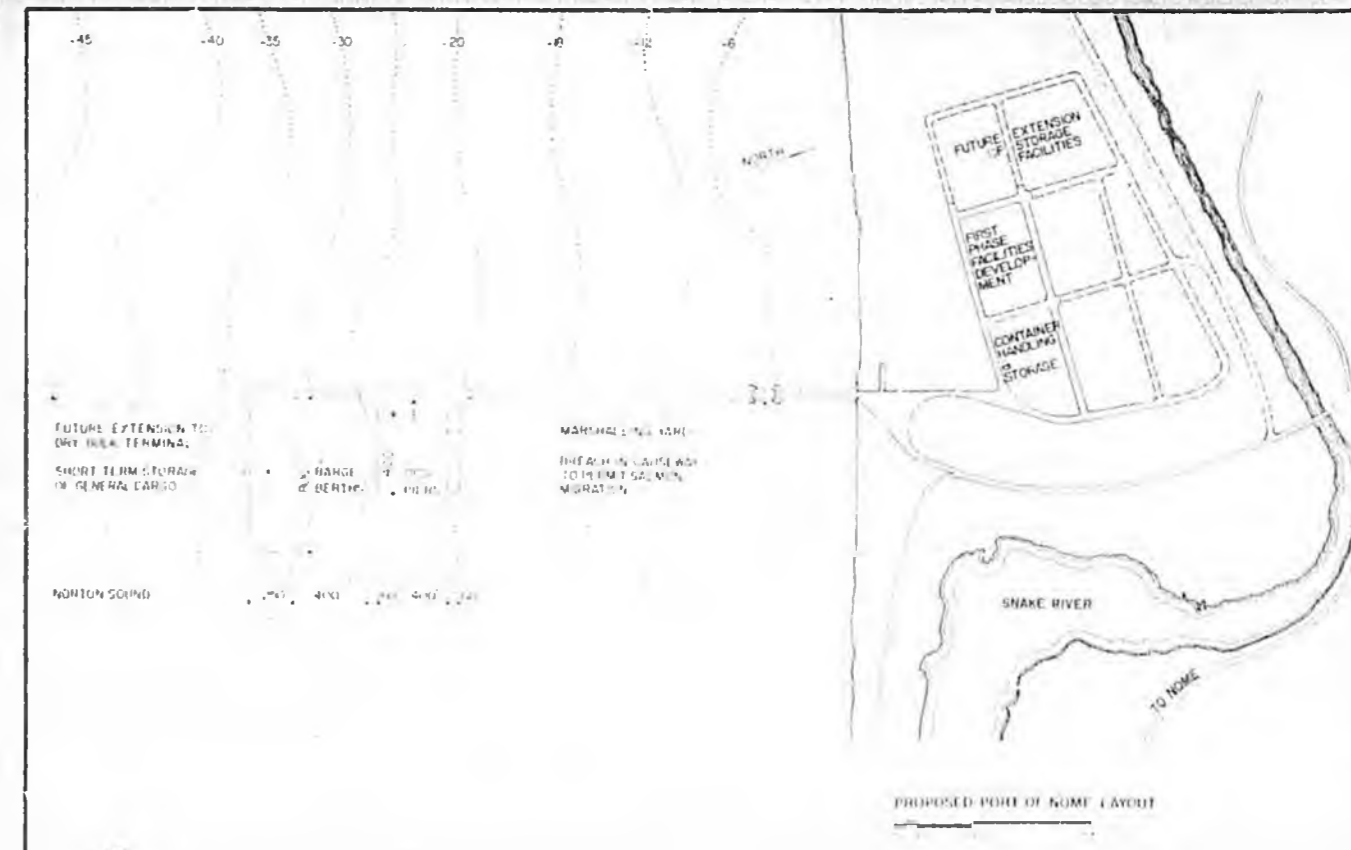
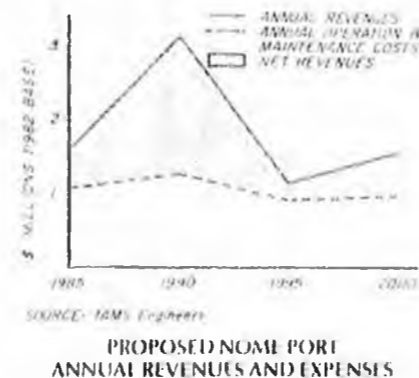
OPERATION and MAINTENANCE

The proposal calls for the port facility to be owned and operated by the City of Nome, in order that a break-even price structure to minimize transportation costs can be established.

Using a schedule of tariffs similar to rates at other Alaskan ports, the Nome facility will generate 75 percent of its total revenues from wharfage and handling tariffs. Equipment rentals, storage and dockage fees will provide the balance, for a total estimated revenue each year that will exceed the annual operation and maintenance costs.

Operational costs include salaries for a harbor master and longshoremen, equipment for cargo handling and utilities. Maintenance costs include repair to buildings and yards, periodic resurfacing and repair of the causeway, etc..

Assuming the state provides capital funds for construction, the Nome port will be a self-supporting facility from the very first year of service.



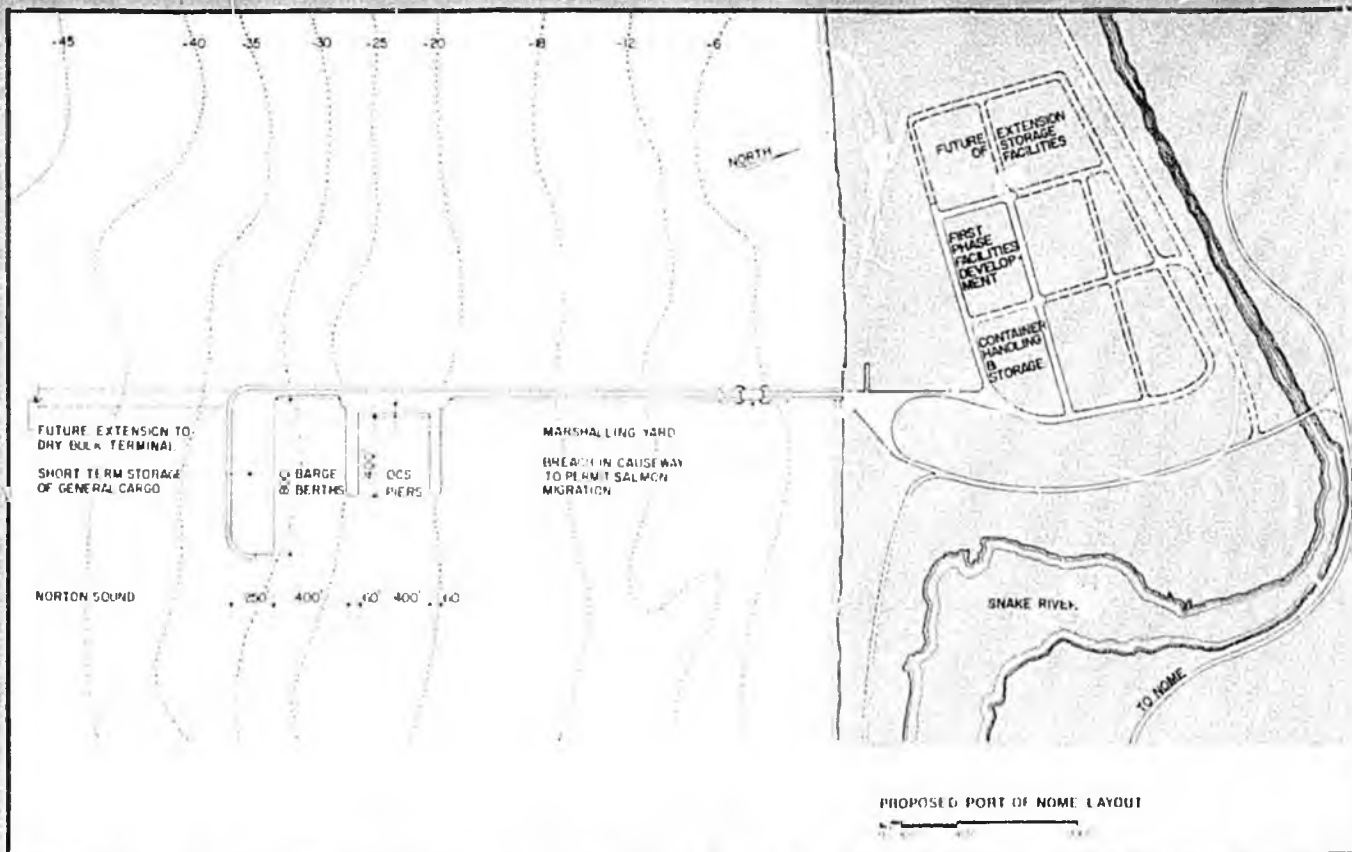
The layout of Nome's port features a 3,600 ft. causeway with a break each near shore to permit fish migration. At the seaward end, in water 30 feet deep, the causeway design shows barge berths and a short term cargo storage area. The design allows for later construction of piers for work boats servicing Outer Continental Shelf

oil platforms, and the causeway can also be extended 1,000 to 1,500 feet to provide a dry bulk terminal for deeper draft vessels. Onshore facilities will include container handling and storage facilities on 10 acres of land, with an additional 50 acres available for future storage expansion.

HOW YOU CAN HELP SUPPORT THE PROJECT

As the State Department of Transportation and Public Facilities' number one marine construction priority for the northern half of Alaska, funds for the Nome port will be included in

the 1983 budget proposal sent to the governor. You can help make sure those funds are not cut from the budget by contacting legislators and the governor. Tell them you support the project because a modern port at Nome will benefit all Alaskans.



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The City of Nome produced this brochure to outline its plans for a modern port that could serve as the key to economic development in Alaska's northwest. By allocating a small portion of its oil revenues to con-

struct the port, the state of Alaska can take the vital first step toward development of the vast natural resources in the region. This development will benefit all Alaskans for many years to come.



ALASKANS SUPPORT NOME PORT PROJECT

Grass roots support for the Nome port project is growing across the state. The Bering Straits Regional Corporation endorses the plan, as does the local Chamber of Commerce. Miners and business people are eager to see the project complete because of the economic development it will bring to the state. Voters have put their

initial stamp of approval on the project in two separate statewide bond votes. Recognizing the potential impact of a modern facility at Nome, the state Department of Transportation and Public Facilities has included construction funds for the project as northern Alaska's number one marine construction priority in its 1983 budget for the governor's consideration.



For more information about
the port proposal, contact:

Ivan Widom
City Manager
P.O. Box 281
Nome, AK 99762
(907) 443-5242

INTRODUCTION OF BILLS (House)

HB 202 (cont'd)

other beverages of 21 percent alcohol by volume or less from 60 cents a gallon to \$1 a gallon; other beverages having a content of more than 21 percent alcohol by volume from \$4 a gallon to \$5.75 a gallon. Changes wording in AS 43.60 from "intoxicating liquors" to "alcoholic beverages". Provides the increase takes effect on the first day of the month after the month in which the law takes effect. Provides Act takes effect immediately.

Introduced February 15 and referred to State Affairs, then to Finance.

Appropriation
(special)
(Nome Port
Facility)

HOUSE BILL NO. 203, by Reps. Fuller and Bussell. Makes a special appropriation in the amount of \$12,000,000 to the Dept. of Transportation and Public Facilities for Phase I of the Nome Port Facility. Provides appropriation is for a capital project and does not lapse. Provides Act takes effect July 1, 1983.

Introduced February 16 and referred to Transportation, then to Finance.

Fish & Game
Licenses/Tags
(compensation
for sale of)

HOUSE BILL NO. 204, by Rep. Duncan. Amends section of the Fish & Game Code relating to compensation and fees for the issuance of fish and game licenses and tags (AS 16.05.390), by stating that the provisions relating to payment of fee for the sale of licenses and tags does not apply to ". . . the sale of a license or tag by a person during the course of and within the scope of the person's employment with the state . . ." (Current law states the payment of fees does not apply to ". . . a state employee appointed by the commissioner of revenue under AS 16.05.380 to sell licenses and tags."). Does not provide for an effective date (becomes law 90 days after approval by the Governor).

Introduced February 16 and referred to Resources, then to Finance.

State
Agencies
(interest
payments by)

HOUSE BILL NO. 205, by Rep. Duncan. Relates to interest payments by state agencies on obligations not timely paid. Provides: "A state agency that, without reasonable cause, fails to make payment for goods or services acquired by that agency within 30 days of the invoice date of a properly completed invoice and the receipt of the goods or services, shall pay interest on the balance due in the amount of one and one-half percent a month or portion of a month, computed from the later of the date of the invoice or the date of receipt of the goods or services." Would apply to goods or services acquired by a state agency, but does not apply to services performed by an individual. Defines "reasonable cause." Provides Act takes effect immediately.

Introduced February 16 and referred to State Affairs, then to Finance.

HB 49, (cont'd)

within the second degree of kindred"

State Employees (limitation) HOUSE BILL NO. 93, (see page 57). Reported back to the House on February 28 by Labor & Commerce with a majority of the committee recommending it do pass. Concurring: Furnace (Chmn.), Koponen, Ringstad, Uehling and Cowdery. Not concurring: Malone had no recommendation. To State Affairs.

Child Prostitution (raising penalties) HOUSE BILL NO. 128, (see page 97). Reported back to the House on March 2 by Health, Education & Social Services with the committee recommending it do pass. Concurring: Fritz (Co-Chmn.), Tischer (Co-Chmn.), M. W. Miller, Davis, Cato, Koponen and Goll. To Judiciary.

Appropriation (supplemental) (school construction debts) HOUSE BILL NO. 137, (see page 99). Reported back to the House on March 4 by Health, Education & Social Services with the committee recommending it do pass. Concurring: Tischer (Co-Chmn.), Fritz (Co-Chmn.), Koponen, Cato, Davis, M. W. Miller and Goll. To Finance.

State Grain Reserve Program HOUSE BILL NO. 156, (see page 125). Reported back to the House on March 2 by Resources with the committee having no recommendation. Concurring: Goll, Bussell, Liska, Cowdery, Uehling and Larson. Not concurring: Ringstad (Co-Chmn.) and Shultz (Co-Chmn.) who signed "do pass." To the House Special Committee on State Loans.

Appropriation (special) (AK Aviation Training Program) HOUSE BILL NO. 160, (see page 127). Reported back to the House on March 4 by Health, Education & Social Services with the committee recommending it do pass. Concurring: Tischer (Co-Chmn.), Fritz (Co-Chmn.), M. W. Miller, Davis, Cato, Koponen and Goll. To Finance.

Forfeited Aircraft (transfer of) HOUSE BILL NO. 195, (see page 179). Reported back to the House on March 4 by Resources with the committee recommending it do pass. Concurring: Shultz (Co-Chmn.), Ringstad (Co-Chmn.), Bussell, Liska, Uehling and Cowdery. To Judiciary.

Note: On March 2, Rep. Abood was added as a co-sponsor on HB 195.

Appropriation (special) (Nome port facility) HOUSE BILL NO. 203, (see page 181). Reported back to the House on March 4 by Transportation with the committee recommending it do pass. Concurring: Cato (Chmn.), Phillips, Szymanski, Lacher, Herrmann, McBride and Davis. To Finance.

Sport Fish/Hunting & Trapping Licenses (sr. citizens) HOUSE BILL NO. 206, (see page 182). Reported back to the House on March 4 by Resources with a majority of the committee recommending it be replaced with Resources Committee Substitute and that it do pass. Concurring: Ringstad (Co-Chmn.), Larson, Bussell, Liska, Uehling and Cowdery. Not concurring: Shultz (Co-Chmn.) who had no recommendation. To Rules.

Resources CS would provide free sport fishing, hunting or trapping licenses to Alaskans who are over 60 years of age and have lived in

INTRODUCTION OF BILLS, (Senate)

SB 303, (cont'd)

Within 30 days after the effective date of this Act the Governor is required to appoint the initial members to the Board of Social Workers. Provides Act takes effect July 1, 1983.

Introduced May 27 and referred to Health, Education & Social Services, Finance.

INTRODUCTION OF RESOLUTIONS (Senate)

Small Business
Development

SPONSOR SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 18. by Senator V. Fischer (see page 562, original version). Requests the Governor to appoint a task force to assess state policy in contracting, local hire, and small business advocacy, and to recommend measures that will emphasize and promote small business development and maintenance in Alaska; assist in securing adequate sources of bonding, credit, and loans for small, Alaska-owned businesses; assure, wherever possible, that state-funded construction projects are specified, modified, and contracted in a manner to assure a reasonable proportion of state-funded construction projects are performed by small, Alaska-owned businesses.

