

"It Just Didn't Work": Legacy of botched project haunts port's future

by Zachariah Hughes, Alaska Public Media

(<http://www.alaskapublic.org/author/zachariah-hughes/>)

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As aggressive corrosion rapidly degrades the Port of Anchorage, its funding future is in the hands of Juneau lawmakers. Funding for construction and rehabilitation of port infrastructure was the only financial request of the mayor's administration in Anchorage for this session. But the possibility of action on a major spending project, even one most see as critical and inevitable, is nearly impossible according to lawmakers on both sides.

Trying to follow major spending request in this lean fiscal climate resembles a scene from part one of *Harry Potter and the Deathly Hallows*, when Pius Thicknesse is interrogated by Lord Voldemort.

"One hears many things my lord," Thicknesse says as a snake slithers by his foot. "Whether the truth is among them is not clear."

"Spoken like a true politician," replies Lord Voldemort with a laugh.

Rumors have swirled for months about whether funding to upgrade essential pieces of the port would come out of this session. In January, Mayor Ethan Berkowitz requested that a general obligation bond for \$290 million go before voters on the November ballot.

"It would be like someone's mortgage," Berkowitz said during a recent interview in his office. "It's not all due at one fell swoop. There's a payment that you make over time."

In the GO bond scenario, residents across Alaska would be the ones to decide whether or not it's worth spending more money on a port that handles the lion's share of cargo, fuel, and construction material coming into the state.

But many residents might ask themselves, 'didn't we already do that?'

The answer is yes. But only sort of.

\$302 million state and federal dollars were spent on what was called the Port Expansion project, a botched effort to build more docks that could accommodate a dramatically larger volume of cargo (in its current configuration the Port of Anchorage operates at just 40 percent of its capacity). The project was halted by then-Mayor Dan Sullivan in 2010.

The current plan calls for modernization of the port, updating aging and degrading pieces of infrastructure. It will involve new construction, but at a comparable scale and size to the current configuration.

But Berkowitz believes the expansion's bad reputation still lingers.

"It just didn't work," Berkowitz said. "Nothing worked about it except spending people's money. And there's a consequence to that."

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-MAYOR ETHAN BERKOWITZ

The municipality is trying to recover a portion of that money through a lawsuit alleging faulty design and engineering work by subcontracted companies. But the administration, port officials, and CH2M, the private firm managing the current iteration of the project, insist that the difference between a port “expansion” and a port “modernization” goes way beyond semantics.

That argument, however, hasn’t gained any traction in the capital.

“Everybody understands how that’s a priority, but, at the same time: we don’t have any money,” said Fairbanks Republican Steve Thompson, co-chairs of the House’s Finance Committee.

Thompson hasn’t seen any movement on a house bill to bring up the port bond introduced by majority leader Rep. Charisse Millett, R-Anchorage. And he thinks that even if it went before his constituents on the ballot, they probably don’t have an appetite for it.

“I’ve got that feeling in this building from both the Senate and the House,” Thompson added. “They’re not wanting to bond anything and add to our state’s debt at this time.”

Thompson’s counterpart in Senate Finance, Anna MacKinnon, R-Eagle River, agrees.

“We have zero ability to bond and help the Port of Anchorage,” MacKinnon said. She compared it to running a household: “You don’t want to take on debt when you don’t know what your future income is going to be.”

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-REP. ANNA MACKINNON

MacKinnon plays a big role in putting out the capital budget, which could be another avenue for port funding. She doesn't believe it makes financial sense for the cash-strapped state to spend capital funds at a time when the Municipality of Anchorage still has close to \$127 million dollars on hand (some estimates put the full amount lower because of pre-obligated contracts monies spent since the start of the year). That money is from past allocations to the expansion project, and is earmarked for phase one of construction under the modernization design.

MacKinnon denies that party politics is playing a role, point out that she shot down a funding request from Berkowitz's conservative predecessor.

"I turned Mayor Sullivan down, and I've turned Mayor Berkowitz down, both for similar reasons: the state doesn't have extra money to contribute to a project that has sufficient funds to move through another year of development," MacKinnon said.

Even Democrats who support the port modernization say they can't get behind a funding request this session.

"I'm also battling cuts to seniors, cuts to people with disabilities, cuts to the University, cuts that are harming our ability to keep people in the state of Alaska," rattled off Rep. Les Gara, D-Anchorage, who's district covers the area's surrounding the port.

In the Senate, Democratic leadership said during a recent press conference that funding port improvements simply cannot be a priority for lawmakers this session.

"In terms of whether it's likely to move forward? I'm not optimistic about that right now," said Sen. Berta Gardner, D-Anchorage, in response to a reporter's question.

For his part, Berkowitz also doesn't expect funding to come through this year, however he thinks the session has brought things "closer to a long-term solution." He insists, however, that the port plays too valuable a role in the state's economy for hazards to be ignored.

