02/18/14 PRESENTATION: PORT OF ANCHORAGE BY MAYOR DAN SULLIVAN

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Municipality of ANCHORAGE

MAYOR DAN SULLIVAN | Port of Anchorage

Port of Anchorage

- The Port of Anchorage has been in operation since 1961 and has been in service for over 50 years without interruption.
- Our port was the only port in Southcentral Alaska to survive the 1964 Good Friday earthquake, and has since served as the central point for the movement of waterborne freight throughout the state.

Port of Anchorage

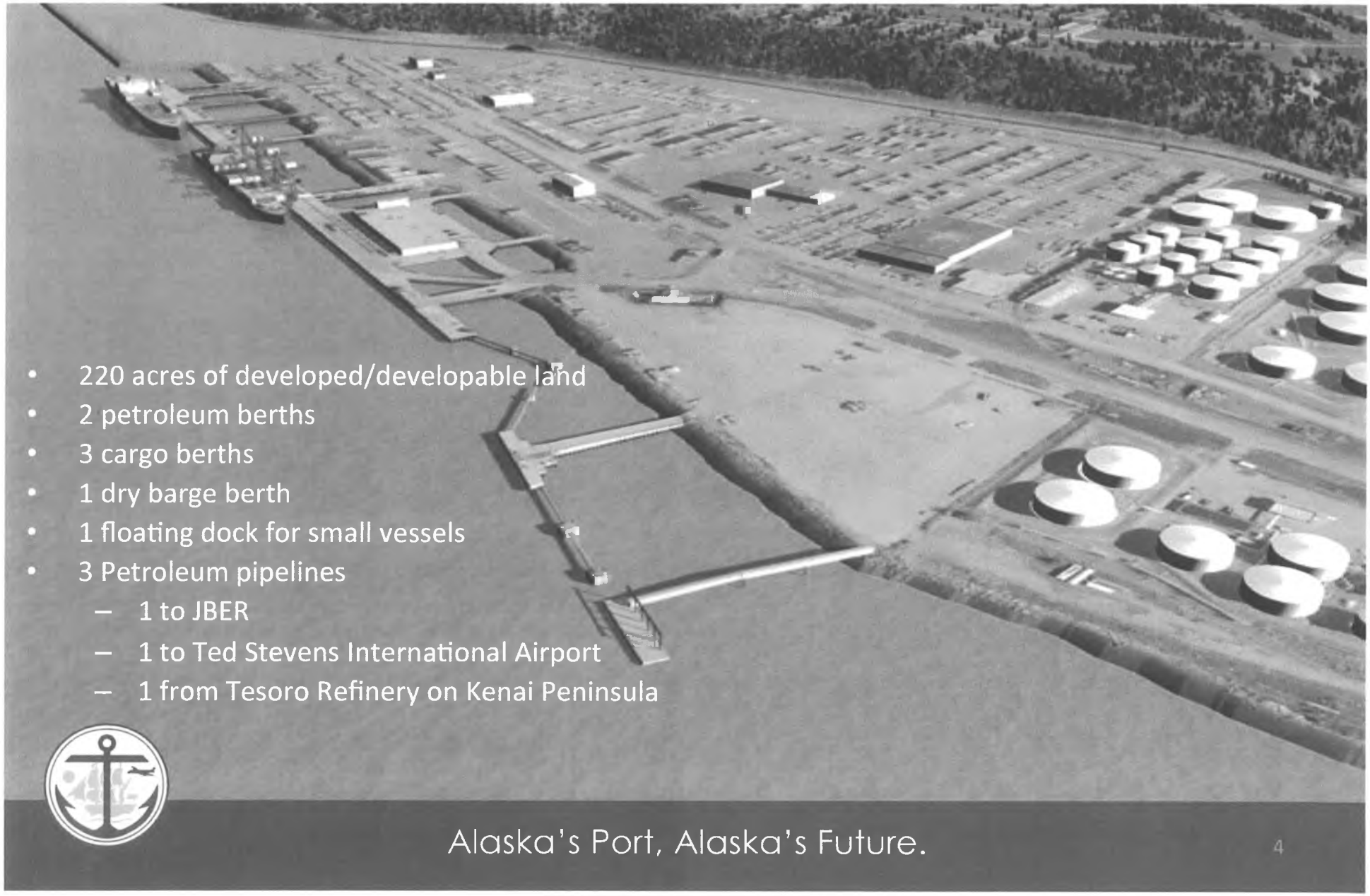
The Port of Anchorage provides an estimated 90% of the merchandise goods for 80% of Alaska's populated area.

- This includes over 200 villages and rural towns across Alaska
- It is the major point of entry for containerized cargo in Alaska
- Annually, around 240,00 containers move through the Port
- Since 2000, an average of 4 million tons of goods and materials have passed through the Port's facilities annually.

The Port of Anchorage is an economic engine for Alaska and is essential to the distribution of goods throughout the state.

- Over $700 million annually in economic impact to the state
- $50 million aggregate annual payroll from Port Stakeholders
- Over 3,600 vehicles move through port per day when containerships are offloading.
- Nearly 100 million pounds of goods pass through the port, which is then distributed across the state as bypass mail.

