MATANUSKA-SUSITNA BOROUGH **REGULAR MEETING**
PORT COMMISSION **July 18, 2016**

I. CALL TO ORDER

The regular meeting of the Matanuska-Susitna Borough Port Commission was held July 18, 2016 at the DSJ Building, Lower Level Conference Room, Palmer, Alaska. Commissioner Borell called the meeting to order at 3:00 p.m.

II. ROLL CALL

Port Commissioners present were:

Mr. Steven Borell, Chairman
Mr. Christopher Gates, Vice Chairman
Mr. Noel Woods
Ms. Helga Larson
Ms. Claudia Roberts
Mr. Mike Janecek
Mr. Robert Brown (by phone)

Port Commissioners absent or excused were: NA

Staff in attendance were:

Mr. John Moosey, Borough Manager
Mr. Marc Van Dongen, Port Director
Ms. Therese Dolan, Port Secretary

III. QUORUM DETERMINATION

Chairman Borell determined there was a quorum present.

IV. PLEDGE OF ALLEGIANCE

The pledge of allegiance of was led by Chairman Borell.

V. AUDIENCE INTRODUCTION

Mr. Hunter Christensen, Resources Energy Inc. (REI) introduced himself. Ms. Jean Woods introduced herself as a member of the general public. Mr. Adam Turner, Vitas Energy and Mr. Eugene Haberman of the general public also introduced themselves.

VI. APPROVAL OF AGENDA

The agenda was approved unanimously.

VII. APPROVAL OF MINUTES

May 16, 2016 Regular Meeting – The Chairman accepted a motion to approve the minutes. The minutes were approved without objection.

GUEST SPEAKER(S) Mary Ann Pease, Vice President and General Manager, REI, and Brian Murkowski, Government Relations and Regulatory Issues Manager, REI, gave an update on the Cook Inlet LNG Project. Highlights and discussion included:

Project Outline

- LNG Plant: 1 million tons/year (about 160 million cubic feet/day) utilizing Cook Inlet gas
- Location: Point MacKenzie at Cook Inlet

Alaska is close to Japan and Port MacKenzie is strategically situated for expansion of LNG from other regions in Alaska

Alaskan Advantages

- Support: Cooperation with the State of Alaska & Alaska/Japan LNG Opportunity Group
- Timeline: Target 2021 shipment to Japan
- Alaska has a 40+ year track record of delivering LNG to Asia/Japan without interruption
- Abundant Conventional Gas Reserves
- Proximity—7 shipping days and no Panama Canal Toll **(This is a huge cost savings.)**
- Not part of the lower 48 shale debate and cumbersome DOE review process
- All First Nation and Native land claim issues are resolved

Cook Inlet Geological Survey (2012)

- 13.7 TCF Technically Recoverable Conventional Gas Resource Should be looking at this prior to North Slope gas coming down. This project is viable based on Cook Inlet and even more so when additional supplies come from the north it will be even more viable for a longer term

Local Utility Load – 80Bcf/year

- REI load is approx. 55Bcf/year

Cook Inlet Gas Supply Local Providers – we will probably do an aggregated form bringing several of these producers together

- Hilcorp: The dominant producer, acquiring Chevron/Marathon assets
- CIRI (Cook Inlet Regional Corporation): now has the Shadura Field.
- Furie: Kitchen Lights field
- Blue Crest: Cosmopolitan field
- ConocoPhillips: NCIU/Tyonek
- Cook Inlet Energy: North Fork field is currently out of bankruptcy and is being run by an investment firm out of New York.

Design Optimization – we are looking at a modular layout for the plant.

Plant Overview –

Plant Capacity	1.00 MMTPA
Foot Print (Land)	722 ft x 460 ft (7.6 Acres) - Standard 590 ft. x 361 ft (4.9 Acres) – Optimized
Acid Gas Removal	Promoted MDEA
Liquefaction (Licensor/Processor)	APCI/Single MR

- Refrigerant Compressors 2 Gas Turbine Drivers
- Construction Method Modular Fabrication/Pre-assembled Units

Marine Transport - The Kyoto side is building the receiving terminal for the smaller class ships. The AKLNG ships would never fit in there. Our one million ton plant is the perfect niche market for what Kyoto is building.

