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# PORT OF ALASKA MODERNIZATION:

Who Will Pay And How Much

# Alaska's primary inbound cargo handling facility



# Headlines is accurate, but misses story



**SPORTS & OUTDOORS, A5**  
**Alaska skiers come up big at world juniors**

**PLAY, INSIDE**  
**Award-winning Hawaiian artist Kaumakaiwa returns**

**ALASKA, A3**  
**Aftershocks forecast to linger until November**

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# ANCHORAGE DAILY NEWS

FRIDAY, JANUARY 25, 2019 ALASKA'S NEWSPAPER \$1.00

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**ANCHORAGE**

## Cost doubles to \$2 billion to fix port

Newest estimate sets the stage for higher gas, grocery prices.

**Devin Kelly**  
Anchorage Daily News

The estimated cost of replacing corroding docks and facilities at the Port of Alaska has ballooned to nearly \$2 billion, the project contractor said recently — a sum that will likely translate into price increases for gas, groceries and other consumer goods in the coming years.

City officials said they were stunned by the new figure, which is double what the city expected to pay.

“When we saw that number, (we

said, how can that possibly be true? What can we do to make that not true?” said city manager Bill Falsey. “And we will figure out what to do if it is unavoidably true.”

The new cost estimate comes as the city has been preparing to build the first phase of a “modernization” project that launched in 2014. That phase includes a new petroleum and cement terminal, which delivers gasoline, diesel, jet fuel and cement to the rest of the state. The docks at the Port of Alaska have been crippled by corrosion and will begin closing in a decade without major repairs, officials have warned.

The new petroleum and cement terminal was budgeted at \$124 million. Even then, the city was short on money and starting to scramble, Falsey said.

At a recent Anchorage Assembly committee meeting, a dramatically different price tag emerged for the terminal: \$223 million.

There was no one cause for the higher cost, officials said. Instead, a litany of price changes had added up, from dredging work to risk mitigation to protections for marine mammals, Jeff Bool, a project manager with the engineering firm CH2M, said during the meeting. CH2M is the project