"The Legislature right now is all consumed with what's going on in the Capital Building, and they're consumed with what's going on in the present," Berkowitz said. "Thinking about what the future's going to look like and how to get to a better future is not currently part of the conversation. You cannot ignore future responsibilities just to satisfy present responsibilities."

For the time being, the port is spending \$6 million to test its new design as part of a proof of concept for the modernization project. 10 steel pilings, each 200 feet long, will be driven deep into the Inlet mud. And that is why you might spot a 20-story tall crane—the largest on the West Coast—in the port during the days ahead.

APRN's Andrew Kitchenman contributed reporting to this story from Juneau.

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'Slow motion disaster' threatens state's key port

by Zachariah Hughes, Alaska Public Media

(<http://www.alaskapublic.org/author/zachariah-hughes/>)

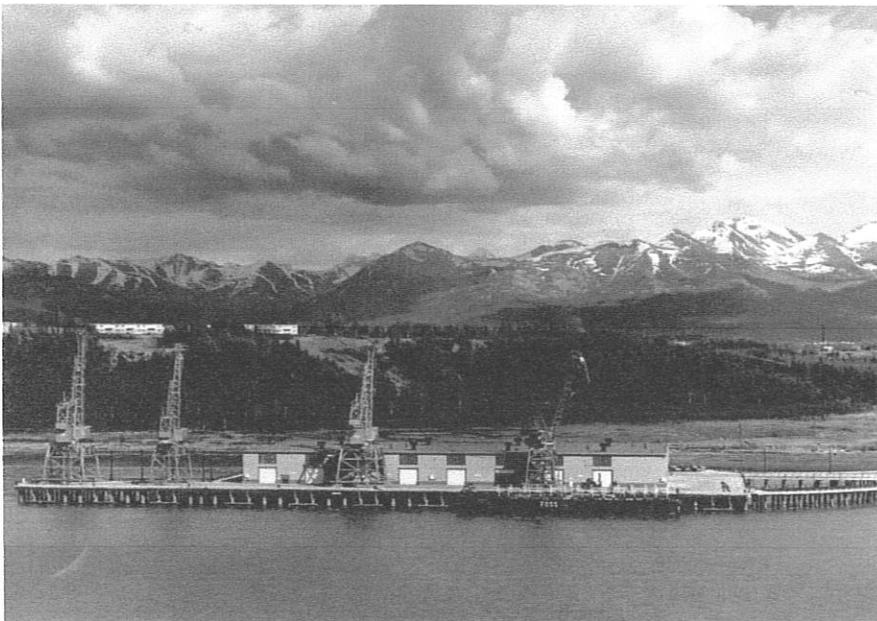
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The Port of Anchorage is literally coming apart, threatening to upend the state's essential supply chain in what officials have called "a slow motion disaster."

Every year, millions of taxpayer dollars are spent simply coping with the aggressive corrosion of the port's most basic infrastructure. But without hundreds of millions to pay for major rehabilitation work, the nexus point for most of the state's fuel, food, and building supplies (<http://www.alaskapublic.org/interactive/?p=650>) could be wiped out by a minor earthquake or long-term decay.



(<http://www.alaskapublic.org/interactive/wp-content/uploads/2016/04/portArchival.jpg>)

Terminal 1 of the port, completed in 1961.

Photo courtesy of Port of Anchorage

At the very bottom of low tide in Cook Inlet, a small group of representatives from a shipping company, the port, and the mayor's office climbed into a little v-hull boat equipped with two outboard motors. They came for an up-close look at the latest damage to the steel beams propping up the port.

Beneath the docks is a forest of thick brown steel tubes called pilings.

“This one, for whatever reason, is corroding as fast as the older ones even though it’s a new structure,” said Lon Elledge, pointing toward a cluster of tubes extending from the mud to cement berths up above.

Elledge is the program manager for CH2M in Alaska in charge of overseeing the port’s “Modernization Project.” CH2M’s contract on the project is valued at up to \$30 million over five years, with the possibility of extensions worth another \$12 million.

Elledge is giving an early-season tour of just how dire the situation is for the pilings, upon which basically the whole port rests.

“Can you put us up on that piling?” Elledge asked the boat’s captain, who eased the vessel next to a beam covered in a what looked like slimy orange mud. Then Elledge tells us to touch it.

“It’s a combination of the rust and the corrosion that’s going on,” he said flatly.

It was soft to the touch, and unsettlingly easy to scrape away with my finger nail. Mayor Ethan Berkowitz even puts a bit on his tongue.

“What’d it taste like?” I ask.



(<http://www.alaskapublic.org/interactive/wp-content/uploads/2016/04/tour1.jpg>)

Mayor Ethan Berkowitz, left, looks at pilings beneath the Port of Anchorage docks as Lon Elledge, right, explains the scale of corrosion.