Further requests the Governor to direct the Attorney General to investigate and recommend measures available to the state to assure that a reasonable portion of state-funded construction and procurement dollars be contracted through small Alaska-owned businesses, consistent with provisions of the constitutions of the United States and the state of Alaska.

Introduced May 26 and referred to Labor & Commerce.

HOUSE BILLS RECEIVED IN THE SENATE

Auto Liab.
Insurance
(req'd under
state law)

CS FOR SS FOR HOUSE BILL NO. 7 (FINANCE), (see pages 27;105; 415;496;610;655;758;818). Received in the Senate on May 23 and referred to Labor & Commerce and Finance.

AK Marine
Highway Auth.
(establishing)

CS FOR HOUSE BILL NO. 68 (FINANCE)(AMENDED), (see pages 49; 387;541;868). Received in the Senate May 27 and referred to Transportation, Finance.

Appropriation
(supplemental)
(increased
prison pop.)

CS FOR HOUSE BILL NO. 203 (FINANCE), (see pages 181;258; 870). Received in the Senate on May 25 and referred to Health, Education and Social Services and Finance. On May 26, at the request of Senator Josephson, the HESS referral was waived. To Finance.

BILLS PASSED IN THE HOUSE (cont'd)

CSSSHB 105 (Fin) (cont'd)

By transferring these hatcheries to the perspective non-profits the fisheries enhancement program remains on-going, while alleviating F.R.E.D. Division. Our intent is to enhance Alaskan fisheries, transferring hatchery facilities is the most viable and expedient option we have.

In addition to transferring hatchery facilities, a southeastern regional pathology lab should be setup within F.R.E.D. This is a service which the private hatchery operators cannot provide nor afford. It's also a beneficial service for the state facilities, but must be provided in a timely and expedient fashion to eliminate the possibility of losing large numbers of eggs.

There are still a number of incomplete hatcheries. The F.R.E.D. Division has been in place for a number of years, with a number of engineers working for the division. The Legislature would strongly suggest that these plans be finished by the end of calendar year '83.

The Yukon River King salmon run has the potential to greatly enhance our King salmon fishery. It is the Legislature's suggestion that the F.R.E.D. Division work with officials in the Yukon Territory to determine how the State of Alaska might assist the enhancement of the Yukon King salmon specie, and designate streams for rehabilitation.

The Finance CS represents the House version of the budget and appropriates \$2,295,959,600 for fiscal year 1984 operating expenses and \$347,968,800 for FY 84 capital expenses, for a total budget of \$2,643,928,400.

Before the House on May 27. The Finance CS was adopted by unanimous consent. Passed the House on May 27, 28-11-1-0, after a series of minority amendments (1 - 19) were all defeated. Nays: Clocksin, Davis, Duncan, Goll. Koponen, Larson, Malone, McBride, M. M. Miller, Vaska, Zharoff. Excused: Wendte. The effective date was adopted.

Appropriation
(supplemental)
(increased
prison popu-
lation)

CS FOR HOUSE BILL NO. 203 (FINANCE), (see pages 181;258; 834). Reported back to the House on May 24 by Finance with the committee recommending it be replaced with a Finance CS and that it do pass. Concurring: Adams (Chairman), Pestinger, Duncan, Ward, Zharoff, Lindauer and Bettisworth.

The Finance CS is a completely new bill (original contained a \$12 million appropriation to the Dept. of Transportation & Public Facilities for the Nome Port Facility). Makes a \$1,499,140 supplemental appropriation to the Dept. of Health & Social Services to pay expenses resulting from an increase in prison population for fiscal year 1983. Effective immediately.

Before the House on May 24. The Finance CS was adopted and the bill passed, 35-0-4-1. Excused: Bettisworth, Grussendorf, Szymanski, Vaska. Absent: Cowdery. The effective date was adopted.

Witness:

Glen Glenzer
Acting Commissioner
DOTPF
Pouch 2
Juneau 99811

602 Chairman Cato called
the meeting to order.
Members present were
Reps. Abood, Kutter, Herrmann,
Hood and Davis. Staff
present Rhonda Cargill and
Punch Prosd.

Brought HB 452 before
the committee

HOUSE TRANSPORTATION

STANDING COMMITTEE

January 17, 1984

8:30 a.m.

Members Present: Cato, Abood, Herrmann, Miller, Flood, Davis

Members Absent: McBride, Bettisworth, Szymanski

HB 452:

Previous Action: None

Glazer, Acting Comm. DOT Pouch 2

Witness:

Rep. Jack Fuller, Sponsor, in favor of the bill

*Tim Holder, POB 281, Nome, AK 99762, 443-5242
in favor*

*Jay Lyman 3320 Rainier Bank Bldg, Seattle
TAMS Engineers 206-624-3532.*

*602 Cato - Called meeting to order
members present
" excused
Staff present
N.P.S. stuff*

*Tape #
Side 1
6027*

Fuller: John Fuller, Representative for District 23, thanked the

- Chairman and members of committee for prompt scheduling of this bill, appreciate it.

House Bill 452 makes a special appropriation to the Department of Transportation and Public Facilities for Phase I of the - Nome Port Facility in the amount of \$12 million. This project has been the city's of Nome's number one priority for a number

of years. There has been a lot of money spent on engineering and study.

As you may recall, I introduced House Bill 203 last session, which passed this committee and went to the House Finance Committee for consideration. However, after meeting with the Governor and being assured that the Nome Port Facility would be included in the Governor's capital budget, I allowed House Bill 203 to be used as a vehicle for a supplemental appropriation to the Department of Health and Social Services to pay expenses resulting from an increase in the prison population. Until near the end of that last session, the port project was included in the Governor's capital budget, but was removed before the budget was finalized.

A great deal of time, money and effort was put into planning, engineering and economic analysis of the port facility.

— Copies of this information have been placed in your packet.

Today, as Chairman Cato introduced several of the people that are here who are really the expertise on all the phases of the study and so forth are here to answer any questions you may have. Probably when I'm through here I would like to ask Commissioner Glenzer to be the lead-off man and he's been in on this thing all the way along the line and understands all the phases of it; also Jim Holder, Acting City Manager of Nome; Jay Ly ~~Holder~~ is here from the engineering firm TAMS.

The Nome Port Facility would have a significant impact on the freight cost savings in Northwest Alaska and also bring economic stability to the region. I recognize that probably most of us sitting around the table today might not be around when the real impact of a port facility in Nome takes place; and that is the development of the minerals of the most highly mineralized individual area in the State of Alaska and that's the Seward Peninsula. I think that alot of it depends on the oil company and the gas which I think we can get, ~~better it'll get better, maybe it'll get worse.~~ But I think that we've got to get started if we're going to think about the future of this state on the development of the mineral industry. This certainly would be a real forward step in prior planning as far as the development of the State goes.

If you have any questions, I'd be happy to answer them, if you don't I would like to pass the ball to Commissioner Glenzer.

108 Rep. Abood: How does this differ from IIB 203?

110 Rep. Fuller: There isn't alot of difference, we're just talking about dollars, but the new plan basically is that the City of Nome is going to be involved in revenue bonds.

116 Rep. Abood: There isn't any distinguishable difference in the design or the cost factors as we once looked at them. Probably a little bit more I would assume.

120 Rep. Fuller: There's been some changes, and if you read this last night you would understand that, but I'll leave that up to

125 Commissioner Glenzer: I guess it's probably appropriate that I do this because starting way back in 1946 I came up there and landed in front of the then Federal Bldg. in Nome and made a telephone call to my wife in San Diego and left a helicopter running while I was sitting there and wondered why we couldn't get in closer to the city of Nome. The day the budget came out I was in Nome, it wasn't much better to have been in Valdez that day.....

At the time we started this and when I became involved, Commissioner Casey directed that we really be the point people in the Northern Region on the concept of getting private participation on major projects.

We started with trying to pump up the city of Nome for the rest of that year and right to where we are now, as far as that project is concerned.

Initially TAMS did an excellent job and I was in on some of the technical reviews later, in designing a port that I suspect would have cost about \$38-\$42 million. In the technical reviews and with some of the highly specialized people sitting there, it was pretty obvious ^{what} and many of those that we could build something and keep it that would still do the job and function for at least in the initial phases to supply what Nome needed.

So we went to work in two directions. One we really rung up the economic aspects of this. We do this in the Northern Region. We went at it very conservatively and did not include any future mineral development and/or off-shore oil development. We did go to the oil company and ^{to} find out and they, sure, if there is a port ^{they'll} we'll use it. As far as mineral development, we didn't even explore that too much, we left it in the realm of future and possibilities.

We developed a package and we scaled down the existing design from TAMS to a very austere facility which could be built considerably less.

We then went into about seven or eight alternatives; proposals that could be included in a package for anyway you wanted to bid it; and we further were going to let the industry, that is to say contractors, who had already expressed interest from foreign countries and within the United States, to come up with innovations that were done.

We then were ready for a package where we are right now, we can put out on the street literally like tomorrow, to let private industry participate.

Now ^{there's} ~~that's~~ one option that can be done. We are concerned with the economic viability at this stage in the game and the price of money. Can a contractor get money cheaper than the city? We also want to make a couple ^{unequivocal} ~~uniquivically~~ clear. The department has also felt, or had the marching orders that the Governor was for a port in Nome. We also felt that Nome should own the ~~Port~~ or run it the way they want; it was Nome's port. And as much as they wanted it, they would have it. To that degree they would go forward and do it. We were there to help them and we did in many working sessions. Now,

there's the option of revenue bonds, it looks good. I'll let the consultant from TAMS ^{at} if you _{..} want to get into that further.

~~As far as the design is concerned, it's a rubble mount you have a packet; the original design. Excellent facility. Let's look at it from the perspective of W~~ When they started to do it, it was a lot of money, people were getting ports, and roads and facilities, they designed one that was literally maintenance free, provided everything immediately. There's room to develop. W^z even came up with some more austere ones with, for instance, would provide for liquid cargo off-loading, but we felt and you should be aware of this, that we felt that the economic benefit generally to the citizens in the area, not just Nome, but the whole area up there, and if you blind-side them with nothing but liquid facility, you could conceivably ~~could~~ create a ~~monopoly~~ or monopoly, or staging for dry cargo which would hurt some citizens perhaps, so we felt that in our proposals we should make provisions for all of them so that nobody suffers, and everybody got the benefits....

Open for questions

For getting into all the figures I've got people here that have been working on it for a year, if you have any questions I'm willing to answer them, we can bring anyone on that you want for economic studies, design studies; and I would suggest don't forget the city of Nome, they're are here, and he should he should really be the point on this thing, but I suggested to him that I'd get on and give the history of it cause at that time he was at Nome, but not in the same capacity.

233 Rep. Herrmann:

Would the OCS benefits come in Phase II or would they come into Phase I?

235 Commissioner Glenzer:

It would depend on, and you'd have to look at the whole thing to see (and of course, that's an unknown) how much are they going to use it, but I'm sure they would. ~~any~~ ^{to} be real candid, an oil company isn't going to build something if the State or local government will, however on the other hand if it's there they are certainly going to use, ^{it} it's about that simple.

245 Tim Holder:

Tim Holder, Acting City Manager for the city of Nome. I've been in Nome for a couple of years and have been keeping track of the project in

my previous position with Coastal Management Planning for the city. I haven't been intimately involved as my predecessor, I've been with him; I'm really here to represent the City council, they're the body that has to take the official action to make this project come together. They have been behind this project for several years and this really says something because in the past five years the city council membership has almost completely changed the seven positions have been completely refilled by new people, and I think that's one measure of support that comes from throughout the community.

Another measure of this port was a survey was done about three years ago throughout the city of Nome asking people if they supported the project and there was an 80% favorable response to support.

Another measure of support that really comes from throughout the region, the Northwest Mayor's Conference passed a resolution supporting the project and it's pretty obvious as to why ~~they're~~ ^{their} interest is there. If we have lower freight cost to Nome, Nome serves as the

distribution point for the region, for the villages of the region and stand to benefit.

It was the kind of thing that there really wasn't pressure at all, in fact it was initiated by people from the villages that are in the region, as Nome serves as the center port, so you should know that there is a lot of political support from the area, ~~and it's a matter of course~~ It takes 3 days and \$1000 to get down here and back and that kind of thing it's too much to bring a whole delegation down, there is definitely the support.

Another item I wanted to touch on, is the project has been one of coordination between the city and the State. The city has taken the lead all along, the city has initiated it from the beginning but we've had considerable support ~~from~~ the State and of course the funding for doing the engineering comes through the State. Given the fact that people are kind of widespread I'd say that the people that have been involved with working on the project getting engineering and economic analysis done have worked out quite well.

The project has been scaled down as Commissioner Glenzer pointed out. We've gone from a \$35-40 million project to a \$16 million approximately. The way this number was derived was not simply a arbitrary scaling down but ~~was~~^{was} a tried to cut back on the total project realizing that the ideal amount of funds might not be available from the state. Analysis has shown that about \$8 million could be provided ~~either~~^{then} through a revenue bond or a through private financing with a private contractor building and then operating the port. This means that there's \$12 million left that we need ~~from~~ the State to build the port. And that leads into what is the interest of the State in providing this money? There are several reasons. One I've touched on is that it will reduce transportation cost for people in ~~the~~ as well as the surrounding villages. This will not be realized immediately with the scaled down, if it had been funded more fully from the State, \$35 million came through we'd have more facilities that could provide deeper draft, more ~~pipel-~~ to bring in fuel and that kind of thing. With the scaled down version those lower transportation costs would not be realized immediately but would come later on.

Beyond that is the fact that this facility would be a step for providing long term job creation, and that is really the long range interest of building the port facility.

~~A~~ you well know in the bush, the job creation is an important element in stabilizing society and keeping people employed and this port facility would be an important step toward that.

If there are any questions I'd be happy to answer them.

326 Rep. Flood: Would you explain lightering services for people who are not from areas like Nome.

328 Mr Holder: The best way to visualize this and understand is in the handout that was given to you yesterday. This is the city of Nome right now and when barges come in and during the barging season they have to anchor about ½-1 mile out from shore depending on how much draft they have. The reason for this is that the shore off of Nome is shallow and they can't get in any closer. They do lightering which means they put the goods onto a lighter and smaller barge and bring it in through the mouth of the Knik River and anchor at our small dock which is mainly ~~at~~ the shore of the river and then put it on the shore. A considerable amount of the transportation

cost are bringing goods from ~~the~~ Seattle which is where most of our barging comes from is in this last step. ~~Jay can be more specific about that.~~ The considerable amount is in this last step, in this last month because there has to be a transfer. The idea of the port whether's it's the \$35 million version could go out about 3600 feet where the shortened version \$20 million version is that this step would be eliminated and that cost of lightering would be ...

350 Rep. Flood: This would be eliminated by \$76 a ton? (

Mr. Holder: Jay is going to explain
~~357 Mr. Holder: I'll let Jay get into that.~~

352 Rep. Davis: With this scaled down version, how far out would you go?

354 Mr. Holder: 3000 feet.

361 Rep. Davis: The newer version would be ?

362 Mr. Holder: 3600. The difference there is in the depth that you can get to, I think it's 30 foot depth, but the long version 3600 foot would get you to a 30 foot depth, the shorter version depth would be about 25.

Brief discussion of comparison of two versions in relations to depth.

365 Rep. Davis: But this one is designed so that it could be added on ?

Mr. Holder: Yes

368. Rep. Davis: There would be reduced transportation cost and savings, but I was wondering how that would be passed on to the consumer? What guarantee is there that the consumer is actually going to benefit from that.

Mr. Holder: I'll let Jay get into the economics into that.

374 Commissioner Glenzer: In our initial packages with private participation one of the very important factors was in fact how are you going to pass this on to the consumers. And of course in there we had provisions for guaranteed lightering cost. There's where the rub comes as to how much you get for rate of return for somebody who's participating as opposed to how much they can help assistance. If you're going to get 50¢ improvements maybe what's the use. If you're going to get 27-35-47 dollars now you're talking big bucks which is the last part of the rough part of ~~None~~, I guarantee you our director up there just built a house and he spent as much to get ...from the barge as it did from ~~Seattle~~. That is a big cost. You can't, I guess, how much is a project such as that for citizens that are there and how much are you going to allow somebody else to get a drag on say the return. Now granted there is a consideration of a barge company that is there...we did run those costs on what we really thought it cost....