Basic Plan

- Newly built 135,000 M3 class on long-term charter
- SPB containment tank type
- Draft (at full laden) less than 10.8 m (35.4')
- 18 round trips/year (7 shipping days one way)
- Target shipping cost to Japan: Less than $1.00/MMBtu

Under consideration:

Comprehensive tie-up with 1st class LNG shipping company who can offer a variety of shipping options

Greenfield Cook Inlet Plant

- Looking at a total cost of $800 Million to $1 Billion
- Financing – looking for both U.S. and Japan partners
- We always take into consideration Alaska In-State Needs
- The Export Off-Takers would be the Kyoto and Hyogo Prefectures as well as the Electric Power and City Gas Companies
- Deregulation of gas started in April 2016 and electric will be fully deregulated in January of 2017

Cook Inlet LNG Project is a Springboard to Alaska Opportunities

- Keeps the Japan market interest in Alaska until the larger project comes on line
- Meets the prior to 2021 timeline of the Kyoto and Hyogo Prefectures for the deregulation strategy

Target LNG Markets

- Japan as No. 1 LNG Importer with marketing opportunity in 2021/22
- Japanese LNG policy under competitive price situation
- Target new market under total deregulation of electric power and City Gas business from April 2016 onwards

LNG Supply & Demand Projections for Japan

- Global—260 Million Tons Japan—76 Million Tons
- Japan accounts for 30% of global LNG demand and is forecast to remain No. 1 importer towards 2030
- Future LNG Demand: Heavily dependent upon the re-start of nuclear power units. Presently only 2 out of 50 units are in operation with no definite prospect of operation re-start of other units due to very stringent safety tests and negative public sentiment
- The expiration of long term contracts are expected from 2021/22 onwards, providing a window of marketing opportunity

Project Milestones

- Cooperation Agreements with the State of Alaska are very significant
  - DNR (Department of Natural Resources)—December 2013
  - Governor Walker - December 23, 2014
  - Governor Walker - December 2015
- Business Case and Economic Model
  - Preliminary Study - Aug 2014, Revised Study - Sep 2015
- KBR Study and Cost estimate/Samsung modularization study
  - Site plan and layout and marine facilities (all with cost optimization as the focal point)
  - Revised cost estimate January 2016
- ARCADIS/CH2M Hill Advisors
  - Strong project management expertise
  - Owner's Engineer/construction expertise (CH2M Hill)
- Land Acquisition
  - Golder Associate's Geotechnical and Soil Suitability Study completed
  - Purchase/Lease Option Agreement in place (valid through December 2016)

DOE and FERC Preliminary Discussions
HDR Hired as Regulatory Consultant
PND Continues to Provide Marine Facilities Expertise
TeeKay Shipping Corporation Discussions
Project/Regulatory Schedule

- 3rd Qtr 2016 – (Realistically, probably closer to January 2017)
  - FEED
  - JV Partners Formation
  - Market & Financing Commitment
  - Gas Supply Term Sheets (including Farm-In option)
- 2017
  - DOE Application
  - FERC pre-File & Formal Application
- 2018
  - FERC Final EIS (or EA) Issuance
  - FERC/DOE Final Approvals for Export
- 2018-2020/21
  - EPC
- 2021
  - First LNG

During closing discussions Mr. Borell, reiterated that Port MacKenzie is the most valuable piece of property in the Borough and perhaps the entire interior of Alaska.

VIII. STAFF REPORTS

A. Borough Manager - Mr. John Moosey

1. Mr. Moosey requested that the Ferry Update be removed from all future agendas. The handling of the sale of the ferry was started by Marc Van Dongen, Port Director and completed by James Wilson, Internal Auditor. There was an enormous amount of complex paperwork to

complete the transaction and we couldn't have accomplished it without both of these gentlemen's assistance. We do still have the insurance issue to deal with and have hired a consultant to assist us with this.

B. Borough Auditor – Mr. James Wilson
   1. Ferry Update was covered by the Borough Manager.

C. Port Director - Mr. Marc Van Dongen
   1. Port Update (GANTT Charts):

- Barge Dock Repairs – The repairs are 99% complete. A concrete pad around the base of the high mast light has to be reinstalled and concrete grout poured under the trestle, at a cost of about $36K. The original cost estimate for the entire project was $2.5M, which was loaned to the Port by the Borough Land Management Department, but we have completed the project at a cost of $2,174,462 putting us $325,538 under budget. This money can be used to start paying back the loan however, first we need to see how the Cathodic Protection Repair Project goes. If we have to pay to put the replacement anodes back in we are going to need funds and this would be a potential source. We are still going through the process of testing the piles and "wye" samples that were sent to San Francisco. PND is observing those tests and representing us there in San Fransisco. We have retained an equal number of samples if we need to rebutt the findings.
- Cathodic Protection Repair Project (slide presentation) - We spent $46.5K for the initial three-day inspection of the cables, which included using a pump and hose to blow gravel off the cables and a physical inspection of the J-tubes. From this inspection, we were able to determine the problem was not with the bend or exit of the J-tubes. We then sent a letter to the designer asking them to pay to have the sleds removed and inspected but they declined stating they believed the problem was related to the barge dock failure. Global Diving gave us a cost estimate of $187K to pull the damaged sleds. We were able to fund this with the port budget and obtained assembly approval to re-appropriate those funds. Global Diving was able to pull the sleds in five days instead of the estimated 10 days at a savings of almost $65K. We still have to work out with the designer of the sleds and their insurance company who is going to pay for all of this. We have sent a second letter to the designer stating that we want them to not only identify the problem but pay to rectify it, build new anodes, pay for the reinstallation as well as the cost of pulling them in the first place. If they refuse, the matter will go to our attorneys and they will decide if we should pursue legal action. Once the sleds were pulled, it was clear this is either a design problem or defective materials. The platinized niobium rods had burned through and blown out.