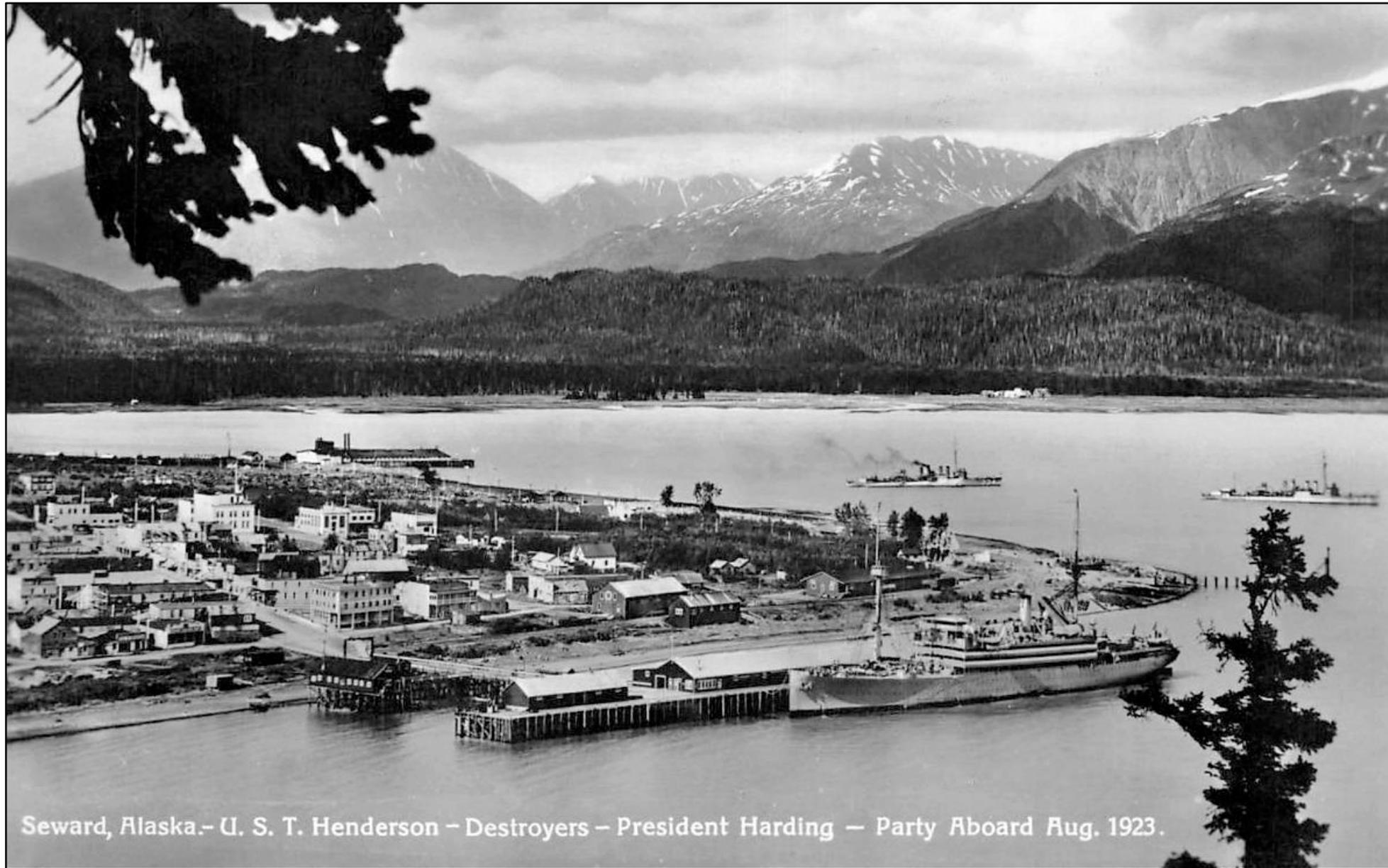


MARC LESTER / ADN

The Port of Alaska, as viewed from the Ship Creek boat launch, on Thursday.

See **PORT, A4**

Seward  
was  
original  
gateway  
to  
Interior  
Alaska





# Anchorage opened port in 1961 to support local economic development

## Challenging site:

- Extreme tide swings (up to 40 ft.)
- Fast currents (6 knot /7 mph)
- Enormous silt and dredging needs
- Severe weather and ice conditions
- Severe seismic risk
- Short construction seasons
- Endangered sea mammals
- Extra two days of barge travel from Seattle

Port of Alaska  
leverages  
cargo-related  
businesses and  
infrastructure,  
transportation  
links





# Functions

1. Commerce
2. National defense
3. Earthquake resiliency/disaster recovery

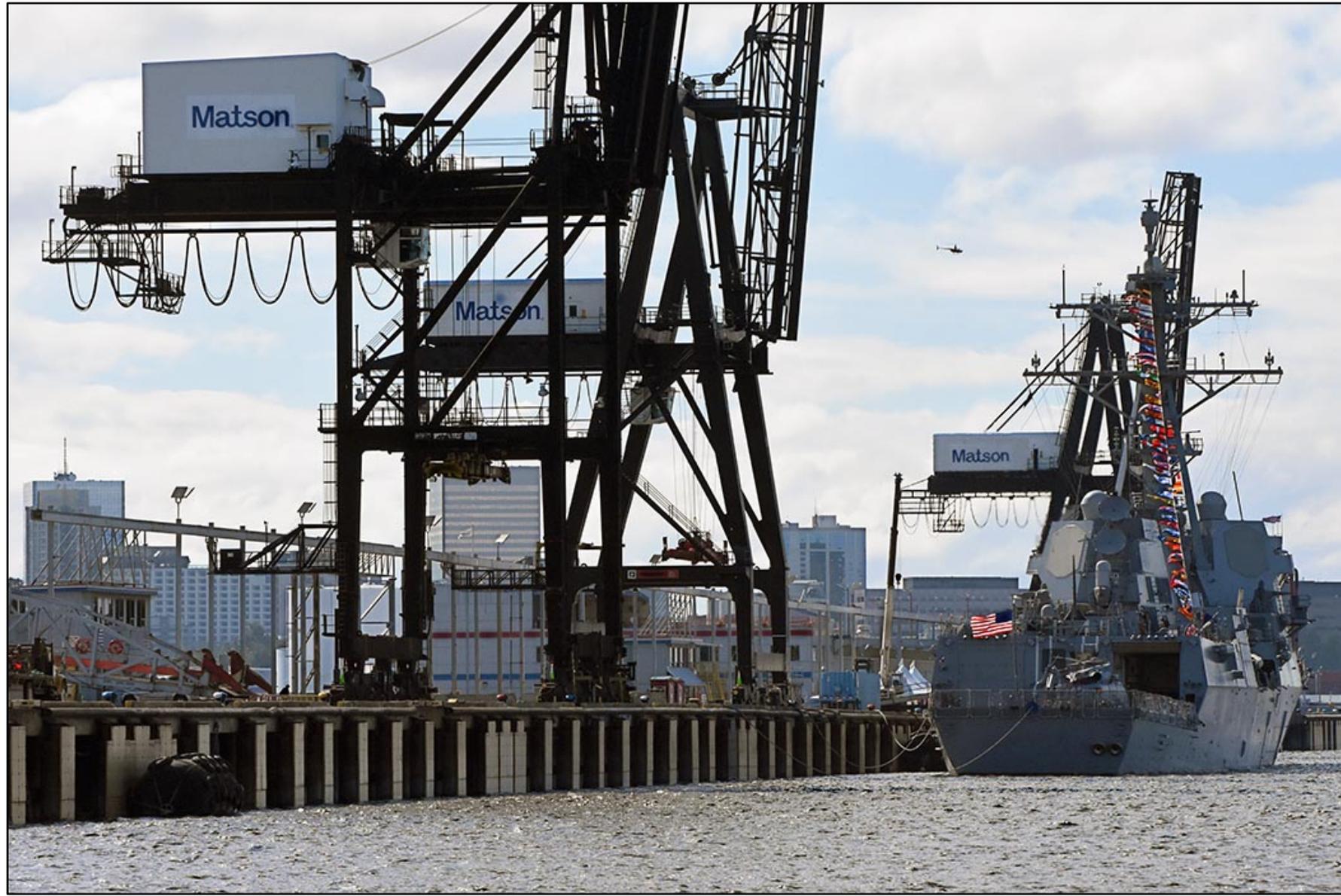
Anchorage docks will start closing in about nine years due to corrosion and obsolescence . . . possibly sooner if there is another big earthquake.