394

Jay ~~Lindeman~~ ^{Lyman}: Jay ~~Lindeman~~ ^{Lyman}, Economist and Engineer with TAMS Engineering

and I've been working on the Nome Port project with the city and the ~~State~~ for the past 2½ years. What I want to talk about was the financing and how that would effect the transportation cost in the area.

As you're aware their lighterage cost right now based on published tariffs averages about \$76 a ton for cargo going into ~~Nome~~. ~~The~~ dry cargo costs are much higher than that, they're up around \$130-140 a ton on average, so there's a very substantial cost currently to the people living there for the last half a mile, on the 2000 mile trip from Seattle to ~~Nome~~. The lighterage represents about 25% of the overall transportation cost from Seattle to ~~Nome~~.

On this scale down version, we have estimated that operating and maintaining it will cost the equivalent of a lighterage charge of around \$35-40 a ton. If that's all the city had to pay for, that would represent a transportation cost savings for that lightering of about \$40 a ton, or in other words roughly \$1½ million per year of direct benefits to the city of Nome. ~~With~~ city participation in financing the capital cost, what we've looked ^{at} is things; the maximum upper acceptable limit for a port tariff equivalent to a lighterage cost, would be the same as what they're currently paying now, which is \$76 a ton on average. Using that difference between the O&M cost of \$35-\$40 a ton and the \$76 a ton that is currently cost of lightering, you come up with a revenue base of about \$1½-\$2 million a year, which can be used to amortize some capital

construction cost. Using conservative assumptions about bond coverage and interest rates and what not, we've estimated that depending on whether it was private financing or municipal bond, it should be between \$6-\$8 million. The assumption then with that is that the initial use of the facility will result in a transportation cost very similar to the community with what they have now. So, what you have to look at is that by putting in a port facility and having a capital amortization program, you've guaranteed a fixed price for 20 years for a large portion of your lighterage cost and it's not going to escalate. However, you can assume that lighterage over that same 20 years are going to escalate at least with inflation. Year by year, the benefit to the community will get larger and larger. Beyond that at the end of the 20 year period you've got the capital paid off and the lighterage cost for the port tariff could drop substantially if they felt they needed to do that.

The second benefit, of course if that putting the facility in provides the start of the ^{transportation} ~~transportation~~ infrastructure for economic development in the region.

434 Rep. Flood: Right now it's about \$76 per ton? (right?)

You say this will reduce the cost by roughly 25-30% correct?

436 Mr. Lyman
Mr. Lineman: No, the lighterage costs represents 25% of the overall transportation cost to Nome. If you just look at what it costs to

operate and maintain the cut down facility, it would reduce the equivalent lighterage charge by about 50%, but with a local contribution toward the capital cost of the facility, the assumption has been made that initially tariff would be set past the current lighterage rate or equivalent to it.

442 Rep. Abood: How many years is it going to take for the guy that lives in ~~Nome~~ that's building a house and he's been paying a \$1 a nail if you wish to use some kind of figure, by putting in this port facility, he thinks he's going to get a good break on that \$1 a nail and bring it down to 50¢ a nail, if that be the case though the numbers not quite clear, how many years is it going to take for that individual or those people of ~~Nome~~ to buy things, lumber, nails, anything you want to call it, cheaper than he's buying now, because the reason

Side 2
450

Lyman
Mr. ~~Lineman~~: He'll continue to pay a dollar, but in the real world, you know that that lighterage cost will go up maybe ^{\$}1.05, ...he's guaranteed a fixed price for 20 years or whatever the term of the bond is, or the financing arrangement and that will become a larger and larger benefit every single year that goes by. At the end of that financing period then the only thing that they will have to fund is the operating and maintaining that facility and that capital cost will significantly lower the transportation cost.

467 Rep. Abood: So the savings in the lightering, if you knock out the lightering because you don't have the lighter^{er} any more you can just

drive it right on, that savings will still be charged and be that the case, then who gets that money the city? to offset what, operation?

474 Mr. ~~Lyman~~^{Lyman}: The city uses that \$76 a ton for operations and capital repayment of their portion of the project which we're saying is \$6-8 million. So the emphasis then is in long term transportation cost benefits will be very substantial and real and the initial year or ~~two~~^{two} you won't see a transportation cost savings, but what you've got is a facility that is much more efficient and can bring in more cargo, heavier equipment and than what they're doing now, so there are sided benefits besides just the transportation cost.

Rep. Abood: So every body in the likeness would pay that \$1 nail, no one will get a different savings than the people that are still paying the \$1 nail. Is anybody going to get a break on that lighterage.

Mr. ~~Lyman~~^{Lyman}: Not initially.

Rep. Abood: And probably at the same rate as the guy who bought the nail.

Mr. ~~Lyman~~^{Lyman}: The premise is you can't go above what transportation costs are now because there'd be a disbenefit now, but if you keep it the same you still have the long range benefits as a major factor for wanting to develop the facility.

500

Rep. Davis: If I had a lighterage service and this port was built, than I think I'd cut my cost about \$10 below you and try to ~~stay~~ stay in business, instead of going out of business; I don't know what guarantee you have on that, maybe you have competition from the current lighterage services. My second question, you talk about the economic benefit to the area and I think they are real, but is there a possibility then, if there is a economic benefit to the area, that actually, that the cost of this facility would go down because it would be more used by more than just freight.

515

Mr. ~~L. Lyman~~ ^{Lyman}: Absolutely, we've used very, very, conservative numbers for cargo just based on existing cargo rates that are going through now and the very real possibility is as soon as you get in a more efficient facility the cargo volumes are going to increase. As soon as you do that, you can adjust your tariff rate down to reflect your actual revenues. So we're using the most pessimistic alternative right now that there will be no additional cargoes, they'll be paying exactly what they are paying now, and this is how much they can come up with. In reality, the city is going to grow, there is going to be additional development resulting ~~from~~ ^{from} the port, there will be other cargoes, so that rate would be also another way of in 5 years when they are looking at 10% additional cargo they might be able to reduce the transportation, the port tariffs by that much.

As far as your question about would the lightering firm undercut the port, we've had 2 separate analysis of people who are in the

lightering business, in the cargo handling business, that have come in independently ~~and~~⁹ looked at what they're charging now. and there isn't alot of room to undercut what they are charging now, so if they want to cut their throats, they might do that, but I don't think on a long term that would economically viable for private firm to do t.

541 ^e Rep. Fuller: Jay, in this design, we will no longer have to suffer the barges staying out on the roadsbed for 1-2-3 or a week at a time waiting to unload. This we also pay for this right? I mean their freight charges go up the next year, and this happens quite often, that they can not unload those barges all the time. This design ~~will design~~ will allow them to safe water and continue their operations, is that correct?

Mr. ^{Lyman} ~~Lineman~~: Both dry and liquid cargo unloading will go much faster than the lightering operations now.

555 Rep. Abood: Will this enable the port to continue operations longer, more months of operation, or will it be about the same because of the conditions of ice, etc.

560 Mr. ^{Lyman} ~~Lineman~~: Realistically it probably won't increase the shipping season, because what the major factor is, is not the shore ice as much as the floating ice out in Norton Sound that stops people from trying to come through. We have looked at that, and if the development warrants, you can go in there with ice breaker barges, that's a feasible

proposition it's just more expensive and there's no need for it until oil or some other kind of development occurs. But by going out 3000' you have increased the opportunity for year round service if economic justifies.

572 Rep. Cato: Not only the immediate necessity or immediate benefits, but as Rep. Fuller said, we have to become a little bit more visionary, as to the future that Alaska holds, and one thing that I think is a definite factor, and I'd like all of you to be aware of my position on it, is that with the Seward Peninsula being as highly mineralized as it is and as many things that are in the works to produce up there, I think it's ~~very, very~~ lies heavily upon us at the present time to be visionary so that some infrastructure, the infrastructure is in place when the time actually comes to lead it and not build the cart 25 miles behind the horse, sort of speak. I'm sure all of you are as aware of it as I am.

593 Rep. Davis: I've only been ⁱⁿ ~~in~~ Nome during the winter, I'm curious how far up the shore ice goes.

Rep. Fuller: Goes all the way to Siberia sometimes, Russian coast line.

Mr. Lyman
600

Year around, there's flow ice out in the middle of Norton Sound where the oil development would take place, and that's a scenario we had for year round shipping, if they had oil producing rigs out there they'd

need to have the shore support service, and with the ice reinforced hull you couldn't get in the average of 1000'-1500' from the shore ice, some years it's worse than that, but you could still break through and keep a path open.

611

Rep. Miller: I would like to make a motion that we move HB 452 out of ~~Transportation~~ ^{Transportation} with individual recommendations.

614

Rep. Cato: No objections, so ordered.

~~Thanked for time on Nome Port facility, we're enthused about it, make sure everyone signs the report before we leave~~

630

Rep. Herrmann: Gave brief overview on some discussions she had on the Marine Authority Task Force, overview of some conversations.

Read memo she distributed to the committee; had staff check into what the Governor's Task force on the Marine Highway and what they are up to; ~~the members are as follows: Frank Chapados-Fairbanks; Valley Deder-Seward; Gordon Harang-Sitka, Joe Bushman-San Francisco, not sure of rest, Wor Fairbanks.~~

~~Read memo~~

658 Rep. Davis: Commented on talking with Frank Chapados on weekend, he's really excited about the whole task force and has lots of ideas and really looking forward to talking with members of the committee; trying to come up with long range plan with the Marine highway system; you don't normally talk to people from Fairbanks that are so excited about the marine highway system and have lots of ideas but Frank is definitely one of those individuals.

670 Rep. Cato: Been excited about the Marine Hwy task and is going to make our job more easily workable, and they will come up with some of the recommendations; glad the Governor appointed the task force, I think our marine hwy is one of the most important things that we really need to get into the nitty gritty of, and I think this task force is going to be able to aid us in that situation.

680 Rep. ~~Flood~~²: Can I take this as some sort of indication from you that your excited or interested in making sure that the infrastructures in place before we get on with other forms of transportation and advancement; be it light industries, etc.

684 Rep. Cato: Along with; I have long been a ardent devotee of getting infrastructure in place throughout the entire state and am hoping that that is one thing this committee will be able to do this year, is to focus on a plan; will be doing alot more than just hearing bills.

Rep. Flood: That means that my legislation will stand a chance of being heard in this committee

694

Rep. Cato: I want all of you to know that ^{senate} House Transportation still has the bill to take the Marine Hwy out of DOT, and until such time as the agency can show us that they can stand alone and work within the confines of that agency for the betterment of the citizens of the State of Alaska that bill will still be active; it passed the House last year and is now sitting in Senate Transportation;

~~Any business to come before the committee"~~

~~Announced next committee meeting.~~

714

Adjourned meeting at 9:24 a.m.

HB 452

STAFF
file folder
get vote on
floor.

BILL HB 452
PAGE 02204
DATE 01/09/84
CHAMBER HOUSE
TEXT HOUSE BILL NO. 452 by Fuller and Bussell, entitled:

"An Act making a special appropriation to the Department of Transportation and Public Facilities for Phase I of the Nome Port Facility; and providing for an effective date."

was read the first time and referred to the Transportation and Finance Committees.

BILL HB0452
PAGE 02283
DATE 01/18/84
CHAMBER HOUSE
TEXT

The Transportation Committee has had HOUSE BILL NO. 452 (special appropriation to the Department of Transportation & Public Facilities for Phase I of the Nome Port Facility; effective date) under consideration and reports it back as follows: Cato (Chairman), Abood, M.W. Miller, Flood, Davis and Herrmann recommend do pass. A fiscal note was attached. HB 452 was referred to the Finance Committee.

The fiscal note appears in House Journal Supplement No. 82 (Attached)

BILL HB0452
PAGE 02349
DATE 01/24/84
CHAMBER HOUSE
TEXT

The Finance Committee has had HOUSE BILL NO. 452 (making a special appropriation to the Department of Transportation and Public Facilities for Phase I of the Nome Port Facility; effective date) under consideration and reports it back as follows: Adams (Chairman), Bettisworth, Furnace, Hurlbert, Ward, Fritz and Martin recommend do pass; Lindauer, Duncan and Zharoff have no recommendation.

HB 452 was referred to the Rules Committee for placement on the calendar.

HOUSE JOURNAL SUPPLEMENT

January 18, 1964

No. 82

HB
452

FISCAL NOTE

Revision Date: 11/18/63

I. REQUEST Page 1 of 5 II. FISCAL DETAIL
 Bill/Resolution No.: HB 452 Agency Affected: None
 Title: Home Port Facilities Program Category Affected: Public Works
 Sponsor: Julien and Jusse BRU, Program of Subprograms Affected:
 Requestor: Healthier Boston
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FI B	FI CC	FI CC	FI CC	FI CC	FI CC	FI CC	FI CC
OPERATING								
100 PERSONAL SERVICES								
200 TRAVEL								
300 CONTRACTUAL								
400 COMMODITIES								
500 EQUIPMENT								
600 LAND & STRUCTURES								
700 GRANTS, CLAIMS, ETC								
TOTAL OPERATING								
CAPITAL								
REVENUE								

FUNDING: (Thousands of Dollars)

GENERAL FUND	11,000.0
FEDERAL FUNDS	
OTHER (Specify Source)	
TOTAL	11,000.0

POSITIONS:

FULL-TIME	
PART-TIME	
TEMPORARY	
TOTAL	

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified by Sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mim Dixon, Director Phone: 476-4281
 Division: Planning and Programming Date: 11/18/63

Approved by Commissioner: H. Plummer, Jr., Deputy Commissioner Date: 11/18/63
 Department: DD & PF, Fisheries Section

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

9/14/63

HB 452
No. 02

HOUSE JOURNAL
SUPPLEMENT
January 14, 1985

TITLE HOME PORT FACILITY (Ph. 1)	LOCATION Home	PROJECT CLASSIFICATION 02-631-02-02	ELECTION DISTRICT 23	START DATE 1984	COMPLETE DATE 1985		
	GENERAL FUNDS	FEDERAL	C.O. BONDS	OTHER	APPROPRIATIONS FY 84 FY 85 TOTAL	ALREADY RECEIVED FY 84 FY 85 TOTAL	COVERED
NEEDESTIMATED FUNDING:	12,000.0					12,000.0	
SITE ACQUISITION							
PLANNING AND DESIGN							
CONSTRUCTION AND EQUIPMENT	12,000.0				0	0	12,000.0
PREVIOUS APPROPRIATIONS (NON-ADP)			6,780.0				
OPERATING COSTS:							
FIRST YEAR OPERATING COSTS	0						
FULL ANNUAL OPERATING COSTS	0						

PROJECT DESCRIPTION AND JUSTIFICATION: *See note, page 3.

PROJECT DESCRIPTION
Construction of a 3600' rubble mound causeway or acceptable alternative, to provide either full or partial service accommodating a baseline tonnage of 36,000 tons in both liquid and dry cargo. Project is ready to advertise.

PROJECT NEED STATEMENT
The consumers of the Seward Peninsula pay approximately 25% more for bulk cargo and petroleum products because of the lightering costs from ocean-going barges to the existing dock facility.
At present, barges calling at Home are anchored 1/2 to 3/4 miles offshore for unloading and reloading of cargo and freight. Cranes on board the ocean-going barges are used to offload containers and other cargo to lighters. These shallow draft lighters are towed through the surf and the shallow 8-foot deep entrance channel for unloading at the lighterage company's transfer facility. The lighters are unloaded over the entrance channel retaining wall by portable cranes. Empty containers and outgoing shipments are reloaded to lighters inside the harbor area for return to the ocean-going barges anchored offshore. This is an extremely costly operation.

AGENCY DOT&PF _____

CP-1 CAPITAL PROJECT DESCRIPTION
FY 85

CATEGORY TRANSPORTATION

PROGRAM NORTHERN REGION PORTS & HARBORS

PROJECT TITLE HOME PORT FACILITY

HB 452

FY85

Page 2 of 5
Revised Date _____

PROJECT NEED STATEMENT (cont.)

The average waterborne freight growth rate since 1969 according to Corps of Engineers' publications, has been approximately 12%. With the beginning of oil exploration already occurring offshore from Home in 1983, (Navarin Basin, Norton Sound), the potential development of the bottomfish industry, plus the potential for Seward Peninsula area mining interests to expand dramatically, action should be implemented now to get a minimal marine terminal infrastructure in place.