Port of Anchorage Facilities



- 220 acres of developed/developable land
- 2 petroleum berths
- 3 cargo berths
- 1 dry barge berth
- 1 floating dock for small vessels
- 3 Petroleum pipelines
  - 1 to JBER
  - 1 to Ted Stevens International Airport
  - 1 from Tesoro Refinery on Kenai Peninsula

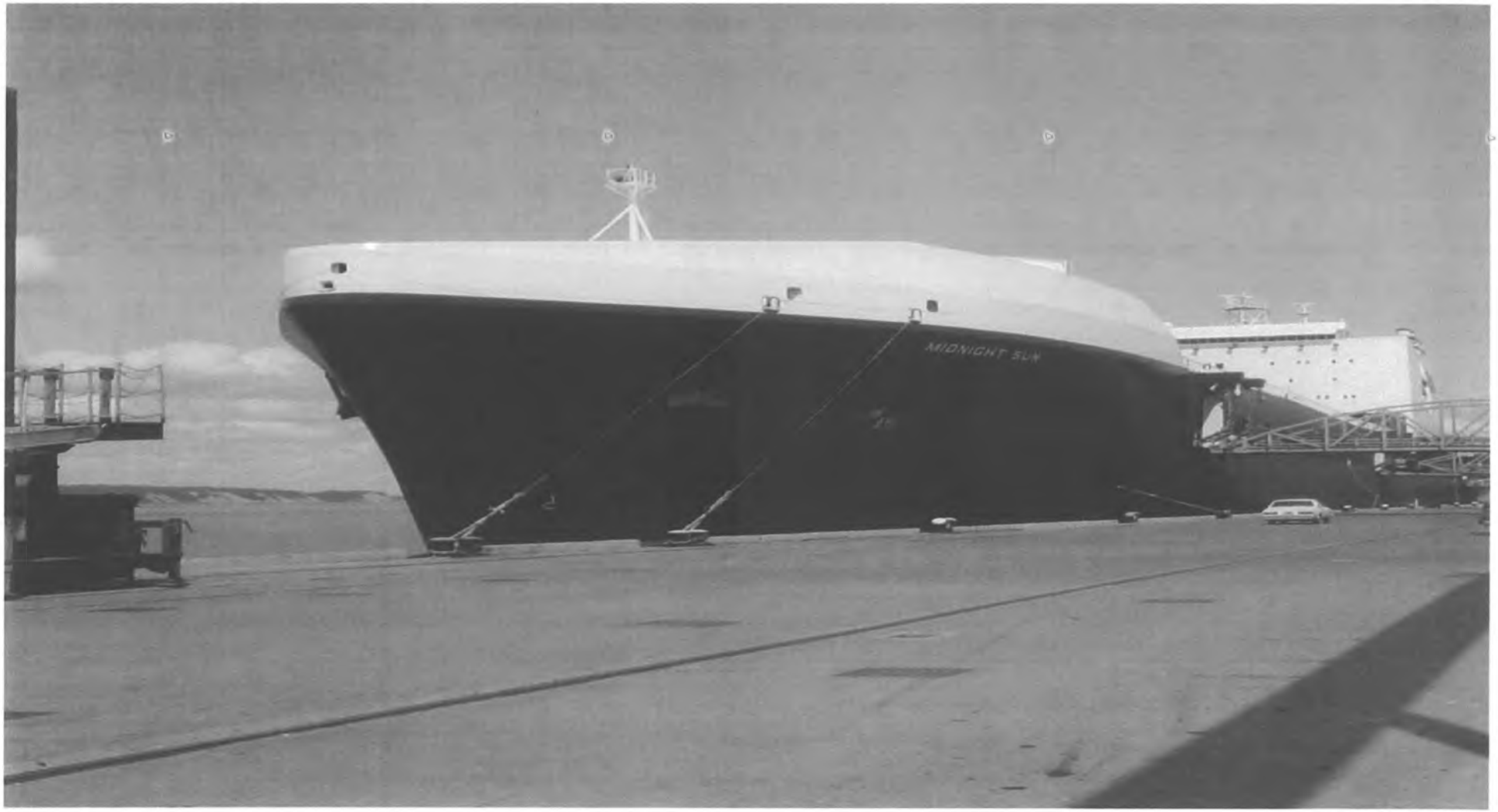
Port Operations Area

Port Stakeholders

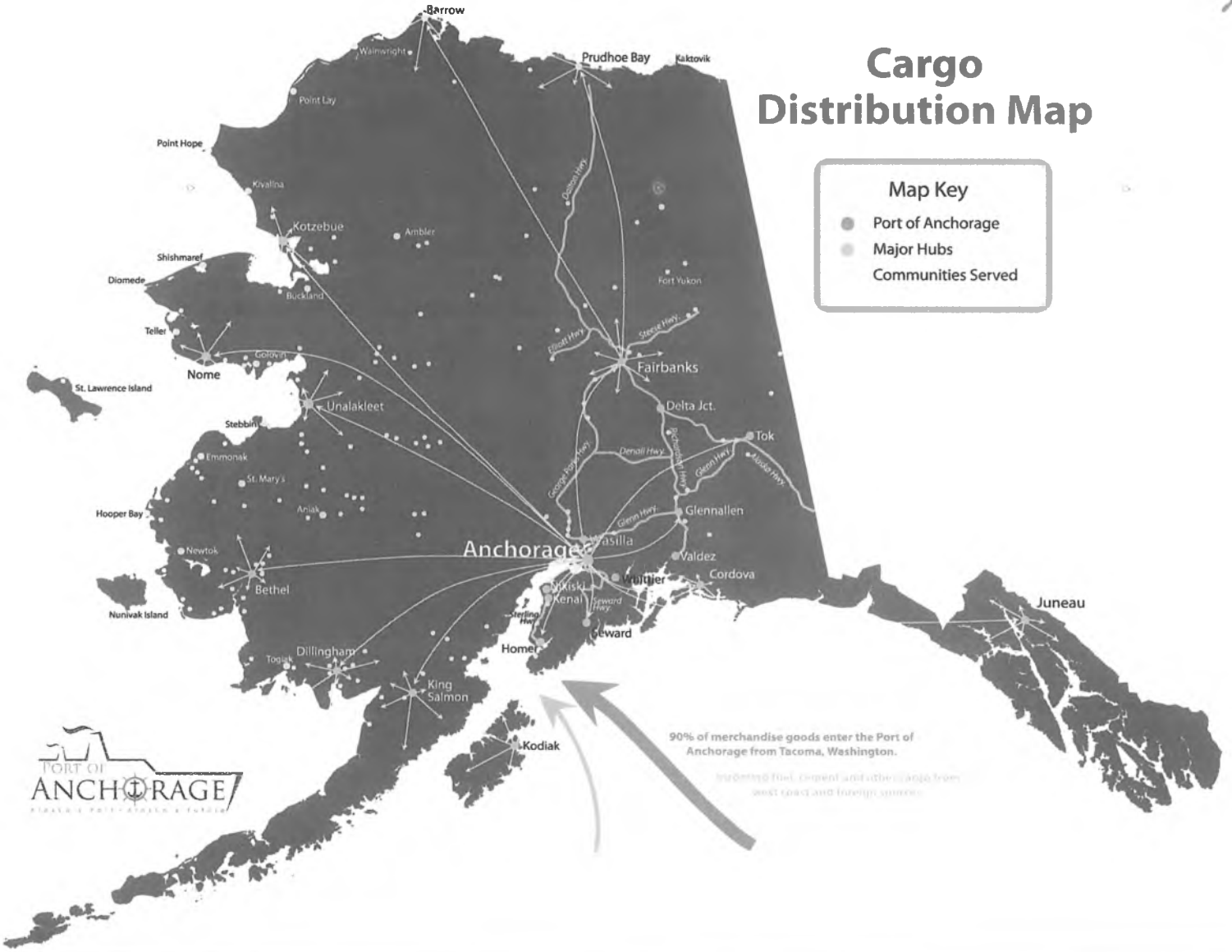
- Horizon Lines
- Totem Ocean Trailer Express (TOTE)
- Alaska Basic Industries (ABI)
- Tesoro Alaska
- Crowley Marine Services
- Aircraft Service International Group (ASIG)
- Flint Hills Resources
- Alaska Railroad Corporation
- U.S. Army-Alaska and U.S. Transportation Command's Surface
- Cook Inlet Tug and Barge
- Delta Western