- During a recent bathometric survey, we noticed what appeared to be a bulge in the dock wall. Since we had Global Diving on site, I had the divers investigate it further. As it turned out, there were two steel sheets imbedded in the seabed floor just in front of the dock wall. They must have fallen off a barge or ship at some point and no one said anything. Global was able to cut a hole in each of them and then attach a cable and hoist them to the surface.
- High Mast Lights - The high mast light is now back up and functioning. This is the first time in probably five years that all eight lights are up and working.
- Lu Young Lane - The project to widen Lu Young Lane is completed and it is now 34 feet wide. We also took fill from the cut in the hill to fill in the pond that we had a permit for. It still needs to be improved by another 3 ½ feet. We cut more from the ridge where the second rail loop will go. All of this was accomplished with the funds for widening the road. Three projects for the price of one.
- Don Young Road - The bid went out and was awarded to K & H Construction. I expect next month we will have a two-inch lift of asphalt added to the existing three for a total of five. There are some funds left over so we are talking to DOT to perhaps put in a public overlook or add another lift of asphalt on the half-mile from AMC to the intersection.

IX. ITEMS OF BUSINESS

A. Unfinished Business

1. Port Open House/Alaska Municipal League Conference
   - In an effort to market the Port, there had been interest in holding some type of open house. The Wasilla Mayor and the Borough Manager will be hosting a barbeque, at 6 pm, Thursday, August 18th, at Port MacKenzie as part of the Alaska Municipal League Conference. They have invited the Port Commissioners to attend which provides an excellent opportunity to promote the port. All port commissioners are invited and public notice will be made.
2. Rail Freight Marketing Analysis
   - The contract has been awarded but there must be a signed contract before I can announce which contractor it was awarded to. There was some discussion regarding the administration convening a team to provide input to the contractor. It was stated that the initial meeting between the borough and the contractor would be the best opportunity to provide guidance and parameters as well as tell them what areas to focus on along with history of where we may have failed in the past. Additionally, the preliminary report will be reviewed and feedback/input provided. Keep in mind, we are trying to gather information, not tell them how to write the report. We are asking for expertise on things we do not know.
3. Mayor Cottle's Request for a Fun Run – awaiting a response from his

office. This event will likely be deferred until summer 2017.

B. New Business:
   1. Port Priority Projects for the Borough Capital Improvement Project (CIP)
      - Mr. Van Dongen explained that this is an annual list that is put together to identify and prioritize future Port projects. The only significant changes are the cathodic protection system has been installed so only the pile sleeve portion of that project remains. Also, now that Lu Young Lane has been widened, the next step is to get it paved, so that has been updated as well. We complete projects when we have money for them regardless of where they are on the list. Please review and send any changes or additions you want to recommend. At next month's meeting, we will have a resolution prepared to approve the CIP list of Port Projects.
      - At this point, a motion was made to extend the meeting by 15 minutes and passed without objection.

X. COMMITEE REPORTS None.

XI. AUDIENCE PARTICIPATION *(three minutes per person)*

A. Mr. Haberman again complimented the Port Director on his thorough and extensive report on the Cathodic Protection System Repairs but recommended in the future that he also provide a written report as it would be helpful in reaching more people. He pointed out, while the guest speakers were very good, you would not have known from the agenda what they were going to be talking about. He was not happy that members considered signing a signature page for a letter they had not seen. He also voiced displeasure at some of the guest speakers comments.

