

Port of Anchorage Expansion Project

Fact Sheet

Background: The [Port of Anchorage](#) plays a vital role in statewide commerce, supplying roughly 75% of the bulk goods for Alaska communities. Prior to 2001, the Port had developed an expansion plan that would reasonably and responsibly accommodate Alaska's future shipping needs. Then in 2001, Governor Bill Sheffield became Port Director. Soon after, the former expansion plan was scrapped and replaced with a mega-project, far exceeding any actual or anticipated needs of the Port. Between 2002 and today, the costs for this expansion have ballooned from \$146 million to an estimated \$700 million; actual costs will almost certainly exceed \$1 billion.

Talking Points:

- **There is no demonstrated need for an expansion this large and costly.** The review process for the proposed expansion has been cursory at best, and nowhere has the Port shown the firm commitments – such as signed leases, throughput guarantees or dock usage guarantees – that Port use will increase to meet the needs of the proposed expansion. Other port expansion projects across the nation show concrete need, and the Port of Anchorage should too. In fact, the Port's [own data](#) shows declining tonnage after a peak in 2005.
- **Port of Anchorage revenues cannot sustain the costs to build the proposed expansion.** The proposed expansion would be the largest capital project in Anchorage history, and while costs are now estimated at \$700 million, they could easily top \$1 billion when debt servicing and rising construction costs come into play. The Port hopes that roughly half the funds will come from federal earmarks – which are increasingly controversial and uncertain - and it is keeping its fingers crossed on another \$100 million in state earmarks. Even if these funds are realized, the mega-project remains far short of what's needed. If the Anchorage Assembly passes AR 2008-61, according to [their own budget figures](#) (page 9), the Port will incur losses totaling more than \$10 million over the next 5 years. This would be only the first installment of many - and places a port that currently operates with positive net revenues dangerously in the red.
- **The proposed expansion has failed to receive a meaningful review.** The federal Maritime Administration (which has never before overseen a port expansion project), found the POA project will have “no significant impact,” despite the fact it will fill in 135 acres of salmon habitat in the Ship Creek estuary. All three major federal agencies – the EPA, the National Marine Fisheries Service and the US Fish & Wildlife Service – all strenuously objected to the proposed design. Reasonable alternatives such as a pile-supported or a partially pile-supported structure – designs that engineers say will be more stable in an earthquake and federal agencies say will cause less harm to salmon - were given only a cursory review. The streamlined permitting process, which handed the POA a permit in record time, has failed to adequately review the relative costs, benefits and impacts of the proposed project. In fact, the rationale for Port expansion rests on a [faulty data](#).

- **The proposed Port expansion has all the markings of other Alaskan failed government-subsidized mega-projects.** In 2003, Economist Ginny Fay reviewed Alaska’s failed government-subsidized mega-projects, including the Delta Barley Project, the Susitna Hydro Project, the Healy “Clean Coal” Plant, and the Alaska Seafood International Plant. In assessing why these ventures failed, Fay found marked similarities between the various projects:
 - Disregard for economic feasibility and the belief that an infrastructure project is “economic development;”
 - A belief that if subsidized enough, a project will become viable;
 - The projects reflected the “vision” of a small number of “visionaries;” rather than relying on markets to determine economic feasibility;
 - The perception that a current windfall would last forever (such as high oil prices in the late 70s and early 80s and the current flow of federal dollars into Alaska by the Alaska delegation); and
 - Significant influence by parties with vested interests in a project in its planning and development, thus the lack of an arm’s length economic viability test.

The Port of Anchorage suffers from these very same maladies, yet our politicians are not asking the pertinent questions before diving headlong into this mega-project.

- **Green technology and air quality protection have been ignored.** Even though the Port expansion claims to be gearing up for business for “decades to come,” it does nothing to reduce emissions or protect air quality. Electrification of port property and other considerations would significantly reduce harmful emissions by ships, trucks, equipment, and storage yards, yet they are conspicuously absent in the plan. Studies in coastal states have revealed increased cancer risk, premature death, and asthma attacks in port communities. When these concerns are not fully addressed in ports in the lower 48, port expansions projects are shut down by community councils. Yet here in Anchorage, no questions regarding toxic air emissions or human health impacts have been asked. Anchorage residents need to ask these questions of our Assembly.
- **There’s been no effort to coordinate port and transportation planning.** The Mat Su Borough is now seeking to [expand Port MacKenzie](#) – including a new railroad spur - to compete with the Port of Anchorage, and the proposed Knik Arm Bridge will invariably impact both port projects. Yet there has been no effort to integrate the transportation planning and financing for these three large projects.

Links to Recent News Articles:

[Does Alaska need a \\$700 million port?](#), Anchorage Daily News (Mar. 23, 2008)
[Engineers urged to revoke permit for port project.](#), Anchorage Daily News (Apr. 3, 2008)
[Anchorage port hauls in hefty earmarks](#), Associated Press (Jan. 27, 2008)

For more information:

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