Horizon Lines

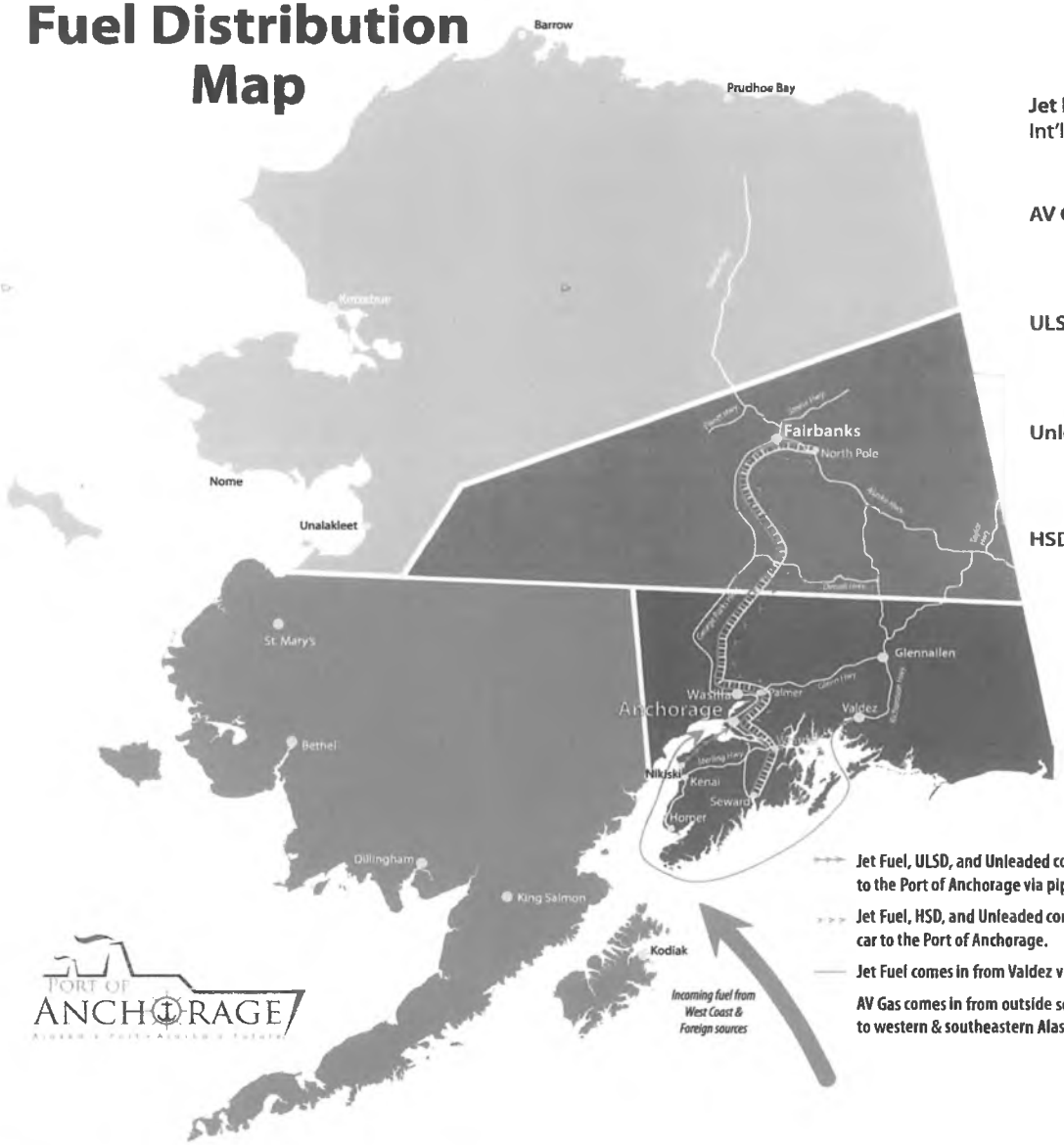
TOTE Ship



Strategic Importance



Fuel Distribution Map



Fuel Distributed from Port of Anchorage

Jet Fuel: used at the Ted Stevens Anchorage Int'l Airport and in small part in rural Alaska.

AK Regions using fuel:

AV Gas: 100% used state wide comes through Port.

AK Regions using fuel:

ULSD (Diesel): used in the Railbelt and rural Alaska.

AK Regions using fuel:

Unleaded (Gasoline): used in the Railbelt and rural Alaska.

AK Regions using fuel:

HSD (Heating Oil): Used in the railbelt and rural Alaska.

AK Regions using fuel:

Jet Fuel, ULSD, and Unleaded comes in from Nikiski to the Port of Anchorage via pipeline & barge.