Does  
public  
need  
(to fix)  
Port of  
Alaska?



Anchorage  
dock  
replacement  
is Alaska's  
best port  
alternative



Where did  
\$2 billion  
cost  
estimate  
originate?



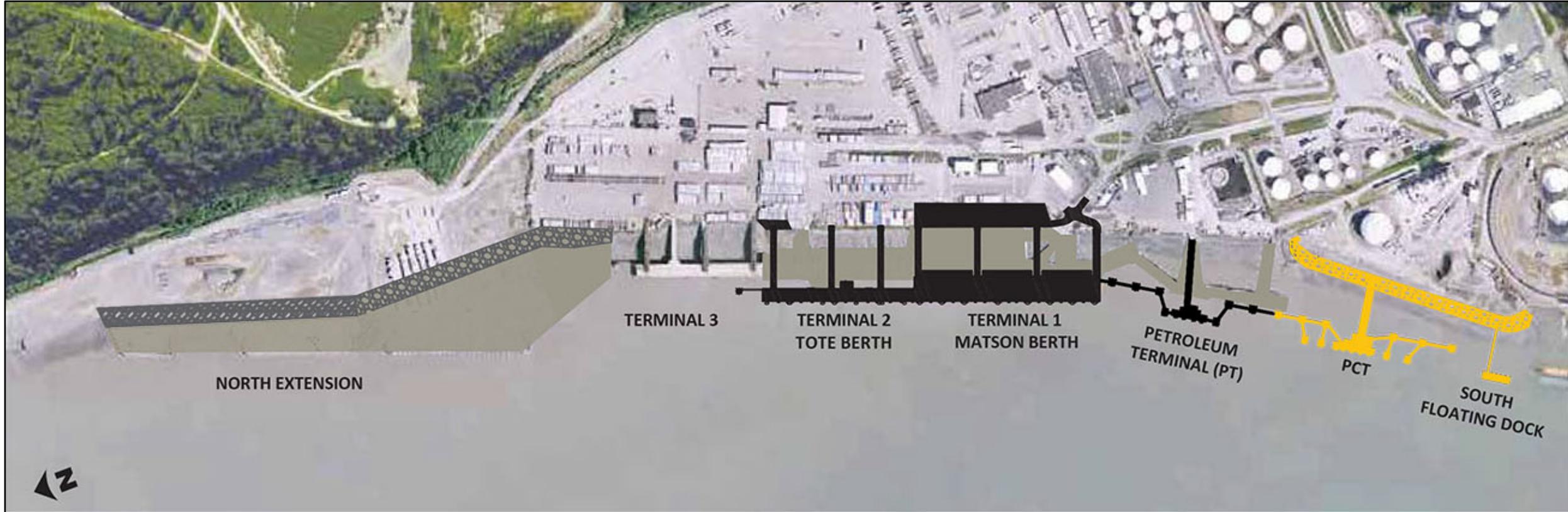
# Modernization program is not a single project ... at least eight separate components:

1. Petroleum-Cement Terminal (construction began in 2018)
2. North extension stabilization work (to repair damages caused by failed Port Intermodal Expansion Program)
3. General cargo terminal 1 (lift-on/lift-off terminal)
4. General cargo terminal 2 (roll-on/roll-off terminal)
5. Department of Defense strategic port enhancements (to comply with strategic port requirements)
6. Seismic/resiliency enhancements
7. User requested enhancements (e.g., 100-gauge cranes, roll-on/roll-off trestles, etc.)
8. Petroleum (only) terminal

# First project is underway



# Wants



# Beneficiary pays . . .

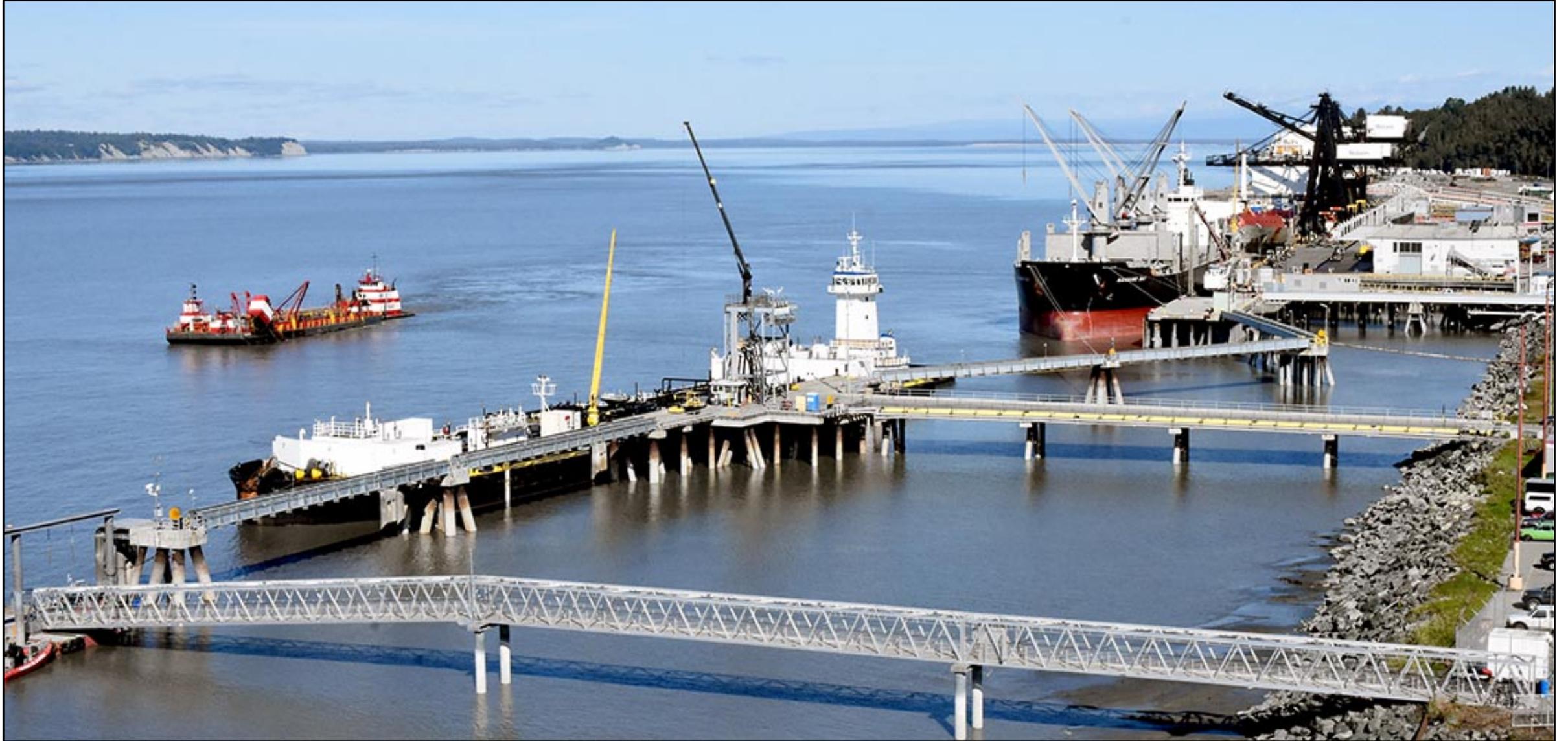


# Challenge going forward

Separate needs from wants . . . identify who benefits/pays for needs and discard rest



# Risk going forward





Thank you