XII. COMMISSIONERS' COMMENTS

A. Mr. Gates expressed his desire to take a look at what went wrong with the ferry. He feels millions of dollars were spent inappropriately and believes that as a body the port commission did not advise the assembly well.
B. Mr. Woods shared his thoughts on the history of the ferry and how we found ourselves in this position.
C. Mr. Borell followed Mr. Wood's comments with some thoughts and questions on the issue. He said that while it seems like it makes sense to have a borough recap it might come across as sour grapes if done by the Borough Manager.
D. Mr. Mayfield said, while there aren't many here today who were involved in those decisions, what we need to take forward from this is, there were mistakes that cost the tax payers money. We need to institutionalize that knowledge so they aren't made again. He didn't see any usefulness in playing a blame game.
E. Ms. Larson shared that as a young state you don't always have qualified people serving in positions and mistakes are made. She used the state's mishandling of the first $900M in oil money as an example. We need to learn

from what happened but don't need to name any names. We need the public to be positive about this.

F. Ms. Roberts expressed that it had been a very informative meeting.

G. Mr. Janecek stated that the port commission was often left in the dark on ferry decisions and the project went awry in part because of the lack of support and unwillingness to cooperate from the Anchorage municipality. Unlike the ferry project, he likes what he sees in terms of communication between decision makers and the port commission on the LNG project. Mr. Janeck also asked about the possible sale of NPI's lease to REI. Mr. Van Dongen indicated that it is a possibility and went on to explain some of the advantages and options for the LNG project and port if the sale of the lease was to happen.

H. Mr. Brown had no comments.

XIII. AJOURNMENT

The Chairman adjourned the meeting at 5:12 p.m.

_____
Steven Borell, Chairman

Submitted:

_____
Therese Dolan, Administrative Secretary
Minutes approved:

Advantages of the New Proposed REI Port MacKenzie LNG Site

August 3, 2016

1. Directly above docks
2. Expansion capabilities (48 acres, 102 acres, 202 acres)
3. Reasonable lease buy-out
4. Can potentially negotiate a lower amount with Dale Rich
5. Wharfage Credit of $1.2M
6. Use existing Deep-Draft Dock
   - No environmental study required
   - No permitting necessary to construct dock
   - No construction time or expense (other than the pipeline)
   - Dock expansion possibilities immediately north and south
   - No dredging required at narrowest part of Knik Arm
7. Active Impress Cathodic Protection System already installed
8. Permits approved for tug boat base and heavy lift landing
9. Class A office space available in the Terminal Building
10. Utilities on site
    - Three phase electric
    - telephone/FAX/high-speed internet
11. Gravel pit on NW corner of intersection – FREE
12. Road improved to 34' width
13. Pad leveled
14. Five acres of pavement
15. Metal building 80'x280' (22,400 sq') with concrete pad, heated, office, restroom, water (well)
16. Security gate, intercom, video surveillance
17. Power plant can be located along paved Point MacKenzie Road immediately adjacent to the Chugach high mast lines where excess power could easily be entered into the grid and extended to the LNG site.
18. Located immediately adjacent to the SE side of the rail loop.

Advantages for terminating a natural gas pipeline and locating a LNG plant at Port MacKenzie:

August 8, 2016

1. Shorter Gas Line by approximately 93 miles. At $12.25 million/mile, this would save **$1.14B.**
2. No requirement to obtain permits, construct, and maintain an expensive pipeline across Cook Inlet.
3. The Matanuska Susitna Borough is constructing a **$309 million rail line** from Houston to Port MacKenzie (32 miles) which will allow for rail transport directly from Whittier or Seward to a LNG Facility at Port MacKenzie (at $8.5 million/mile, a 120 mile rail line from Moose Pass to Nikiski would cost over **$1 billion**).
4. Savings of approximately **$120 million** by importing pipe through Port MacKanzie, fabricating the pipe into longer lengths (from 40' to 80'), placing final protective coating on the pipe, and railing the pipe to the interior.
5. 9,033 acres (14 sq. mi.) in the Port District, zoned commercial and industrial only, with plans to expand further.
6. Potential to expand LNG site from 48 to 102 to 202 acres or more.
7. The Matanuska-Susitna Borough will donate **gravel** for site improvements within the Port District **AT NO CHARGE.**
8. Proximity to Anchorage (only 2.5 miles across Upper Cook Inlet to Ship Creek).
9. Proximity to Ted Stevens International Airport (approximately 10 miles).
10. Sixty feet (60') of water depth at low tide at our current 1,200' long deep-draft dock with no dredging required.
11. The Matanuska-Susitna Borough will provide favorable lease, wharfage, and dockage rates.
12. The Matanuska-Susitna Borough will provide a completed **design for a 12" natural gas line**, from Ayrshire Blvd. to Port MacKenzie (15 miles), **AT NO CHARGE ($270,000)** plus we have reserved the pipeline right-of-way.
13. Port MacKenzie currently has a 500' long sheet pile barge dock, at -20' MLLW, which would allow for concurrent export of iso-containers of LNG or propane to Alaskan Communities on the ocean or river systems.
14. Security is greatly simplified at Port MacKenzie with one road to the docks with two security gates and two guard buildings.
15. Sparsely populated area at Port MacKenzie for more secure exclusion zones.
16. Much higher chance of surviving a tsunami at Port MacKenzie due to the shape of Upper Cook Inlet and the water depths.
17. The docks at Port MacKenzie are illuminated with high mast lights for 24/7 operations.
18. The prevailing winds at Port MacKenzie are from the NE (away from Anchorage).
19. Class A office Space (7,000 sq ft) is immediately available for lease at Port MacKenzie.
20. Three-phase electric; telephone, FAX, and high speed internet are available at Port MacKenzie.
21. The Point MacKenzie Road has been paved all the way to the docks (5" thickness last 1.25 mi.).