Jet Fuel, HSD, and Unleaded comes in from North Pole by rail car to the Port of Anchorage.

Jet Fuel comes in from Valdez via barge to the Port of Anchorage.

AV Gas comes in from outside sources and is distributed by fuel barges to western & southeastern Alaska.

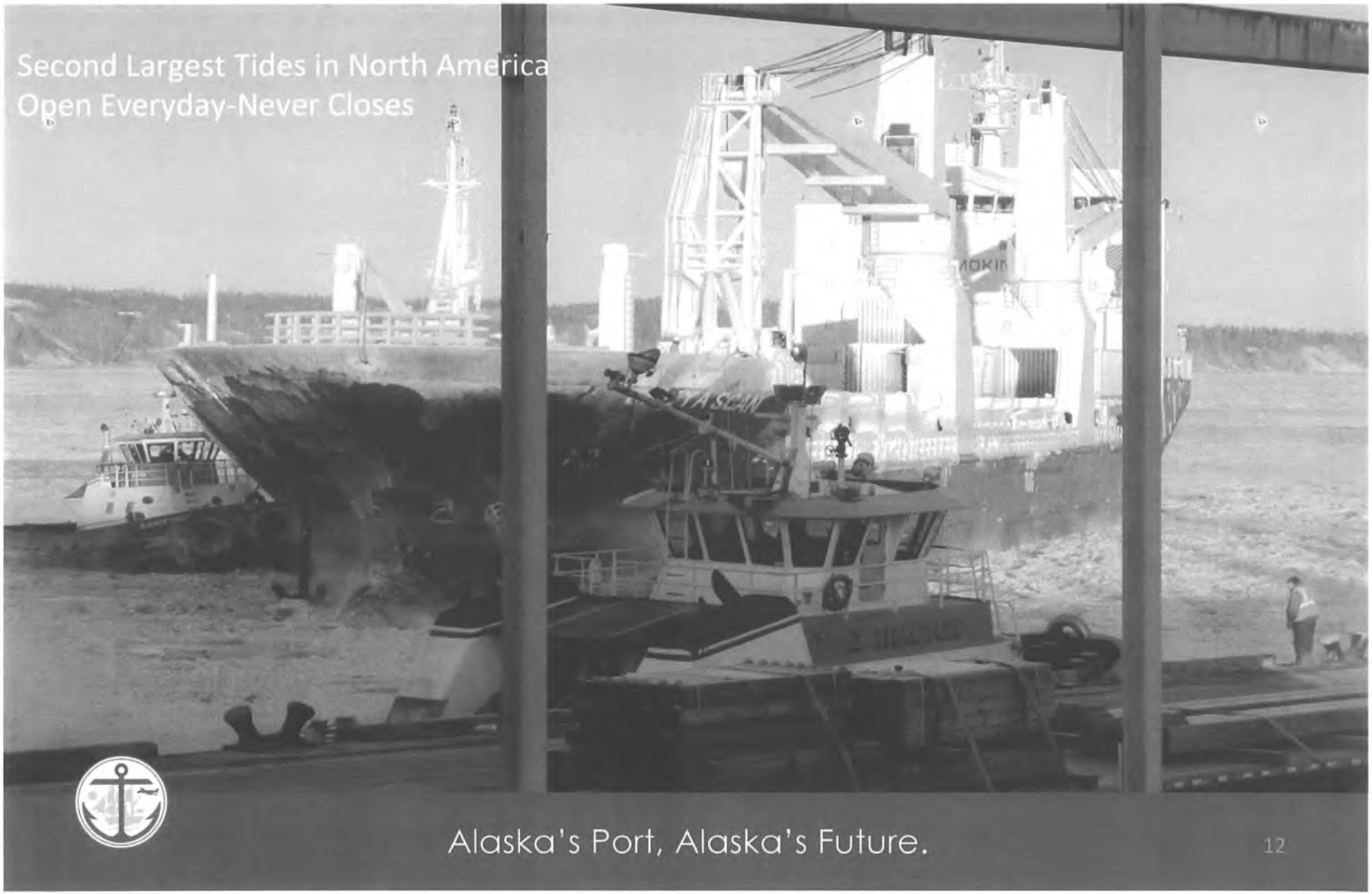
PORT OF ANCHORAGE

A Vital Fuel Hub

The Port of Anchorage is also an important hub for providing fuel:

- 100% of the jet fuel used at Joint Base Elmendorf Richardson
- 65% of the jet fuel used at Ted Stevens International Airport
- 1.4 million gallons of fuel to western Alaska for heating oil, gasoline, and diesel
- It is an important source of gasoline for the Anchorage and Southcentral area.