Development of this project strongly supports several goal areas of this administration:

- (1) Using prior appropriations, the project has been thoroughly studied, analyzed, and designed to provide the best configuration and site location, as well as to tie into and make the best use of the existing Seward Peninsula highway system. The adjacent location of the Home regional center airport allows excellent air logistical support.
- (2) The port development both serves a basic public service function (reducing freight lightering costs) and has the potential to stimulate economic development (mining, oil) and provide financial returns to the State.
- (3) Maintenance and operational costs have:
 - a. been minimized as much as possible through the design selected, and
 - b. will be borne by the user through the use of port tariffs.
- (4) The Home port is being implemented as a joint venture with the private sector contributing financing and/or investment to a maximum extent and the State providing initial seed capital.

DOCUMENTATION OF ESTIMATED CAPITAL COSTS

Engineering estimates were developed by the design contractor. Figures were based on recent costs of similar construction in the Home area and for expected construction market conditions at the time of contract award. Estimates were also based on historical costs of marine facility construction in other areas of Alaska, adjusted for the remote location of Home, and on similar construction in other areas of the world.

AGENCY DOT&PF _____

CP-1 ADDITIONAL EXPLANATION FORM

CATEGORY TRANSPORTATION

PROGRAM NORTHERN REGION PORTS & HARBORS

PROJECT TITLE HOME PORT FACILITY

HB 452

FY85

Page 3 of 5
Revised Date _____

January 14, 1985

HOUSE JOURNAL
SUPPLEMENT

HB 452

No. 02

ANALYSIS OF ESTIMATE OF OPERATIONAL EXPENSE

***NOTE:** Operational and maintenance costs together will approach a maximum annual figure of \$700,000. This cost will be borne by the user via an approximate \$9 per ton tariff, which is substantially lower than present and projected lighterage fees. At the same time, the dredging costs of the present Home harbor, which are projected to approach \$1 million annually and which are financed entirely by governmental appropriations, will be substantially reduced.

IDENTIFICATION OF ALTERNATIVES CONSIDERED

1. Postpone action at this time. Failure to go forward with this project will result in continuing high lighterage costs and act as a retardant to future development in oil exploration, the bottomfish industry, and regional area mining extraction.
2. Scale down the scope of the overall project. This approach has been adopted. The project as now developed is a minimal level facility designed to meet current traffic and expandable to meet increased traffic as demand warrants. In order to arrive at and agree on the present design, seven basic alternatives, plus minor variations, all of which were technically feasible, were evaluated in depth.
3. Reduce or eliminate state funding insofar as possible. This has also been done. Private investment has been sought and secured to the maximum extent.

AGENCY OUTRFF _____

CATEGORY TRANSPORTATION _____

PROGRAM NORTHERN REGION PORTS & HARBORS _____

TITLE HOME PORT FACILITY _____

HR 452

Page 4 of 5
Revised Date _____

FY85

CP-1
FY85

ADDITIONAL EXPLANATION FORM

TITLE		PRIORITY 34 of 49						
HOME PORT FACILITY		TOTAL PREVIOUS APPROPRIATION	FY 84	FY 85	FY 86	FY 87	FY 88	89
OPERATING								
100 PERSONAL SERVICES								
200 - 800 TRAVEL ITEMS								
TOTAL								
REVENUE								
1002 FEDERAL RECEIPTS								
1004 GENERAL FUNDS								
OTHER FUNDS								
TOTAL REVENUE								
CAPITAL								
1002 FEDERAL RECEIPTS								
1004 GENERAL FUNDS								
OTHER FUNDS (G.O. Bonds)								
TOTAL		6,900.0		12,000.0				
NET COST								
				12,000.0				
		6,900.0						

EXPLAIN PREVIOUS APPROPRIATIONS (GIVE SECTION, CHAPTER, SLF) AND ASSUMPTIONS FOR COSTS, FUNDING SOURCE, POSITION AND REVENUE ESTIMATES:

Previous appropriations for preliminary engineering and design of this project: Ch 05/74, Ch 11R/00/6/24.

*Maintenance on the completed Home Port Facility will be the responsibility of the City of Home. Maintenance costs will be entirely offset through port revenues collected from the users. At the same time, the dredging costs of the present Home harbor, which are projected to approach \$1 million annually and which are financed entirely by government appropriations, will be substantially reduced.

AGENCY OUTRFF _____

CATEGORY TRANSPORTATION _____

PROGRAM NORTHERN REGION PORTS & HARBORS _____

PROJECT TITLE HOME PORT FACILITY _____

HR 452

Page 5 of 5
Revised Date _____

FY85

CP-2 CAPITAL PROJECT COSTS
FY 85

Appropriation
(special)
(Nome port
facility--
phase I)

HOUSE BILL NO. 452, by Rep. Fuller and Bussell. Makes a \$12 million dollar special appropriation to the Department of Transportation & Public Facilities for phase I of the Nome port facility. Provides appropriation is for a capital project and is subject to competitive bidding requirements. Provides Act takes effect July 1, 1984.

Introduced January 9 and referred to Transportation, Finance.

Appropriation
(special)
(Nome port
facility--
phase I)

HOUSE BILL NO. 452, (see pages 29;98). Reported back to the House January 24 by Finance recommending it do pass. Concurring: Reps. Adams (Chairman), Bettisworth, Furnace, Ward, Marlbert, Fritz, and Martin. Not concurring: Reps. Lindauer, Duncan and Zharoff had no recommendation. To Rules.

Appropriation
(special)
(Nome port
facility--
Phase I)

HOUSE BILL NO. 452, (see page 29). Reported back to the House on January 18 by Transportation with the committee recommending it do pass. Concurring: Cato (Chmn.), Abood, M. W. Miller, Flood, Davis and Herrmann. To Finance.

TAPE LOG 1983

committee: ~~HB 452~~ / TRANSPORTATION date _____ to _____

bill numbers: HB 452 | | | | |

other information: Cato, Miller, Newman, Ahoon, Davis,
~~Aggs~~ Hood.

Date/ Time	Tape Meter No.	Bill	Significant Information (Witness, Action)
1/17/83			
	0002	CATO	Call meeting to order
			Recognize VIP's present
	00 27	Fuller	HB 452 - None #1 priority;
			introd. 203 last session - passed
			trsp. not approved - said be in
			budget & allowed 203 to change
			do ... - Portroy included
			until budget finalized
	080		Introduction of others
			Freight cost savings, economic
			stability; future - dev. of
			minerals & mineral industry)
	108	Ahoon	Differ from 203?
	110	Fuller	New plan - None will be involved
			in Rev bonds
	116	Ahoon	Dit in design, cost factor?
	120	Fuller	leave up to workers

125

Glazier: Pt. peo. on getting private participation on major projects; initially \$38-40m - could build cheaper, but supply needs of NOME

- 1) Econ. aspects - did not include future developments
- 2) scaled down

History of project / Summary of progression of project to date -

Dept. has had orders - Gov. wants part in NOME; run by NOME; dot there to help.

233

Niermann - OCS

Orlender

245

Tim. Holder

F. King City Mgr. / NOME

Representing City Council - behind project - ~~forward~~

- 1) 5 yrs - council changed - still support
- 2) Survey - 80% support
- 3) NW Mayors' Conference - passed resolutions supporting the projects
- 4) co-ord. of city & state city included; support from state;
- 5) project scaled down 30-40m to 12m - arrived by cutback on local project

Analysis - \$8m by no bid or private contracting need \$12m from state

308 reduce transp. cost - not realized immediately; long term job creation
job creation imp. eliminate esp in lush areas

326 Flood - ... services?

328 Holder - using hardout - anchoring out due to shallow shore - do lightering (use lighter/smaller barges)...
idea of port - go out - lightering be eliminated

350 Flood -

352 Davis - scale down version?
(go out 3000' at 25' depth
now 3600' at to 30' depth

Holder

361 Davis -

Holder - original version
scale down version

365 Davis - design to be added on? (yes)

368 " reduced transp. cost - low pass on to consumer
(pay it into splurges - economies of ll

374 Geyer - in initial pkg. - low pass onto consumer? Guaranteed lightering cost.

394 Jay Hineman
TAMS - Economist

Financing / effect on transp. cost in area
& how arrived at cost.
lighting

406 Scale down version - \$30-\$40 Ton Lighting cost,
\$1.42 m direct benefit to home
w/ City Part. - upper limit - same as now
\$76 ton on all.
using difference = 1.5-2M a yr.
used to adv. const. cost

2nd benefit - transp. infrastructure

434 Hood - \$760 reduce cost?

436 Holden - reducing cost

442 Hood - yrs. 64 individual gets break on

450
Side 2 guaranteed fixed price ~~at~~ end of fin. period - M+O

467 Hood

474 emphasis on long term.
no break on lighting initially

500 DAVIS - light wage service - cut costs to stay in business - competition w/ light service; econ. benefit, cost of facility go down?

575 Holder - yes, used conservative figures; adjust tariff rates
add'l benefits -
analysis - competition - no room for under cut, not econ viable to do so

541 Fuller - no longer suffer barges roadsted 1-3 days to unload; saves freight charges; dry & liquid unloading faster

555 Abood - continue operations longer?
560 Holder - not materially increase; not need until future developments

572 CATO - Point - not only immediate necessity; but of visionary on future; w/ Seward Pen. so mineralized - lies heavily upon us present - so facility in place b4 time we need it

593 DAVIS - shore ice - how far out does it go?
600 Holder - flow ice - Norton Sound - scenarios yr. round shipping

614 Muller - Motion - Move HB 452 w/ind. rec
617 No objection so ordered
Cato Comments

- 630 Herrmann - Governor's Task Force on MTHS
- 636 CATO - geographical location of numbers
- 643 Herrmann - hand out
- 658 Davis - comment - Frank Chapados real excited about Task Force & looking forward to talking w/ all committee
- 670 CATO - comment on Task Force - our job easily workable; importance of Task Force
- 680 Hood - infras. in place st4 other forms of transp.
- 684 CATO - along with; infras. in place thru out state; committee - focus on a plan
- 692 ANA - out of DOT - until DOT show us condo - bill will be active

CATO -

714 Ad

WITNESS

Home Port Facility

NAME (PLEASE PRINT)	ADDRESS	REPRESENTING	TESTIFY? (YES or NO)	PHONE NUMBER
Rep. Fuller				
TIM HOLDER	CITY OF NOME PO. BOX 281 NOME AK ⁹⁹⁷⁶²	CITY OF NOME	YES	443-5242
JAY LYMAN	3726 RANIER BANK BLDG, SEATTLE	TAMS ENGINEERS	Yes	(206) 629-3532
PANCH	Capitol Building	House Trans. Commitee		
DAVID GENTRY	MS 0102	OMB - BUDGET REVIEW	NO	#3568
ROXANNE STEWART	RM 415 CAP. BLDG.	REP. DUNNAN	NO	4766

HB 452

HOUSE BILL NO. 452 (special appropriation to the Department of Transportation and Public Facilities for Phase I of the Home Port Facility; effective date) was read the second time with the Transportation Committee report (page 2283 of the journal) and the Finance Committee report (page 2349 of the journal).

2496

HOUSE JOURNAL

February 8, 1984

HB 452

Representative Barnes moved and asked unanimous consent that HB 452 be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

HB 452 was read the third time.

The question being: "Shall HB 452 pass the House?" The roll was taken with the following result:

HB 452

Yeas: 38 Abood, Adams, Barnes, Bettisworth,
Bussell, Cato, Clocksin, Cowdery,
Davis, Duncan, Flood, Fritz, Fuller,
Furnace, Goll, Grussendorf, Hayes,
Herrmann, Hurlbert, Koponen, Larson,
Lindauer, Liska, Malone, Martin,
McBride, Miller, M.M., Miller, M.W.,
Pestinger, Phillips, Ringstad,
Szymanaki, Tischer, Uehling, Vaska,
Ward, Wendte, Zharoff

Nays: 1 Lacher

Excused: 1 Shultz

Absent: 0

Koponen changed from "nay" to "yea."

And so, HB 452 passed the House.

Representative Barnes moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

HB 452 was referred to the Chief Clerk for engrossment.

leg digest 1/28/84

Nome Port Clears House Finance

HB-452, appropriating \$12 million for Phase 1 of the Nome Port Facility has passed out of House Finance. The project involves a fill causeway leading offshore from Nome to waters deep enough to handle deep-sea barges. The bill is now in Rules, ready for calendaring.

Legislative Digest
Feb 11, 1984

Nome Port "Moving"

A \$12 million appropriation for the development of the Nome Port has passed the House. HB-452 will fund phase I of the project, including a 3100 foot rubble mound causeway and onshore storage areas for cargo. The total project costs are estimated at \$20 million.

January 16, 1984

MEMORANDUM

TO: Representative Adelheid Herrmann
FROM: Joyce Roloff
RE: Governor's Task Force on the Marine Highway

Members: Len Laurance, Chairman Ketchikan: 225-6641
(11) Frank Chapados
Dolly Dieter
Clyde Dodson
Mimmi Gregg
Gordon Harang
Norman Holm
Joe Hushion
William Wood
Ivan Gamble
George Davidson

The establishment of the Task Force was at the direction of Governor Sheffield for the purpose of reviewing the services that the Marine Highway provides to the residents of the communities it serves and the public in general. It is to report back to the Governor within 120 days, its findings and recommendations as to improvements that could be made within the system to provide better service to its users.

The organizational meeting was held on September 30th, and it is the hope of the Task Force that they will complete their meetings, vessel visitations, etc. by the end of January. It is their intent to have their report in final form by mid-February.

They have travelled extensively through most of the communities served by the Marine Highway System and the purpose of the teleconference scheduled for January 21, is to make contact in those ~~other~~ areas where they have not visited.

Right now, there is no agenda for the teleconference on the 21st. It will be completely open for participant's comments/suggestions.

My contact was Ted Vadman, who is acting as coordinator between the Marine Highway System officials and the Task Force Members.

HOUSE TRANSPORTATION COMMITTEE MEETING

DAILY AGENDA

- 1) CALL MEETING TO ORDER
- 2) Tuesday, January 17, 1984
Note Time
- 3) Note members present and excused
- 4) Recognize VIP's
- 5) House Bill 452 by Rep. Fuller is a special appropriation to DOTPF for \$12 million for Phase I of the Nome Port Facility.

After House Bill 452, Rep. Herrmann will give a brief report on the Marine Highway Task Force.

- 6) Announce first bill before committee: HOUSE BILL 452

PROCESSION OF MEETING

- 7) Announce next committee meeting:

Wednesday, January 18, 1984 at 8:30a.m. the House Transportation Committee staff will begin a brief overview of the DOT budget

- 8) Announce time of adjournment

*- New bill by committee?
- Present PR letter to members - sign up w/Bkosta
if will be participating*

CITY OF NOME PORT DEVELOPMENT PROJECT
PHASE I BARGE DOCK
PROJECT SUMMARY

Project Description

The City of Nome and Alaska Department of Transportation and Public Facilities (DOT/PF) have worked together the past four years to develop a design for port facility in Nome. As a result of a detailed investigation of harbor development alternatives, and in-depth engineering analyses of potential ice, storm and other design considerations, a design has been completed for a modern, two-berth offshore barge terminal.