Marc Van Dongen

Port Director

Port MacKenzie Projects

As of August 2016

	PROJECT	CORPS PERMIT ISSUED	COST	FUNDS RECEIVED	FUNDING SOURCES	CONTRACTOR	CY 2014 1Q–4Q / CY 2015 1Q–4Q / CY 2016 1Q–4Q / CY 2017 1Q–4Q
1	**Main Rail Line Construction**						
a	Main Rail Line Engineer/Design/ROW Purchase/Project Management	NA	$30,000,000	$30,000,000	State	Pruhs Construction	May 2013 – Sep 2016
b	Rail Line Segment 1 (4.9 miles) COMPLETED 2014	√	$17,500,000	$17,500,000	State	Bristol Construction	Completed
c	Rail Line Segment 3 (6.5 miles) COMPLETED 2014	√	$14,300,000	$14,300,000	State	QAP	Completed
d	Rail Line Segment 4 (7.4 miles) COMPLETED 2014	√	$14,995,000	$14,995,000	State	Bristol Construction	Completed
e	Rail Line Segment 6 (1.8)miles) COMPLETED 2015	√	$10,600,000	$10,600,000	State	Granite Construction	Completed
f	Rail Line Segment 5 (3.5 miles)	√	$7,000,000	$7,100,000		QAP	Sep 2016
g	Rail Line Segment 2	√	$60,000,000	partially funded			20?? WHENEVER FUNDING COMES AVAILABLE
h	Rail Line Segment 7	√		Unfunded			
i	Rail Line Segment 8	√		Unfunded			
	Main Rail Line Construction	√	TOTAL $325,000,000	TOTAL $184,000,000.	State		2013 – Includes Rail Line Segments 1-8
2	Deep-Draft Dock Expansion Permit		$20,000	$20,000	Port Enterprise	NA	Pending Application
3	Point MacKenzie Shoal Study	NA	$1,750,000	$1,750,000	$1 M - State $750K - Corps	Corps of Engineers	Jun 2012 – 5 Year Study – Dec 2016
4	Don Young Road Pave 2" Second Layer and Raise Guardrail	NA	$750,000		AKDOT & PF		Jul 2016 Aug
5	Cathodic Protection System Repair	NA			State/Port Enterprise	Global Diving & Norton Corrosion	Jun -Sep
a	Phase I - Initial Inspection COMPLETED June 2016	NA	$46,593	$46,593	$20,455 - State $26,138 - Port	Global Diving & Norton Corrosion	Jun Completed
b	Phase II - Removal of Anode Sleds COMPLETED June 2016	NA	$122,416	$187,000	Port Enterprise	Global Diving & Norton Corrosion	Jun Completed
c	Phase III - Reinstallation of Cathodic Protection System	NA					Jul Phase III Sep
6	Don Young - Paving 2nd Layer	NA	$419,951	$419,951	State	K&H Construction	Aug Aug
7	Deep-Draft Dock Pile Sleeves	NA	$5,000,000	Unfunded	State		20?? WHENEVER FUNDING COMES AVAILABLE
8	Add 2 Piles and Dolphin to Deep-Draft Dock	√	$1,800,000	Private	Usibelli		
9	Deep-Draft Dock Expansion Design	NA	$2,250,000	Unfunded	Fed/State/Private		
10	Deep-Draft Dock Expansion Construction	√	$80,000,000	Unfunded	Fed/State/Private		