Extreme Conditions



STRATEGIC SEAPORT

The Port of Anchorage is a Strategic Seaport, one of only 19 in the nation to have such designation by the Department of Defense.

- Port facilities have supported over 30 deployments since 2005
- Over 18,000 pieces of military cargo have passed through the Port over the past 7 years.
- Haul Road Directly from JBER to POA

OPEN FOR BUSINESS

The Port has continued to successfully grow new business:

- Delta Western Tank farm design/construction start in 2014
- TOTE just in time project on property in the North Extension start in 2014
- Targeted "Project Cargo" like oil industry pipe and power plant generators like those handled this past year
- The Holland America Amsterdam is returning to the Port this summer after a one year absence.

Fire Island Wind Turbines (Dry Barge Berth Used to Transport)

Wartsila Generator Delivery

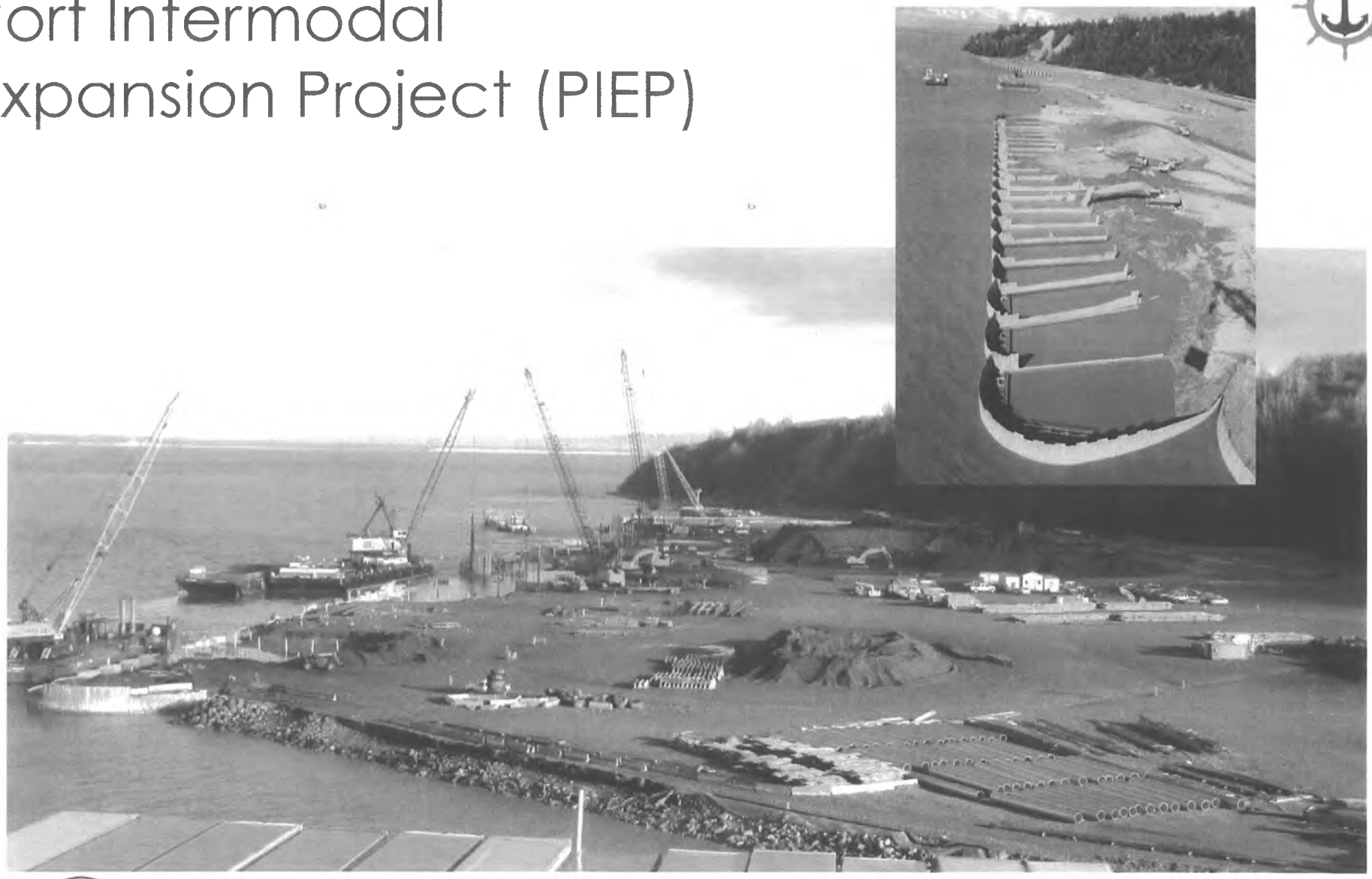
New 2023 Business Plan

The Port's 2023 Business Plan will soon be released with an update of market opportunities and also information from the business community on what Port infrastructure improvements would add value to intermodal transportation business.

Some of these are:

- Just in time cargo services to the business community to drive profit-building efficiencies in the supply chain
- Project Cargo associated with future resource development projects using ocean, rail, truck, air, and barge modes
- Petroleum products including LNG and CNG to stabilize energy costs Statewide
- Barge services to rural Alaska
- Cement

Port Intermodal Expansion Project (PIEP)



Project Need: SEISMIC STABILITY

The Port is over 50 years old and in a deteriorated condition.
Port pilings require costly annual repairs and is vulnerable to failure during a high magnitude event.