As shown in Figure 1, the proposed harbor will provide the moorage, offloading area, and cargo handling facilities needed to meet the long term needs of the approximately 12,000 resi-

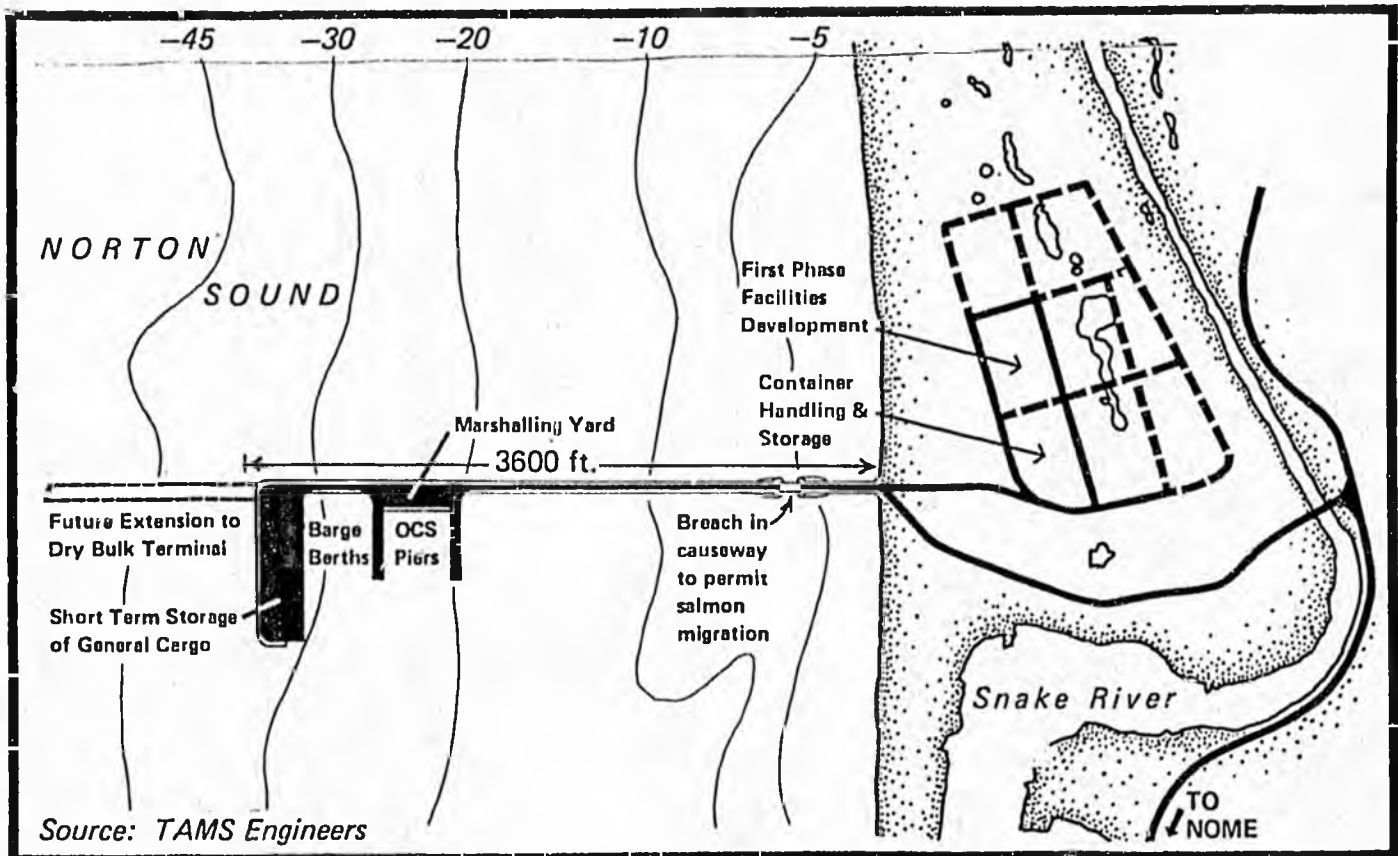


Figure 1

NOME PORT FACILITY - LONG RANGE DEVELOPMENT PLAN

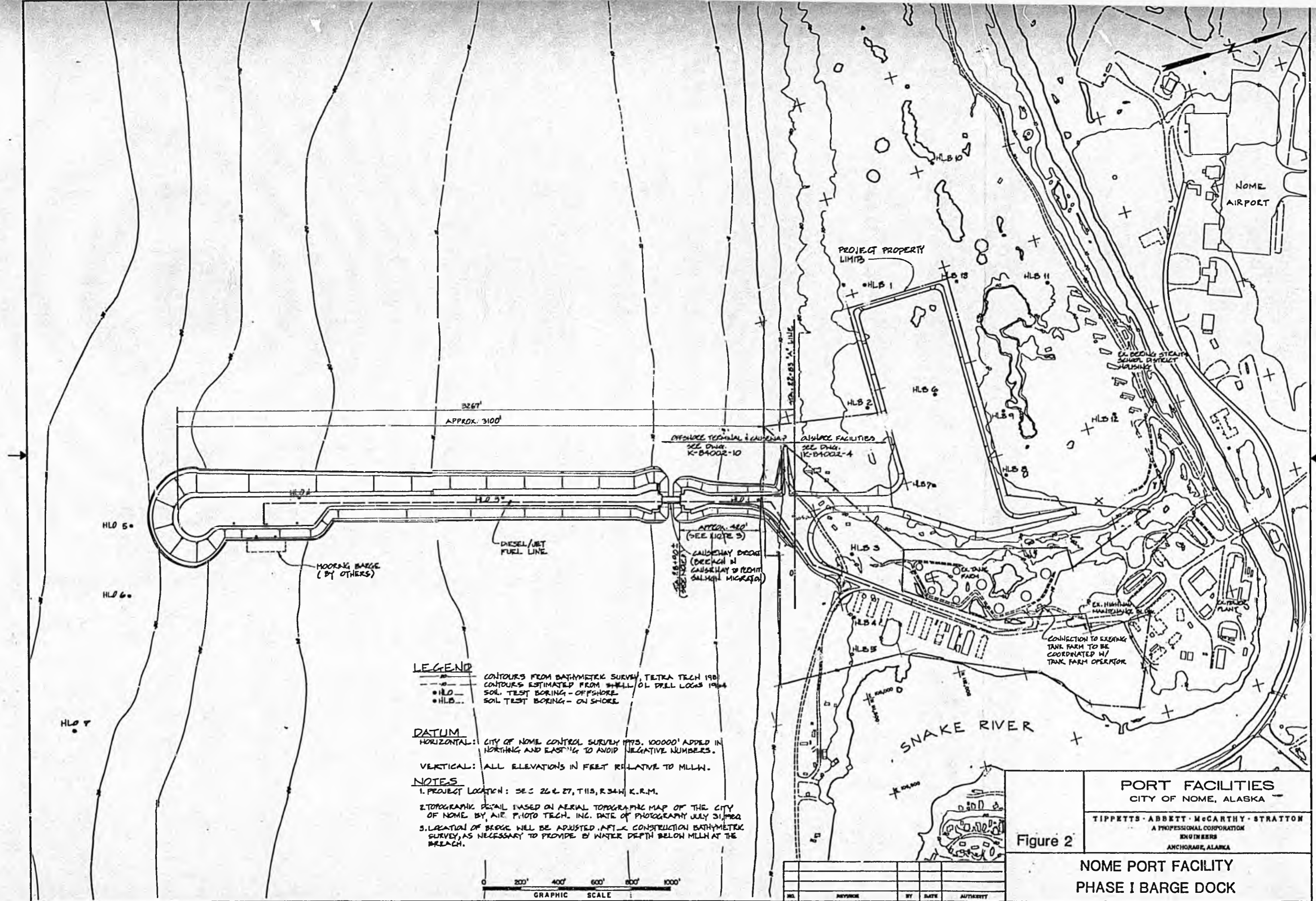
dents of Nome and the surrounding villages, and will also encourage the development of resource-extraction industries to spur the economic growth of the Norton Sound and Seward Peninsula region.

Recognizing that capital funding for the entire project may not be initially available, the City of Nome and DOT/PF have prepared a cut-down version of the project to serve as the initial construction phase. Shown in Figure 2, the proposed Phase I construction will include a 3,000 foot rubble-mound causeway connecting an open onshore storage area to a floating dock moored in 20-25 feet of water. Ocean-going barges up to 400 feet long will berth alongside the floating dock (constructed from a conventional 200 foot barge); while containers and other dry cargo will be transferred to the causeway and be trucked to shore, as shown in Figure 3. A single buried pipeline will be used to offload jet fuel and diesel, which comprise three-fourths of the bulk petroleum products delivered to Nome.

As planned, the Phase I development will serve the immediate marine transportation needs of the region. Although some operational shortcomings (such as limited draft and berthing space) may need to be corrected in future phases of construction, in the interim the facility represents a vast improvement over the current system of lightering cargoes from barges anchored up to a mile offshore.

Construction Funding

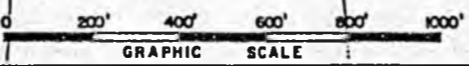
Construction costs for the Phase I facility are projected to be approximately \$19.1 million. Of that total, it is estimated that a maximum of about \$6-8 million can be generated by local funding (through revenue bonds) or by private sector participation in the project. Federal funding sources (such as the U.S. Economic Development Administration) are currently being investigated for funding assistance. However, the City has



LEGEND
 --- CONTOURS FROM BATHYMETRIC SURVEY, TETRA TECH 1981
 - - - - - CONTOURS ESTIMATED FROM SHELL OIL DRILL LOGS 1964
 • HLD... SOIL TEST BORING - OFFSHORE
 • HLB... SOIL TEST BORING - ON SHORE

DATUM
 HORIZONTAL: CITY OF NOME CONTROL SURVEY 1975. 100000' ADDED IN NORTHING AND EASTING TO AVOID NEGATIVE NUMBERS.
 VERTICAL: ALL ELEVATIONS IN FEET RELATIVE TO MLLW.

NOTES
 1. PROJECT LOCATION: SEC 26 & 27, T11S, R34W, K.R.M.
 2. TOPOGRAPHIC DETAIL BASED ON AERIAL TOPOGRAPHIC MAP OF THE CITY OF NOME BY AIR PHOTO TECH. INC. DATE OF PHOTOGRAPHY JULY 31, 1962.
 3. LOCATION OF BARGE WILL BE ADJUSTED AFTER CONSTRUCTION BATHYMETRIC SURVEY, AS NECESSARY TO PROVIDE 6' WATER DEPTH BELOW MLLW AT THE BREACH.



NO.	REVISION	BY	DATE	AUTHORITY

PORT FACILITIES
 CITY OF NOME, ALASKA
 TIPPETTS · ABBETT · McARTHUR · STRATTON
 A PROFESSIONAL CORPORATION
 ENGINEERS
 ANCHORAGE, ALASKA

Figure 2
NOME PORT FACILITY
PHASE I BARGE DOCK

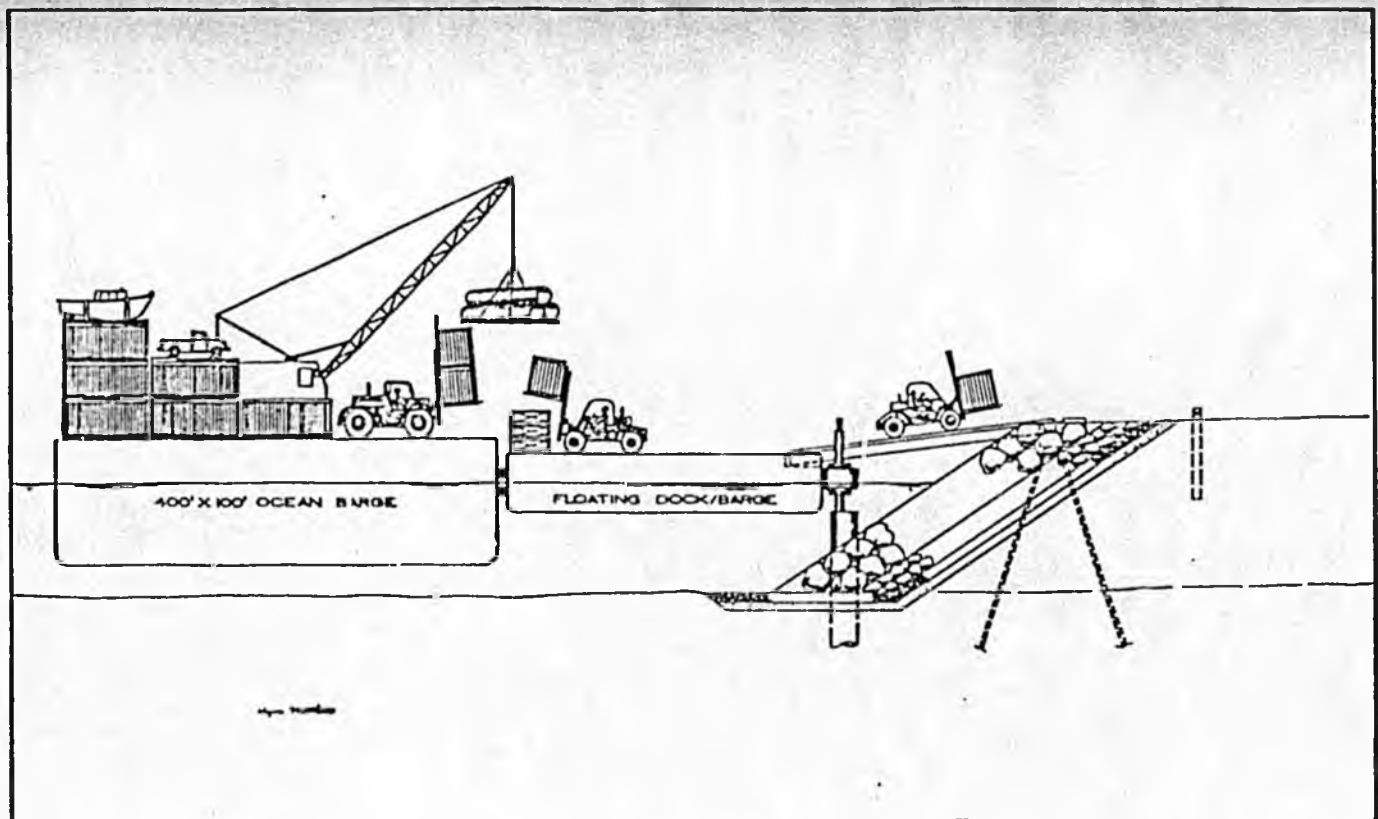


Figure 3

NOME PORT FACILITY - PHASE I BARGE DOCK CARGO UNLOADING/LOADING PROCESS

received little encouragement to date from the agencies contacted that funds would be available in 1984 or 1985. Consequently, grant support by the State of Alaska is therefore requested for approximately \$12 million.

Economic Benefits

Transportation Costs. A major benefit resulting from construction of the port facility will be the elimination of the costly and inefficient lighterage service currently used. At an average charge of about \$76 per ton of cargo lightered into Nome, the cost to the local community and region is on the order of \$3 million annually.

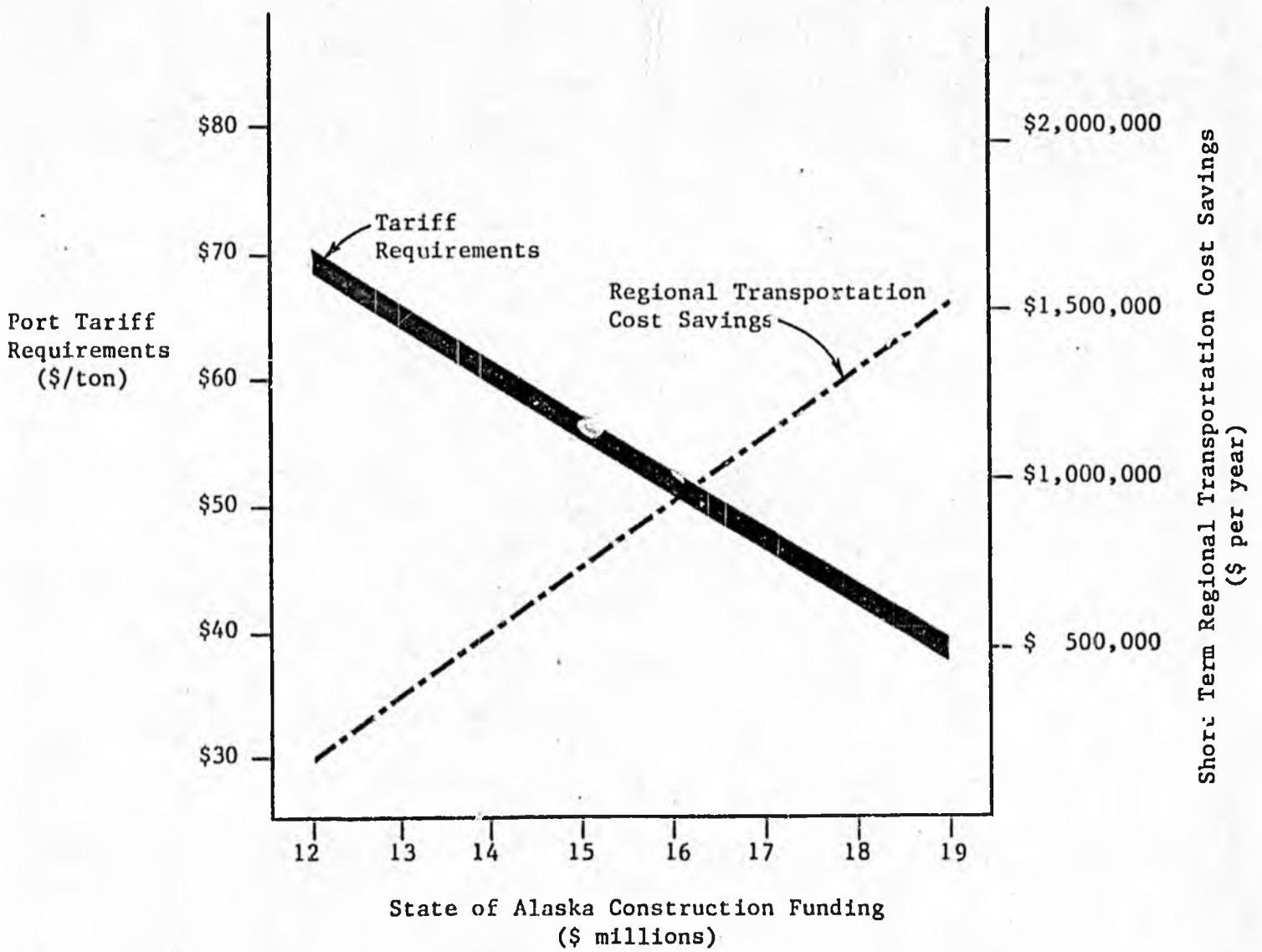
As shown in Figure 4, the transportation cost savings realized by the area residents will depend directly on the level of grant funding contributed by the State of Alaska. With total state funding for the project, port tariffs would need to be

set at approximately \$35-40 per ton, which would result in an annual savings to area residents of up to \$1.6 million. On the other hand, with a state contribution of approximately \$12 million and the remainder of the cost financed privately or by the City of Nome, port tariffs would approximate current lighterage charges and little short-term transportation cost savings would result. (Over the long-term, of course, port tariffs to recover capital investment would remain essentially stable, while lighterage costs could be expected to keep pace with inflation. Thus, even with no initial cost advantage the port over the long term would result in lower transportation costs for the residents of the region.)