Photo by Eric Keto, Alaska Public Media

“Metal. Salt,” Berkowitz replied. “Seaweed.”



Video by Eric Keto, Alaska Public Media

The sludge, as Berkowitz pointed out, is organic.

But this corrosive process is wearing down more than 1,400 metal pilings that facilitate an enormous share of the state's economy and commerce.

The main culprits are environmental and climatological factors that drag ice and sediment across the pilings like sandpaper each tide. The corrosion is worst at the mud-line, where the combination of organic chemistry and structural duress takes the greatest toll on the pilings as they enter the ground.

“I don’t have the technical term with me, but it’s almost like a film that gets on a pile,” Elledge said. “As it washes off, or the ice takes it off, it exposes fresh pile. And then it comes back.”

The pilings are invisible most of the time, hidden by tides and obscured by the docks overhead. For all the hundreds of millions of dollars spent so far on fancy project names like “port expansion” or “modernization,” state residents don’t get to see what the money buys. And mitigation measures are surprisingly expensive.



(http://www.alaskapublic.org/interactive/wp-content/uploads/2016/04/Termial-3-Phase-2-April_May-1976_Page_3.jpg)

Rust on the port pilings. | *Photo courtesy of Port of Anchorage*

Each year, the port spends \$3 million applying what are essentially bandaids: metal sleeves that are wrapped around the corroded base of exposed pilings the crews can access. Workers can install almost a hundred sleeves in a season. The devices have no structural benefit, and do nothing for seismological resilience that could help withstand an earthquake. They simply slow the

pace of corrosion. After 10 to 20 years the water eats through the sleeves, too.

Asked if this a normal problem that other American ports this age have to deal with, Elledge replied, “No, this is specific to here.”

“I’ve worked other ports and they have corrosion issues,” he went on, “but it’s pretty benign compared to this.”

In 10 years, when the sleeves start failing, the port expects they’ll have to begin taking on less weight as ships unload, slowing down operations for shipping companies and nudging up costs for consumers.

Currently, taxpayers in Anchorage spend \$5 million a year maintaining what the administration has called “marginally adequate” operations.



(<http://www.alaskapublic.org/interactive/wp-content/uploads/2016/04/rust2.jpg>)

Rust on the port pilings, left, and sleeves put on to slow the pace of corrosion. | Photos by Eric Keto, Alaska Public Media

There are already infrastructure problems clogging business operations for the companies that moved 1.7 million tons of cargo through the port in 2015.

One of them is Tote Maritime, which brings in two ships a week to unload everything from groceries to heavy equipment. As our little boat chugs toward Terminal 3, where Tote’s vessels dock, Vice Presidents Grace Greene pointed toward a large rectangular dredge scrapping mud off the sea-floor. It’s early in the year for dredging to start, but more silt is piling up due in part to the recent warm winters, which makes it harder for the company’s ships to dock.

“There have been several times over the past three winters where we’ve had to change our operation, either leave early or get creative with ballast on the ship to be able to stay at the dock,” Greene said.

Tote says that while their unloading procedures are likely to become more efficient if port infrastructure is modernized, they’re able to operate adequately the way things are right now. The bigger concern to Greene is what will happen if nothing is done in the near future. That, she believes, opens the door to much costlier problems if decay or a natural disaster grind the flow of goods to a halt.

“The port is basic infrastructure for our state, and if we can’t focus on making sure our basic infrastructure is good and sustainable then that’s gonna be a problem down the road for all of us.”

-GRACE GREENE, VICE PRESIDENT OF TOTE MARITIME

“The port is basic infrastructure for our state, and if we can’t focus on making sure our basic infrastructure is good and sustainable then that’s going to be a problem down the road for all of us,” she said.

Greene visited Juneau this session to lobby lawmakers to find a strategy to pay for the modernization project. The Berkowitz administration has requested that a \$290 million dollar bond go before voters on the statewide ballot in November.

That would pay for phase two of the project, replacing the terminals used by the two shipping companies, Tote and Matson. Phase one involves stabilizing earthwork to the north and replacing the terminal that handles petroleum products and cement, at a projected cost of \$127 million.

Under current designs for phase two, the new terminals would be built 150 feet further out in the water, at a deeper depth with a faster water column depositing less sediment. They would also be built differently: A wider diameter, with thicker steel, filled in with concrete and Rebar. That way, Elledge explained, the steel is “sacrificial,” but bolstered by a secondary support system designed to last the better part of a century.

“The question was asked, ‘what do we need to keep cargo moving across the docks at the port for the next 75 years?’” Elledge asked. “The answer is: phase one and phase two.”

If the solution is clear, then what’s holding up the money? Politics, which is the focus in part three of this series.



Comments:

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