Completed Port MacKenzie Projects

As of August 2016

	PROJECT	COST	FUNDING SOURCE	CONTRACTOR	CY 1999-	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
1	Initial Access Road & Barge Dock	$7,200,000	State	Alaska Interstate Construction, LLC		1999-2003																				
2	Electric Utility	$1,800,000	State	TAB Electric, LLC		2002																				
3	Telephone/FAX/Internet	$750,000	State	MTA			2003																			
4	Deep-Draft Dock	$14,700,000	$10M State, $3M NPL, $1.7 Land Mgmt Fund	MKB Constructors				2004-2005																		
5	Hill Reduction at Lu Young Lane	$ 1,540,000	State	Quality Asphalt, Inc (QAP)									2009													
6	Barge Dock Expansion Design	$ 50,000	Port Enterprise	PND Engineers, Inc									2009													
7	Barge Dock Expansion, Phase I	$ 2,512,000	EDA/MSB	Scarsella Brothers, Inc										2010												
8	High Mast Light Repair	$ 94,291	Port Enterprise	Dimond Electric, Inc											2011											
9	Dock Inspections	$ 45,000	Port Enterprise	PND Engineers, Inc											2011											
10	As Built Lu Young lane	$ 22,000	Port Enterprise	USKH, Inc											2011											
11	Barge Dock 3' Cap, Phase II	$ 402,000	EDA/MSB	Swalling Construction											2011											
12	Port Bi-Modal Bulk Facility Phase I	$ 11,500,000	State	Bristol Construction											2011											
13	Port Bi-Modal Bulk Facility Phase II	$ 4,000,000	State	QAP											2011											
14	Main Rail Line EIS	$ 10,000,000	State	Final EIS rec'd 3/11, ROD Rec'd 11/11											2011											
15	Hill Reduction at Don Young Road	$ 6,300,000	$3,9M FHWA & $2,4M AK DOT	Kinnerson Construct.												2012										
16	Barge Dock Riprap	$ 200,000	MSB	WestPac												2012										
17	E Lake Lorraine Gravel Pit Develpmt.	$ 29,670	Port Enterprise	Bristol Construction													2013									
18	Organic Material Storage Pad and Driveway	$ 27,100	Port Enterprise	Valley General Gravel													2013									
19	Barge Dock Lights, Utilities, Guard Shack, Gate and Cameras	$ 836,000	EDA/State														2013									
20	Pave Last 2 Miles to Dock	$ 800,000	FHWA/State	Pruhs Construction														2014								
21	Lake Lorraine Acess Upgrade	$ 78,000	State	Pruhs Construction														2014								
22	Barge Dock Gravel Cap	$ 28,000	State	Pruhs Construction														2014								
23	Port Bi-Modal Bulk Facility Phase III and Segment 1 (4.9 miles)	$ 17,500,000	State	Bristol Construction														2014								
24	Rail Line Segment 3 (6.5 miles)	$ 14,300,000	State	QAP														2014								
25	Test Wells West of Lake Lorraine	$ 25,000	MSB	Hattenberg Dilly & Linnell, LLC														2014								
26	Rail Line Segment 4 (7.4 miles)	$ 14,995,000	State	Bristol Construction														2014								
27	Rail Line Segment 6 (1.8 miles)	$ 10,600,000	State	Granite Construction															2015							
28	Electrical Impress System	$ 2,500,000	State	Global Diving, Inc															2015							
29	Dock Repairs	$ 40,000	Port Enterprise	Global Diving, Inc															2015							
30	Port MacKenzie Master Plan	$ 25,000	$ 25,000	Mill Creek Engineers																2016						
31	Barge Dock Repairs	$ 2,500,000	Land Mgt Perm. Fund & Port	Orion Marine Constr																2016						
33	Lu Young Lane	$ 905,000	State	Bristol Construction																2016						
34	High Mast Light Repair	$ 45,000	State/Port	NPC Energy Services																2016						
33	M/V Susitna	$ 3,100,000	Land Magt Perm. Fund	Associated Maritime Providers & Foss																2016						

Port MacKenzie

Priority Projects

1. **Deep-Draft Dock Pile Sleeve Protection $5M (CIP ID #82)**
2. **Port MacKenzie Erosion Control $10M (CIP ID #250)**
3. **Natural Gas Line to Port $20M (CIP ID # 241)**
4. **Lu Young Lane Paving $1M (CIP ID #4)**
5. **Port MacKenzie Material Handling Corridor $40M (CIP ID #223)**
6. **Port MacKenzie Deep-Draft Dock Expansion $85M (CIP ID #7)**
7. **MacKenzie South Access Road $4.5M (CIP ID #6)**
8. **Port MacKenzie Emergency Management Center $30M (CIP ID #249)**
9. **Port MacKenzie Heavy Industrial Fire Suppression Study $150K (CIP ID #251)**
10. **Illumination of Port MacKenzie Road System $100K (CIP ID #5)**
11. **Lake Lorraine Loop Road $4.6M (CIP ID #1**
12. **Port MacKenzie Frontage Roads $9M (CIP ID #2)**