Regional Economic Development. Phase I of the Nome port will serve as an important first step in providing for the long term economic growth of Northwest Alaska. As described in the Port of Nome Economic Development Analysis, construction of the facility will be a major stimulus for the development and extraction of identified, recoverable tin, fluorite, and other mineral resources. It will function as a service basis for oil exploration (and possibly development) in Norton Sound, and as a corollary benefit will focus the OCS activity in the immediate Nome area, thus relieving fears of unwanted development by many of the coastal villages in the region.

Development of the port facility will play a central role in providing for stable, long-term growth in the region and will provide benefits statewide through job creation and encouraging the creation of a significant mining industry on the Seward Peninsula.

FIGURE 4
TRANSPORTATION COST SAVINGS COMPARISON



STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11/16/83

I. REQUEST

Bill/Resolution No.: HB #203
 Title: Nome Port Facility
 Sponsor: Fuller and Bussel
 Requestor: _____
 Date of Request: _____

II. FISCAL DETAIL

Agency Affected: DOT & PF
 Program Category Affected: Buildings & Harbor
 BRU, Program of Subprogram(s) Affected: Northern Region

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-					
CAPITAL	12,000.0					
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	12,000.0					
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL	12,000.0					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified by Sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mim Dixon, Director Phone: 479-4281
 Division: Planning and Programming Date: 11/16/83

Approved by Commissioner: H. Glenzer, Jr. Deputy Commissioner Date: 11/16/83
 Department: DOT & PF, Northern Region

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

9/14/83

TITLE	LOCATION	PROJECT CLASSIFICATION	ELECTION DISTRICT	START DATE		COMPLETE DATE		
				7/84	12/85			
NOME PORT FACILITY (Ph. 4)	Nome	02-631-02-02	23	PRIORITY 34 OF 49				
	GENERAL FUNDS	FEDERAL FUNDS	G.O. BONDS	OTHER	POSITIONS		AGENCY REQUEST FY 85 TOTAL	GOVERNOR
					PFT	PT/SEA.		
REQUESTED FUNDING:	12,000.0						12,000.0	
SITE ACQUISITION								
PLANNING AND DESIGN								
CONSTRUCTION AND EQUIPMENT	12,000.0				0	0	12,000.0	
PREVIOUS APPROPRIATIONS (NON-ADD)			6,980.0					
OPERATING COSTS:								
FIRST YEAR OPERATING COSTS	*							
FULL ANNUAL OPERATING COSTS	*							

PROJECT DESCRIPTION AND JUSTIFICATION: *See note, page 3.

PROJECT DESCRIPTION

Construction of a 3600' rubble mound causeway or acceptable alternative, to provide either full or partial service accommodating a baseline tonnage of 36,000 tons in both liquid and dry cargo. Project is ready to advertise.

PROJECT NEED STATEMENT

The consumers of the Seward Peninsula pay approximately 25% more for bulk cargo and petroleum products because of the lightering costs from ocean-going barges to the existing dock facility.

At present, barges calling at Nome are anchored 1/2 to 3/4 miles offshore for unloading and reloading of cargo and freight. Cranes on board the ocean-going barges are used to offload containers and other cargo to lighters. These shallow draft lighters are towed through the surf and the shallow 8-foot deep entrance channel for unloading at the lighterage company's transfer facility. The lighters are unloaded over the entrance channel retaining wall by portable cranes. Empty containers and outgoing shipments are reloaded to lighters inside the harbor area for return to the oceangoing barges anchored offshore. This is an extremely costly operation.

AGENCY DOT&PF

CP-1 CAPITAL PROJECT
DESCRIPTION
FY 85

CATEGORY TRANSPORTATION

PROGRAM NORTHERN REGION PORTS & HARBORS

PROJECT TITLE NOME PORT FACILITY

FY85

Page 1 of 3
Revised Date

PROJECT NEED STATEMENT (Cont.)

The average waterborne freight growth rate since 1969 according to Corps of Engineers' publications, has been approximately 12%. With the beginning of oil exploration already occurring offshore from Nome in 1983, (Navarin Basin, Norton Sound), the potential development of the bottomfish industry, plus the potential for Seward Peninsula area mining interests to expand dramatically, action should be implemented now to get a minimal marine terminal infrastructure in place.

Development of this project strongly supports several goal areas of this administration:

- (1) Using prior appropriations, the project has been thoroughly studied, analyzed, and designed to provide the best configuration and site location, as well as to tie into and make the best use of the existing Seward Peninsula highway system. The adjacent location of the Nome regional center airport allows excellent air logistical support.
- (2) The port development both serves a basic public service function (reducing freight lightering costs) and has the potential to stimulate economic development (mining, oil) and provide financial returns to the State.
- (3) Maintenance and operational costs have:
 - a. been minimized as much as possible through the design selected, and
 - b. will be borne by the user through the use of port tariffs.
- (4) The Nome port is being implemented as a joint venture with the private sector contributing financing and/or investment to a maximum extent and the State providing initial seed capital.

DOCUMENTATION OF ESTIMATED CAPITAL COSTS

Engineering estimates were developed by the design contractor. Figures were based on recent costs of similar construction in the Nome area and for expected construction market conditions at the time of contract award. Estimates were also based on historical costs of marine facility construction in other areas of Alaska, adjusted for the remote location of Nome, and on similar construction in other areas of the world.

AGENCY DOT&PF

CATEGORY TRANSPORTATION

PROGRAM NORTHERN REGION PORTS & HARBORS

TITLE NOME PORT FACILITY

CP-1
FY85

ADDITIONAL
EXPLANATION
FORM

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FY85

Page 2 of 3
Revised Date

ANALYSIS OF ESTIMATE OF OPERATIONAL EXPENSE

*NOTE: Operational and maintenance costs together will approach a maximum annual figure of \$700,000. This cost will be borne by the user via an approximate \$9 per ton tariff, which is substantially lower than present and projected lighterage fees. At the same time, the dredging costs of the present Nome harbor, which are projected to approach \$1 million annually and which are financed entirely by governmental appropriations, will be substantially reduced.

IDENTIFICATION OF ALTERNATIVES CONSIDERED

1. Postpone action at this time. Failure to go forward with this project will result in continuing high lighterage costs and act as a retardant to future development in oil exploration, the bottomfish industry, and regional area mining extraction.
2. Scale down the scope of the overall project. This approach has been adopted. The project as now developed is a minimal level facility designed to meet current traffic and expandable to meet increased traffic as demand warrants. In order to arrive at and agree on the present design, seven basic alternatives, plus minor variations, all of which were technically feasible, were evaluated in depth.
3. Reduce or eliminate state funding insofar as possible. This has also been done. Private investment has been sought and secured to the maximum extent.

AGENCY DOT&PF

CATEGORY TRANSPORTATION

PROGRAM NORTHERN REGION PORTS & HARBORS

TITLE NOME PORT FACILITY

CP-1
FY85

ADDITIONAL
EXPLANATION
FORM

83

FY85

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Revised Date

TITLE		PRIORITY 34 OF 49					
NOME PORT FACILITY							
OPERATING	TOTAL PREVIOUS APPROPRIATIONS	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 PERSONAL SERVICES							
200 - 800 LINE ITEMS							
TOTAL		*					
1002 FEDERAL RECEIPTS							
1004 GENERAL FUNDS							
OTHER FUNDS							
FULL-TIME POSITIONS				3	3	3	3
CAPITAL	TOTAL	6,980.0		12,000.0			
1002 FEDERAL RECEIPTS							
1004 GENERAL FUNDS				12,000.0			
OTHER FUNDS (G.O. Bonds)		6,980.0					
REVENUE							

EXPLAIN PREVIOUS APPROPRIATIONS (GIVE SECTION, CHAPTER, SLA) AND ASSUMPTIONS FOR COST, FUNDING SOURCE, POSITION AND REVENUE ESTIMATES:

Previous appropriations for preliminary engineering and design of this project: Ch 86/74, Ch 118/80/6/24.

*Maintenance on the completed Nome Port Facility will be the responsibility of the City of Nome. Maintenance costs will be entirely offset through port revenues collected from the users. At the same time, the dredging costs of the present Nome harbor, which are projected to approach \$1 million annually and which are financed entirely by government appropriations, will be substantially reduced.

AGENCY DOT&PF

CATEGORY TRANSPORTATION

PROGRAM NORTHERN REGION PORTS & HARBORS

PROJECT TITLE NOME PORT FACILITY

CP-2 CAPITAL PROJECT COSTS
FY 85

FY85

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Revised Date

REP. JOHN G. (JACK) FULLER

CHAIRMAN, RULES COMMITTEE

MEMBER

FINANCE COMMITTEE

POLICY COMMITTEE

COMMITTEE ON COMMITTEES

REAA BUDGET OVERSIGHT COMMITTEE
BLUE RIBBON COMMISSION ON PERSONNEL

DISTRICT 23

ALAKANUK	NOME
BREVIK MISSION	SAVOONGA
CHEVAK	SCAMMON BAY
DIOMEDE	SHAKTOOLIK
ELIM	SHELDON'S POINT
EMMONAK	SHISHMAREF
GAMBELL	STEBBINS
GOLOVIN	ST. MICHAEL
HOOPER BAY	TELLER
KOTLIK	UNALAKLEET
KOYUK	WALES
	WHITE MOUNTAIN



Alaska House of Representatives

March 2, 1983

MAR 2 1983

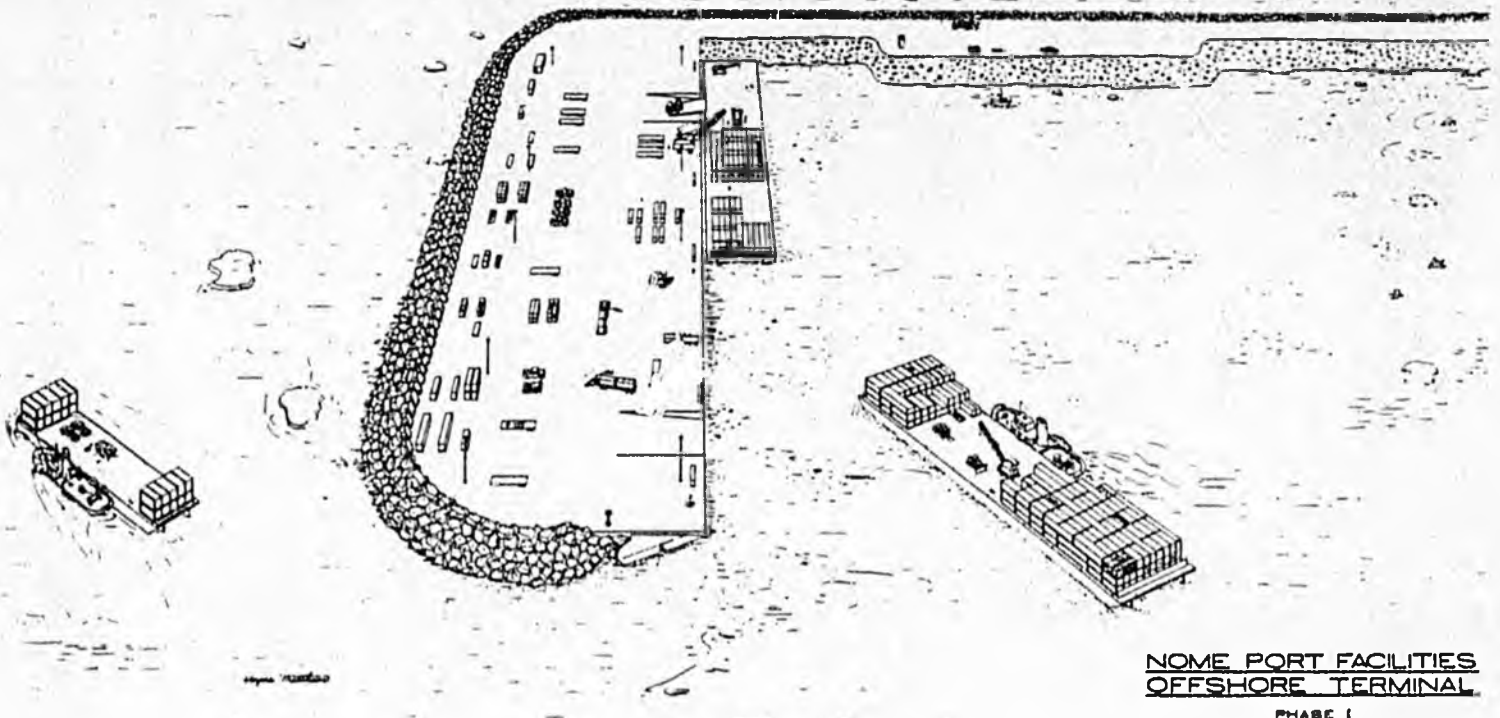
TO: Members of the House Transportation Committee

FROM: Rep. John G. (Jack) Fuller

Attached is the Nome Port Facilities, Phase 1 report published by Tippetts, Abbett, McCarthy and Stratton. The report contains back-up information for House Bill 203. If you have further questions, please let me know.

NOME PORT FACILITIES

PHASE I



TECHNICAL INFORMATION BULLETIN

TAMS

T. F. PETTS-ABBETT-McCARTHY-STRATTON ENGINEERS
A PROFESSIONAL CORPORATION

ALASKA

PROJECT: Port of Nome Causeway and Onshore Facilities

OWNER: The City of Nome, Alaska

FUNDING: State of Alaska (DOT/PF)

DESIGN ENGINEERS: Tippetts-Abbett-McCarthy-Stratton (TAMS)

DESIGN COMPLETION: Estimated for February 1983

CONSTRUCTION BID DATE: Unknown, depends on the City of Nome obtaining funding from the State of Alaska Legislature. Possibly in mid-summer 1983.

AVAILABILITY OF PLANS: Plans will not be made available until the City is prepared to go ahead with construction. Incomplete preliminary plans and study materials may be viewed at TAMS offices by arrangement.

PROJECT DESCRIPTION: The City of Nome, situated on the north shore of Norton Sound (Figure 1) has a shallow harbor which precludes the docking of vessels drawing more than 6 feet of water. Consequently all cargo is lightered from barges anchored up to 1 mile offshore.

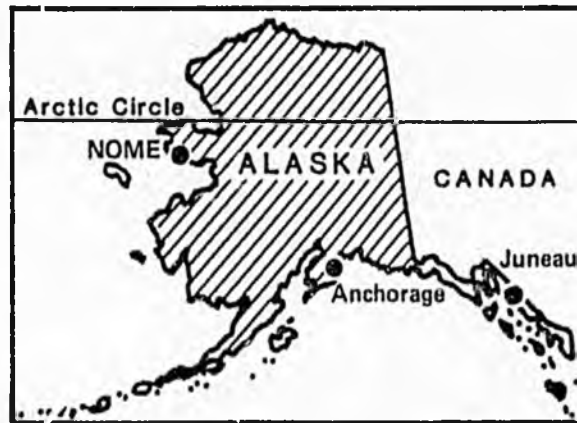


Fig. 1 Location Plan

The City proposes to build the new port in three phases. The first level of development, shown in Figure 2 will provide two 400 foot barge berths at an offshore terminal connected to the shore by a 3500 foot causeway. Later phases of development will include two additional piers for oil rig service vessels and a bulk ore load out facility.