Total Piles: 1400+
Piles repaired in 2012 = 25 for $835,000
Piles repaired in 2013 = 46 for $1,303,000
Piles projected to be repaired in 2014 = 100 for an estimated $3,000,000

PIEP Accomplishments

2005 Trailer on Flat Car (TOFC) Rail Extension, Phase I & II

- Demolished unserviceable track and installed upgraded, extended track along Terminal Road from Alaska Railroad mainline.

2005 Multi-Use Floating Dock

- Installed floating dock for U.S. Coast Guard Maritime Safety & Security Team (MSST)

2006 Petroleum Oil Lubricants (POL) Berth No. 2 Ultra Low Sulfur Diesel (ULSD) Pipeline

- Provides for ULSD transfers at the Port/

2006 Gravel Haul Road

- A five mile long road that connects the POA to Joint Base Elmendorf Richardson (JBER) that was built to haul gravel from pits on Elmendorf to the POA for the expansion project.
- Road provides two benefits:
  - Provides access to an economical source of gravel for the fill needed for the expansion project
  - Provides a road from the POA to JBER that can be utilized during deployment cycles instead of running convoys on city streets.

2006-2010 North Backlands, South Backlands, Dry Barge Berth, Wet Barge Berth, North Extension

- Created approximately 65 acres of new land
- 60 acres on the North End
- 5 acres in the South Backlands
- Functional Dry Barge Berth

2008-2010 Port Road and Tidewater Road Upgrade

- Intersection re-alignment
- Overhead to underground power line relocation
- Drainage Improvements

Third Party Review-Design Flaw

SIMPSON GUMPERTZ & HEGER

7 August 2013

Mayor Dan Sullivan
Municipality of Anchorage
632 West 6th Avenue, Suite 840
Anchorage, AK 99501

Project 130356 – Peer Review of Global Stability Analyses of Open Cell Sheet Pile Structures, Port of Anchorage Intermodal Expansion Project, Anchorage, AK

Dear Mayor Sullivan:

At your request, we prepared this Executive Summary of our peer review of the CH2MHILL Suitability Study of the Open Cell Sheet Pile (OCSP) structures at the Port of Anchorage (POA). The intent of this Executive Summary is to provide our opinions on specific portions of our peer review to date. We intend to perform further review of the CH2MHILL study and will provide additional opinions at the appropriate time.

Our fundamental findings are as follows: (1) that the method of analysis used by PND Engineers, Inc. (PND) is insufficient since it failed to adequately consider the shape of the potential failure slip surface; (2) that the method used by PND to estimate the shear strength of the soil needed to verify global stability is insufficient since it failed to adequately consider the full extent of the directional dependence of the shear strength of the Bootlegger Cove Formation clay stratum; and (3) in each of these aforementioned instances, CH2MHILL used an approach consistent with the standard of practice.

PND and CH2MHILL used, among other design parameters, different values for superimposed live load, groundwater elevation on the land side, presence of estuarine deposits, elevation of top of Bootlegger Cove Formation clay stratum, and peak ground acceleration. The differences in these respective values do not materially affect our conclusions because we reach the conclusions discussed in this Executive Summary regardless of whether we use the values by PND or by CH2MHILL.

Based on these findings, and without considering construction defects related to the installation of the steel sheeting, we conclude that the existing OCSP structures at the North Extension 1 and 2 have factors of safety for long-term static global stability and for pseudo-static seismic global stability that do not satisfy the design criteria set for the project. Qualifications for, and extensions of, this statement are given in the body and the Conclusions of this Executive Summary. We have not yet performed a peer review of the Wet Barge Berth.

1. INTRODUCTION

1.1 Background

The design and construction work performed to date on the Port of Anchorage Intermodal Expansion Project (PIEP) includes the Dry Barge Berth (DBB), Wet Barge Berth (WBB), North Extension 1 (NE1), and North Extension 2 (NE2). The WBB and NE1 are designated as Essential Facilities.

SIMPSON GUMPERTZ & HEGER INC

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To read this entire report visit the website:
Portofalaska.com/expansion-project