Project Descriptions

1. Deep-Draft Dock Pile Sleeve Protection

(CIP ID #82)

Nominator: MSB Port Director

This project will install 50 pipe pile sleeves and 14 fender pile sleeves to protect the piles from completely losing the hot dipped galvanized coating. This will slow the deterioration of the piles due to scour from silt and ice impact as well as material loss due to corrosion. The initial zinc coatings on the deep-draft dock support and fender piles are mostly worn off as documented by PND engineers. Each pile sleeve repair will consist of two high density polyethylene half-sleeves, 30 feet in length, fastened with three sleeve clamps.

Funding Needed: $5 Million

2. Port MacKenzie Erosion Control

(CIP ID #226)

Nominator: MSB Port Director

The project consists of erosion control, slope stabilization, and storm water management to reduce the erosion occurring on the bluff above the barge dock, from the base of the hill leading to the barge dock to the SW corner of the original barge dock. The erosion to be addressed by this project is

predominately near the top of the bluff above the southern portion of the original barge dock and benching along the remainder with seeding and rip rap ditches.

Funding Needed: $10 Million

3. Natural Gas Line to Port

(CIP ID #241)

Nominator: MSB Administration

This project envisions a public facility asset for natural gas distribution to consumers/residents, for export, and to support industries that produce value added products, generating electricity, an energy source for other energy intensive industries. Local residents will also benefit, and the Port District is a prime location for this type of facility. Land for development is available for this enterprise, as well as other industries which will benefit from its close proximity. (ENSTAR or a private company could fund and construct)

Funding Needed: $20 Million

4. Lu Young Lane Paving

(CIP ID #4)

Nominator: MSB Planning

Lu Young Lane has been widened and prepared for paving with a surface layer of D1 (crushed gravel). The project will benefit the Port further increasing the efficiency of the Port operations and safety in the Port District. This road will experience heavy vehicle traffic in the future with two way traffic involving tractors with w/trailers hauling cement, coal, sand and gravel, logs, wood chips and fuel.

Funding Needed: $1 Million

5. Port MacKenzie Material Handling Corridor

(CIP ID #223)

Nominator: MSB Planning

A bulk material transportation connection is required between the area of the Port MacKenzie Rail Loop and the barge and deep-draft docks. Infrastructure will include rail car un-loaders at two locations on the rail loop, conveyors to stockpiles, storage facilities, re-claimers and a conveyor from the rail loop to deep-draft dock. Additional dolphins would also be added to the deep-draft dock to support the additional weight of an articulated sling loader. Total cost of $40 million is estimated based on two large volume commodities being exported via the rail and docks. The MSB and interior Alaska will benefit from an efficient transportation system between the rail loop and the docks. An anticipated 20 jobs will be created in the Port District and an additional 400 jobs will be created in the MSB and Interior Alaska by the associated natural resource processing and transportation activities.

Funding Needed: $40 Million

6. Port MacKenzie Deep-Draft Dock Expansion

(CIP ID #7)

Nominator: MSB Port Director

A deep-draft dock expansion will allow two Panamax size vessels to dock at Port MacKenzie concurrently, enabling the Port to import and export. The addition of a second conveyor will increase the capability of simultaneously exporting two commodities such as coal, limestone, woodchips, sand, gravel, logs and fuel. A new dock will also allow for a circular trucking pattern for the efficient and safe off-loading of roll-on, roll-off (RORO) cargo. The current dock should be fully utilized from April through December within five years after the rail extension is completed. The ability to berth two ships at once

will allow the Borough to double its exports from 3 million tons to 6 million tons per year. This will create hundreds of jobs in the interior at mines, for the railroad, and at the Port itself. The Port Master Plan calls for this additional dock. The estimated time frame for this project is eight to ten years.

Funding Needed: $85 Million

7. South Acess Road

(CIP ID #6)

Nominator: MSB Planning

This road project includes a reconnaissance study, design, ROW acquisition, and construction of a southern access route to the southern Port District boundary to provide access. The project will benefit property owners south of the Port District by giving them road access to and from their properties. The Port Master Plan and Long Range Transportation Plan support the project which is estimated to take two years to complete

Funding Needed: $4.5 Million

8. Port MacKenzie Emergency Management Center

(CIP ID #249)

Nominator: MSB Emergency Services Directors

The project consists of constructing an industrial emergency management center near MP 18 on Point MacKenzie Road to provide services for the commercial and industrial businesses desiring to locate in the Port. Workers including seamen, longshoremen, and railroad workers will also benefit.