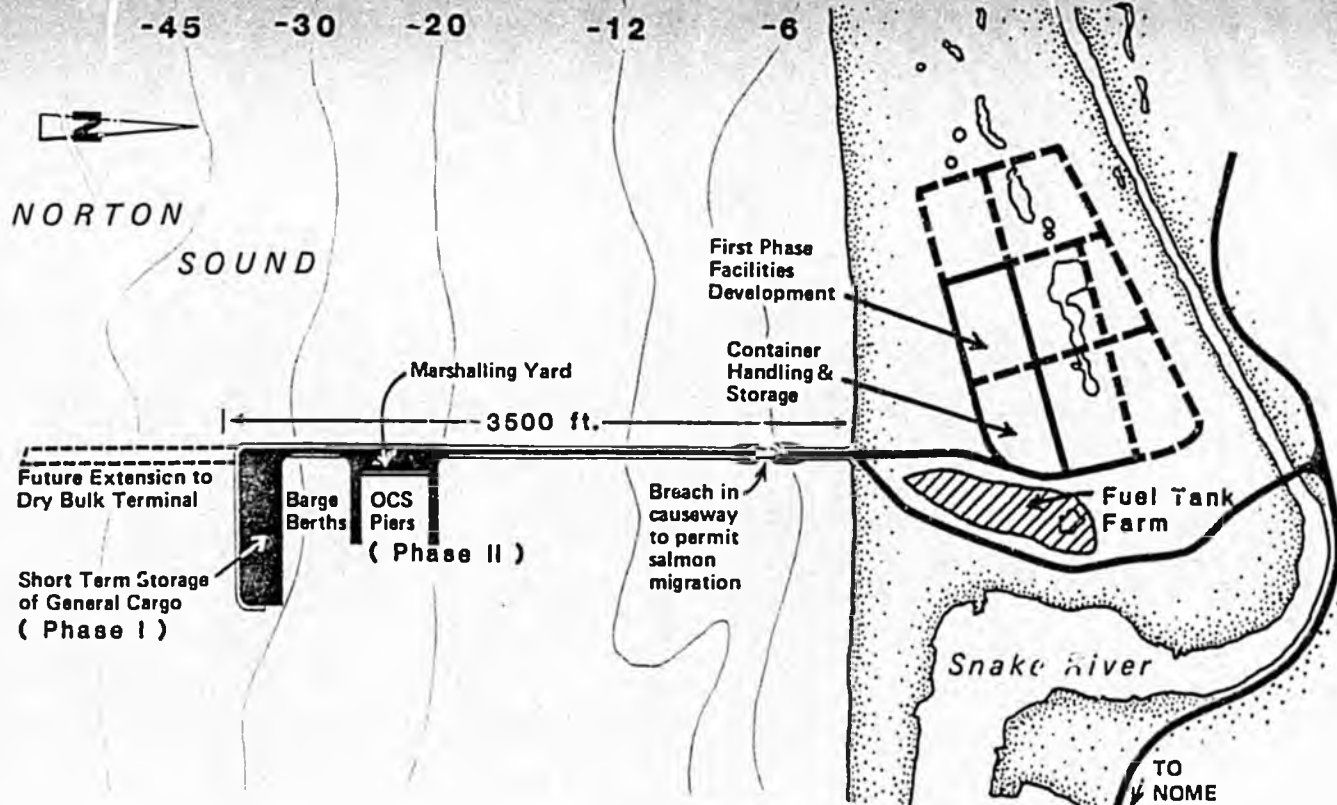


Fig. 2 Layout of Port

STRUCTURAL DETAILS:

Causeway

The causeway, shown in Figures 3 and 4, will be a rubble mound structure with 15-20 ton armor protection to the south and west faces and 8-12 ton armor on the east face. Utility lines will be direct buried in two utility corridors. The causeway roadway and offshore terminal area will be paved with asphalt; axle loads on the facility are expected to be 120,000 pounds.

Causeway Breach

Approximately 400 feet from shore the causeway will be breached and the opening crossed with a 98 foot bridge of prestressed concrete girders.

Offshore Terminal

The offshore terminal will provide 4.6 acres of short term open storage area (no buildings).

Dock Structure

The main dock structure to the offshore terminal will be constructed from 30 foot diameter by 33 foot high circular concrete caissons, as shown in Figure 5. Wall thickness is 12 inches with an 18 inch base giving a weight of 315 tons per

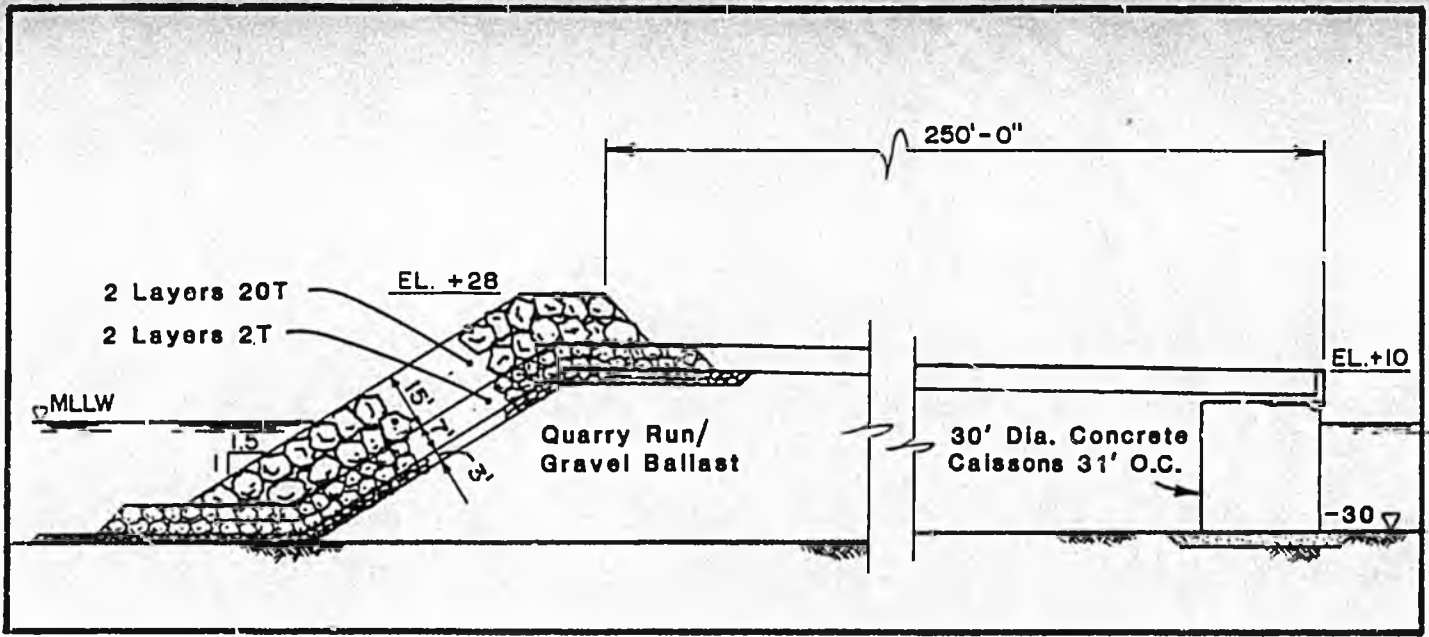


Fig. 3 Typical Section - Offshore Terminal

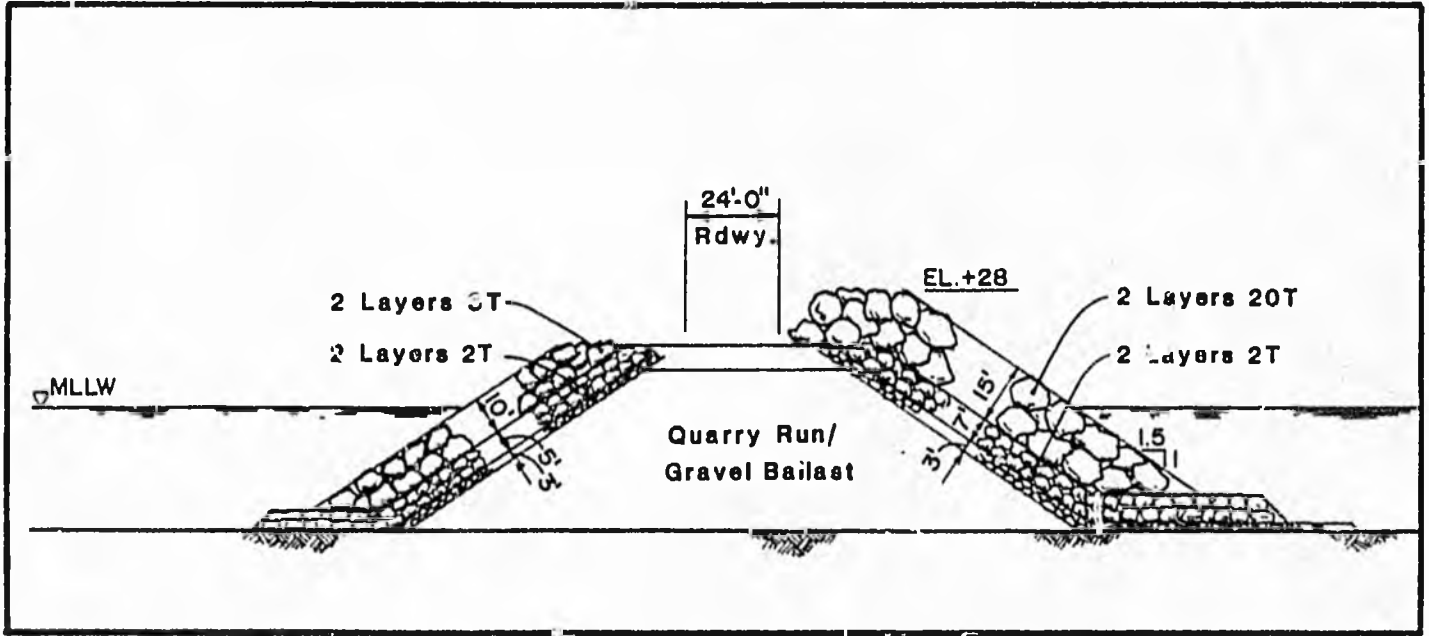


Fig. 4 Typical Section - Causeway

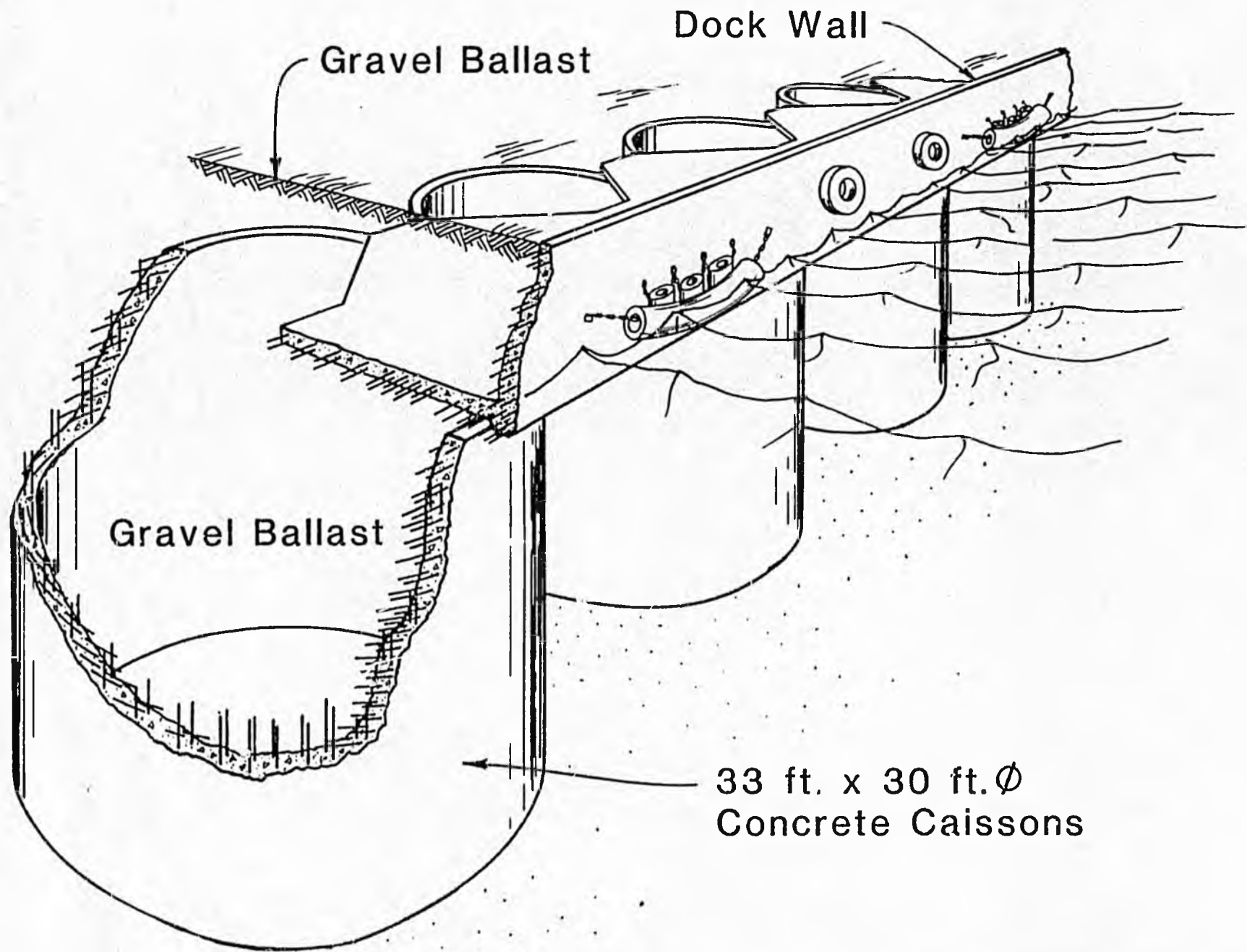


Fig. 5 Dock Structure and Caissons

caisson. Epoxy coated reinforcement is expected and an epoxy outer coating may be required over the area of the caisson likely to be subjected to ice abrasion.

Onshore Facilities

1. 10 acres of open storage on a 9 foot thick gravel pad.
2. Container Freight Station: 8000 square feet of container handling area plus 1600 square feet of office space using pre-engineered metal buildings.
3. Vehicle Maintenance Shop: 3200 square feet of work area with a 5 ton crane.

Fuel System

Since 75% of all cargoes imported to the region are bulk petroleum products, a comprehensive fuel unloading, distribution and storage system is required. The main offloading point will comprise 4 product unloading arms and pipework to the tank farm area shown in Figure 6. New tanks will be constructed within the existing fuel storage area.