Alternative Design

Alternative Design

15% Concept Plan
Option 5-1 Hybrid - Step 1

Alternative Design

15% Concept Plan
Option 5-1 Hybrid - Step 2

Alternative Design

15% Concept Plan
Option 5-1 Hybrid - Step 3

Alternative Design

15% Concept Plan
Option 5-1 Hybrid - Step 4

Alternative Design

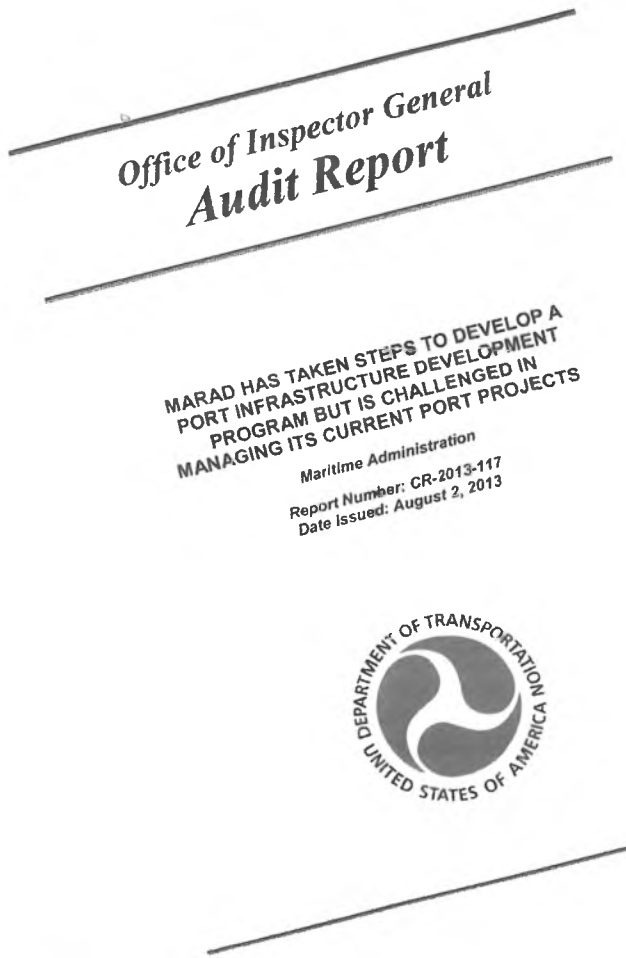
Alternative Design

Alternative Design

15% Concept Plan
Option 5-1 Hybrid - Final

Alternative Design

Inspector General Report



Audit Report Findings:

- MARAD Did Not Effectively Manage its Port Projects
- MARAD Did Not Conduct Adequate Planning for Its Port Projects
- MARAD Did Not Adhere to Federal Contracting Requirements When Awarding and Administering the Port of Anchorage Contracts
- MARAD Acted Contrary to the Intent of SBA's 8(a) Program When It Awarded the First Port of Anchorage Contract
- MARAD Did Not Establish a Sound Risk Management Process Until Projects Were Well Under Way
- MARAD Did Not Have a Process To Systematically Store, Maintain, and Track Project Progress
- MARAD Did Not Establish Guidance on Developing Project Management

RFP for New Project Management Team

Assembly Memorandum 12-2014
Meeting Date: February 25, 2014

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 12-2014(A)

Meeting Date: February 25, 2014

From Mayor

Subject Recommendation of Award to CH2M Hill Engineers Inc (CH2M) to Provide Professional Project/Construction Management Services for the Port Intermodal Expansion Project (PIEP) for the Municipality of Anchorage Port of Anchorage (Port) (RFP 2013-P028) ($30,000,0000)

Award of this contract to CH2M will provide professional project and construction management services for the PIEP. It is anticipated that CH2M will flexibly and efficiently provide project administration and controls, planning and design management, permitting and permit compliance management, construction management and quality assurance/quality control during the design and construction.

CH2M will perform further concept design study to consider opportunities for cost savings and best use of initial investment of project funding. Study will include alternatives not previously considered to avoid moving TOTE and Horizon temporarily to the north. All concept design work will be done in close coordination with all affected Port tenants and stakeholders and will address phasing, navigation and sedimentation concerns. Other early tasks include a pile test program to establish geotechnical and structural design parameters and to gather underwater noise data for permitting associated with marine mammals. Work will also be expedited on developing a supplemental environmental assessment as a critical step toward modifying federal permits to include, for example, the Department of Army permit and the National Marine Fisheries Service authorization associated with marine mammals.

Key project administration and controls services in the contract include:

1. Providing and staffing a project management office at the Port to actively manage the project.

2. Developing and maintaining a comprehensive project management plan that includes a scope management plan, a communications management plan, a risk management plan, a document management plan, and many other plan

FINANCING

Of the $439 million dedicated to PIEP, $302 million have been transferred to MARAD. The balance remains in the possession and control of the Municipality of Anchorage.

Table 1: Funding Snapshot as of December 31, 2013

Total funds contributed to PIEP	$439 million
Total funds transferred to MARAD	$302 million
Total Misc. Expenditures	$7 million
Total funds un-obligated	$130 million

Table 2: State funds received and Port funds contributed to date

Year	Amount	Legislation	Port Amount
2002	$ 5,853,658	SB 29	$ 2,443,857
2004	$ 436,505	SB 283	$ 8,188,000
2005	$ 10,000,000	SB 46	$ 4,125,000
2006	$ 10,000,000	SB 231	$ 8,000,000
2008	$ 25,000,000	SB 221	$ 22,282,541
2009	$ 20,000,000	SB 75	$ 22,100,000
2010	$ 20,000,000	SB 230	$ 4,000,000
2011	$ 30,000,000	SB 46	$ 4,000,000
2012	$ 48,500,000	SB160	$ 5,158,000
2012	$ 50,000,000	GO Bond	
Total	$219,790,164		$ 80,297,398
Grand Total			**$300,087,562**

FINANCING

Table 3: Federal funds received to date

Year	DoD	FHWA	FTA	SDDC
2002	-	$9,568,421	$2,832,968	
2003	$4,850,000	$590,500	$2,862,505	
2004	$4,850,000	$1,371,058	$5,181,803	
2005	$12,003,750	$4,729,584	-	
2006	$8,245,000	$5,349,258	$5,577,500	
2007	$9,700,000	$6,030,856	$5,820,000	$1,951
2008	$10,804,618	$6,052,337	$6,305,000	
2009	$10,000,000	$8,929,635	$6,547,500	
2010	-	-	$472,390	
2011	-	-	-	
2012	-	-	-	
Total	$60,453,368	$42,621,649	$35,599,666	$1,951
Total Funds	**$138,676,634**			

The Path Forward

- Project Management Team
- Port Summit with Stakeholders
- Supplemental Environment Assessment
- Design & Permitting
- Construction

Future Financing Opportunities

Federal Funding

- TIGER discretionary funds – high possibility
- Port Security Grant Program – high possibility
- Port Infrastructure Improvement Program
- MAP-21 FHWA Flexibility Funds
- Strategic Port Studies
- Homeland Security Grant Program