Funding Needed: $30 Million

9. Port MacKenzie Heavy Industrial Fire Suppression Study

(CIP ID #251)

Nominator: MSB Emergency Services

The project consists of evaluating the fire protection and suppression needs anticipated for the Port MacKenzie District; a light commercial/industrial district that may contain petrochemical plant(s) and storage facilities that may be located within the Port MacKenzie District. The evaluation will be broad enough to address the fire protection and suppression needs for all petrochemical related activities anticipated within the port district and the infrastructure required to support the fire protection services. This evaluation will determine the required level of fire protection and the costs of the fire protection services (and related infrastructure), and determine the benefits of the fire protection services over time; a cost-benefit analysis will be developed to determine the economic feasibility of the Borough providing the services, as opposed to each commercial enterprise operating their own respective fire protection within the Port MacKenzie District; or, a combination of both. The evaluation will advise the Borough of light commercial/industrial with petrochemical plant(s) and storage facilities industry standards, and best practices for fire protection services, and will advise on infrastructure requirements such as water supply systems, road infrastructure, utilities, etc. The study can be completed in one year.

Funding Needed: $150,000

10. Illumination of Port MacKenzie Road System

(CIP ID #5)

Nominator: MSB Planning

Downward facing, LED street lights are needed at road and driveway intersections in the Port District to improve safety. The project will benefit vehicles accessing Port MacKenzie by improving transportation safety. Once funding is received, the project can be completed in one year.

Funding Needed: $100,000

11. Lake Lorraine Loop Road

(CIP ID #1)

Nominator: MSB Planning

The project consists of design, ROW dedication, and construction of a 2.3 mile road around Lake Lorraine to access future lease lots in the Port Commercial District. Availability of additional lease land in the Port Commercial District will benefit all residents of the Matanuska-Susitna Borough. Future lease lot development will support the creation of new jobs. This project is included in the Port Master Plan and Long Range Transportation Plan. Once funding is received, it will take two years to complete the project.

Funding Needed: $4.6 Million

12. Port MacKenzie Frontage Roads

(CIP ID #2)

Nominator: MSB Planning

Frontage roads are needed on both sides of Point MacKenzie Road, the primary transportation route in Port MacKenzie. Frontage roads will allow Port traffic to access lease lots, reduce congestion, and allow unimpeded access for Port traffic. The project will benefit the Port by increasing the efficiency of the Port Operations and safety in the Port District. This project is included in the Port Master Plan and Long Range Transportation Plan. Once funding is received, it will take three years to complete the project: one year for design, and two years for construction.

Funding Needed: $9 Million

MATANUSKA-SUSITNA BOROUGH
PORT COMMISSION RESOLUTION SERIAL NO. 16-01

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PORT COMMISSION RECOMMENDING PRIORITY PORT MACKENZIE PROJECTS TO BE INCLUDED IN THE MATANUSKA-SUSITNA BOROUGH CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2017 - 2022

WHEREAS, the Port Commission reviewed the Port MacKenzie projects nominated for inclusion in the FY 2017 - 2022 Capital Improvement Program; and

WHEREAS, the Port Commission recognizes the importance of long range planning for development; and

WHEREAS, the Port projects address a well documented need and are supported by the Borough's Port MacKenzie Master Plan; and

WHEREAS, improved Port facilities and improvements will support diversified economic development which will benefit the entire Matanuska-Susitna Borough; and

WHEREAS, staff reviewed the projects against the evaluation criteria established for all nominations to the Capital Improvement Program to create a prioritized list; and

WHEREAS, the Port Commission reviewed the prioritized list of nominations for inclusion in the Capital Improvement Program.

NOW, THEREFORE, BE IT RESOLVED that the Matanuska-Susitna Borough Port Commission respectfully recommends the following projects be included as the prioritized Port projects in the FY 2017-2022 Capital Improvement Program:

1. Deep-Draft Dock Pile Sleeve Protection
2. Port MacKenzie Erosion Control
3. Natural Gas Line to Port
4. Lu Young Lane Paving
5. Port MacKenzie Material Handling Corridor
6. Port MacKenzie Deep-Draft Dock Expansion
7. MacKenzie South Access Road
8. Port MacKenzie Emergency Management Center
9. Port MacKenzie Heavy Industrial Fire Suppression Study
10. Illumination of Port MacKenzie Road System
11. Lake Lorraine Loop Road
12. Port MacKenzie Frontage Roads

ADOPTED by the Matanuska-Susitna Borough Port Commission on this 15th day of August, 2016.

STEVEN BORELL, CHAIRMAN

ATTEST:

THERESE DOLAN, SECRETARY