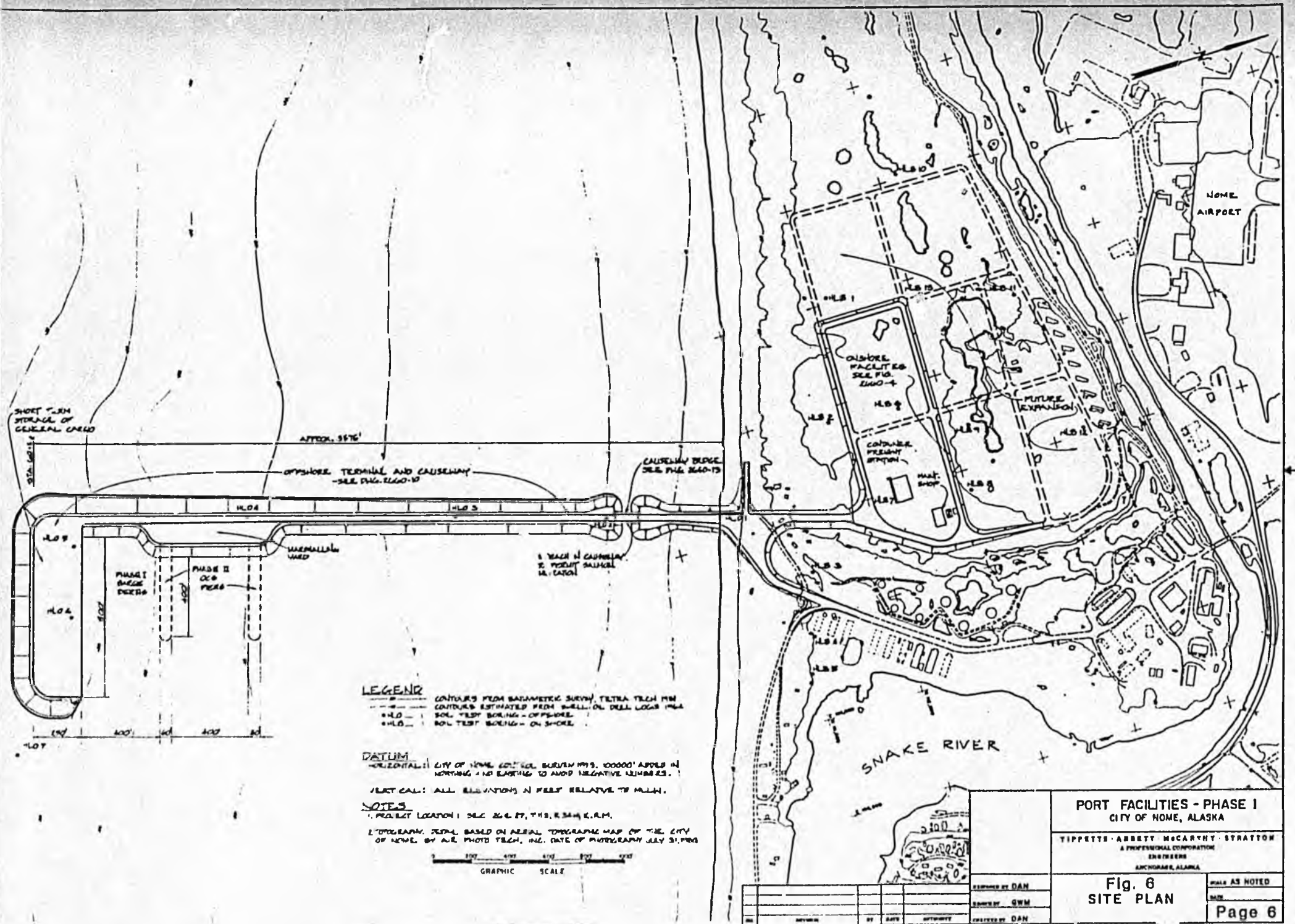
Mechanical and Electrical

The utilities corridor along the causeway will carry high and low voltage electrical service, telephone, lines for a variety of types of fuel, and water lines for fire fighting. At the terminals and berths there will be navigation lighting and illumination for work areas.

CLIMATE:

Norton Sound is open to navigation from mid or late June to late October or mid-November when sea ice from the Bering Sea collects along the shoreline. Shorefast and floating ice cover is normally established by January and remains to a distance of approximately 1 mile from the shoreline until break up (Figure 7). Winter temperature minimum averages -10° F and rarely falls below -40° F. Summer temperatures rarely exceed 55° F.

The predominant storm direction is from the southwest. A 100 year significant wave height of 16.5 feet is projected for the offshore terminal area, accompanied by a storm tide which in 1974 caused a 10 foot set up at the City dock in the Snake River.

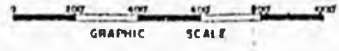


LEGEND

--- CONTOURS FROM BATHYMETRIC SURVEY, TITRA TECH INC
 --- CONTOURS ESTIMATED FROM SWELL ON DRILL LOGS 1964
 -H.L. 10- SOIL TEST BORING - OFFSHORE
 -H.L. 15- SOIL TEST BORING - ON SHORE

DATUM
 HORIZONTAL: CITY OF NOME GEOLOGICAL SURVEY 1953, 100000' ADDED IN NORTHING & 100 EASTING TO AVOID NEGATIVE NUMBERS.
 VERT CAL: ALL ELEVATIONS IN FEET RELATIVE TO MLLW.

NOTES
 1. PROJECT LOCATION: SEE 26 & 27, T15, R. 34 W. E. 4 M.
 2. TOPOGRAPHY: DEMO. BASED ON AERIAL TOPOGRAPHIC MAP OF THE CITY OF NOME, BY A.E. PHOTO TECH. INC. DATE OF PHOTOGRAPHY JULY 31, 1960



PORT FACILITIES - PHASE I
 CITY OF NOME, ALASKA

TIPPETT, ABBETT, MCCARTHY, STRATTON
 A PROFESSIONAL CORPORATION
 ENGINEERS
 ANCHORAGE, ALASKA

DESIGNED BY DAN
 DRAWN BY G.W.M.
 CHECKED BY DAN

Fig. 6
SITE PLAN

SCALE AS NOTED
 SHEET
 Page 6

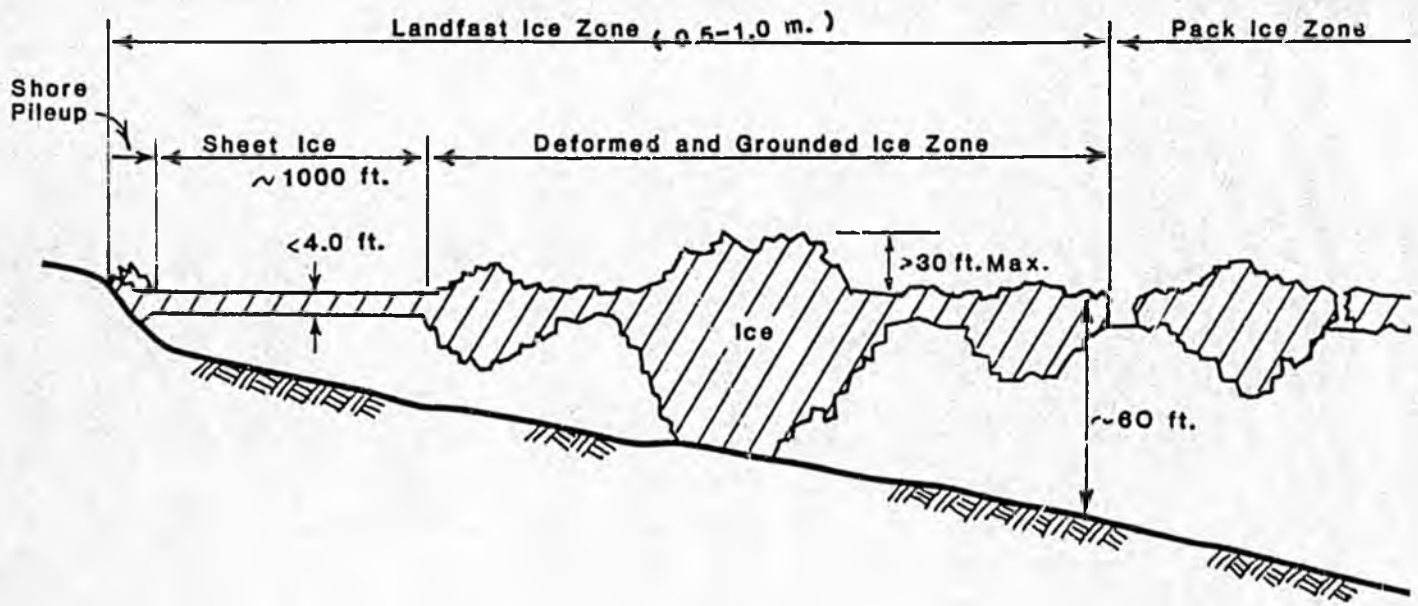


Fig. 7 Shorefast Ice Cover

MATERIALS:

The primary source of core material for the causeway and offshore terminal is expected to be one of a number of gold dredge tailing dumps located at 2-5 mile radii from the project site.

Rock armor for protection against wave and ice attack is expected to be obtained from the Cape Nome quarry, approximately 13 miles east of the project site as shown in Figure 8. Highway access to the quarry site is maintained in the summer months only.

GROUND CONDITIONS:

All onshore facilities are located in a permafrost area which must be protected by a gravel blanket. The permafrost is patchy towards the shoreline and the sand spit to the east of the causeway which has been worked for gold extraction exhibits very low bearing capacity.

SE INVESTIGATIONS:

During a borehole program carried out in February 1982, 7 offshore and 13 onshore holes were drilled. Bedrock was encountered under the causeway location at depths varying from 40-60 feet below the seabed. Overlying materials sampled comprised glacial silts, tills and sands.

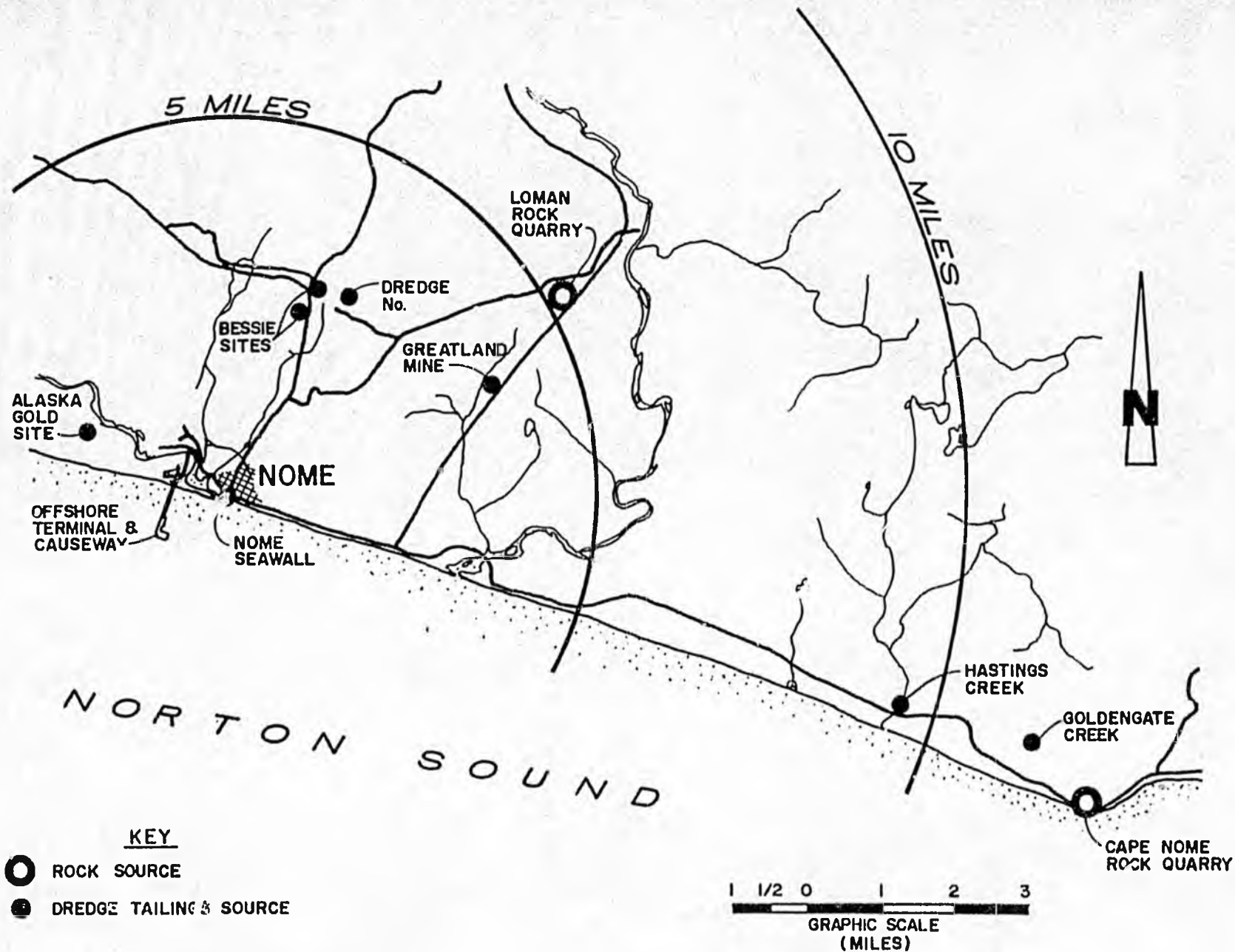


Fig. 8
LOCATION MAP - SOIL AND ROCK BORROW SITES

Materials source investigations carried out in June 1982 were followed by a test blast at the Cape Nome quarry. The results of these and all other site investigations will be made available to contractors at bid time and may be reviewed by arrangement with TAMS.

PERMIT STATUS:

An application for a Corps of Engineers construction permit was submitted in August 1982. Prior to the application extensive discussions with interested state and federal agencies were carried out to resolve concerns and incorporate mitigation measures where necessary.

MATERIALS QUANTITIES:

A preliminary, abbreviated list of materials quantities for the Phase I construction contract is attached.

Further information on the project may be obtained from the following:

TAMS
4791 Business Park Boulevard
Anchorage, AK 99503
Phone (907) 276-6565

After February 5, 1983 - (907) 562-2182

TAMS

TIPPETTS-ABBETT-McCARTHY-STRATTON □ ENGINEERS

A PROFESSIONAL CORPORATION

ALASKA

LINE	DESCRIPTION	QUANTITY	UNIT
	UTILITIES - PHASE I		
39	Water Distribution		sum
	Furnish & install 7200 l.f. 8" ϕ , 1000 l.f. 4" ϕ , 8600 l.f. 2½" ϕ , 1000 l.f. 6" ϕ , and 1000 l.f. 2" ϕ Ins. PVC Pipe		
	FUEL DISTRIBUTION		
	<u>Alternate I</u>		
40	Diesel Fuel		sum
	Furnish & install 5800 l.f. 8" ϕ bl. steel pipe		
41	Jet Fuel		sum
	Furnish & install 5800 l.f. 8" ϕ bl. steel pipe		
42	AVGAS 100/130		sum
	Furnish & install 8000 l.f. 6" ϕ bl. steel pipe		
43	Unleaded Gasoline		sum
	Furnish & install 8100 l.f. 6" ϕ bl. steel pipe		
44	Regular Gasoline		sum
	Furnish & install 8000 l.f. 6" ϕ bl. steel pipe		
45	Corrosion Protection		sum
46	Utility Bridge		sum
	SUBTOTAL		
	<u>Alternate II</u>		
47	Diesel Fuel		sum
	Furnish & install 5800 l.f. 8" ϕ bl. steel pipe and 1 14,000 bbl tank		
48	Jet Fuel		sum
	Furnish & install 5800 l.f. 8" ϕ bl. steel pipe and two (2) 8500 bbl tanks		

REP. JOHN G. (JACK) FULLER

DISTRICT 22

- ALAKANUK
- BREVIK MISSION
- CHEVAK
- DIOMEDE
- ELIM
- EMMONAK
- GAMBELL
- GOLOVIN
- HOOPER BAY
- KOTLIK
- KOYUK
- NOME
- SAVOONGA
- SCAMMON BAY
- SHAKTOOLIK
- SHELDON'S POINT
- SHISHMAREF
- STEBBINS
- ST. MICHAEL
- TELLER
- UNALAKLEET
- WALES
- WHITE MOUNTAIN



CHAIRMAN, RULES COMMITTEE

- MEMBER
- FINANCE COMMITTEE
- POLICY COMMITTEE
- COMMITTEE ON COMMITTEES
- REAA BUDGET OVERSIGHT COMMITTEE
- BLUE RIBBON COMMISSION ON PERSONNEL

Alaska House of Representatives

February 28, 1983

The Honorable Bette Cato
 Chairwoman
 House Transportation Committee
 Pouch V
 Juneau, Alaska 99811

Dear Bette:

I have attached a copy of the TAMS Engineers report entitled Port of Nome, Alaska Economic Development Analysis. I felt that rather than send you reading materials on the Nome Port project at once, it would be better to send you the information on a piece-meal basis. By doing it this way, it would give you an opportunity to review the information at your leisure. I know how it is when a bill has been scheduled and you have to review all the material at once. I hope this will be satisfactory to you. I have also sent copies of this report to the members of the Transportation Committee.

There will be more information forthcoming and I will be sending it to you and the Committee on Wednesday.

Thank you.

Sincerely,
Jack

Rep. Jack Fuller

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.
TITLE PAGE ONLY HAS BEEN FILMED.



DIANNE WIDOM

TAMS

TIPPETTS-ABBETT-McCARTHY-STRATTON □ ENGINEERS
A PROFESSIONAL CORPORATION

ALASKA



PORT OF NOME, ALASKA ECONOMIC DEVELOPMENT ANALYSIS