State Funding

- State Grants
- GO Bonds
- AMATS Funding

Local Port Funding

- Port Equity
- Port Debt

Public Private Partnership (P3)

Future Financing

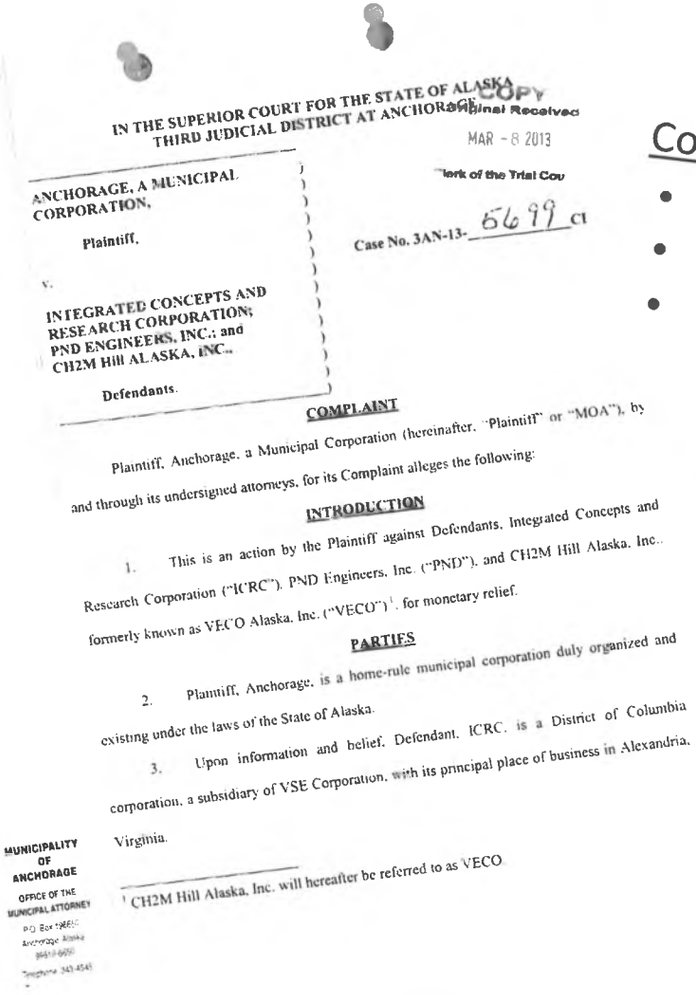
TIFIA offers three types of financial assistance:

- Secured loans are direct Federal loans to project sponsors offering flexible repayment terms and providing combined construction and permanent financing of capital costs. Maximum term of 35 years from substantial completion. Repayments can start up to five years after substantial completion to allow for facility construction and ramp-up.
- Loan guarantees provide full-faith-and-credit guarantees by the Federal Government to institutional investors, such as pension funds, that make loans for projects.
- Lines of credit are contingent sources of funding in the form of Federal loans that may be drawn up to supplemental project revenues, if needed, during the first 10 years of project operations.

TIFIA credit assistance may cover the following portions of the total cost of a project:

- TIFIA line of credit: up to 33%
- TIFIA loan: up to 49% (or, if the loan does not receive and investment grade rating, up to the amount of senior project obligations)
- TIFIA loan and TIFIA line of credit, combined: up to 49%
- Total Federal assistance (grants and loans) to a project receiving a TIFIA loan: up to 80%

Legal Obstacles



IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT ANCHORAGE

COPY

Original Received
MAR - 8 2013
Clerk of the Trial Cou

ANCHORAGE, A MUNICIPAL CORPORATION,

Plaintiff,

v.

INTEGRATED CONCEPTS AND RESEARCH CORPORATION; PND ENGINEERS, INC.; and CH2M Hill ALASKA, INC.,

Defendants.

Case No. 3AN-13-6699 CI

COMPLAINT

Plaintiff, Anchorage, a Municipal Corporation (hereinafter, "Plaintiff" or "MOA"), by and through its undersigned attorneys, for its Complaint alleges the following:

INTRODUCTION

1. This is an action by the Plaintiff against Defendants, Integrated Concepts and Research Corporation ("ICRC"), PND Engineers, Inc. ("PND"), and CH2M Hill Alaska, Inc., formerly known as VECO Alaska, Inc. ("VECO")[1], for monetary relief.

PARTIES

2. Plaintiff, Anchorage, is a home-rule municipal corporation duly organized and existing under the laws of the State of Alaska.

3. Upon information and belief, Defendant, ICRC, is a District of Columbia corporation, a subsidiary of VSE Corporation, with its principal place of business in Alexandria, Virginia.

MUNICIPALITY OF ANCHORAGE
OFFICE OF THE MUNICIPAL ATTORNEY
P.O. Box 196650
Anchorage, Alaska
99519-6650
Telephone: 343-4545

[1] CH2M Hill Alaska, Inc. will hereafter be referred to as VECO.

Complaint filed in Superior Court on March 8, 2013

- Integrated Concepts and Research Corporation
- PND Engineers
- CH2MHILL (VECO)

Future Litigation

- United States Department of Transportation Maritime Administration (MARAD)

Read the full complaint on the website

http://portofalaska.com/expansion-project.html

USS Anchorage Ship Commissioning-May 4, 2013

Thank You

Phone: 907-343-7100
E-mail: mayor@muni.org
Facebook: Mayor Dan Sullivan
Twitter: @MayorSullivan
www.muni.org

Dan Sullivan

Website for PowerPoint: www.portofalaska/expansion-project