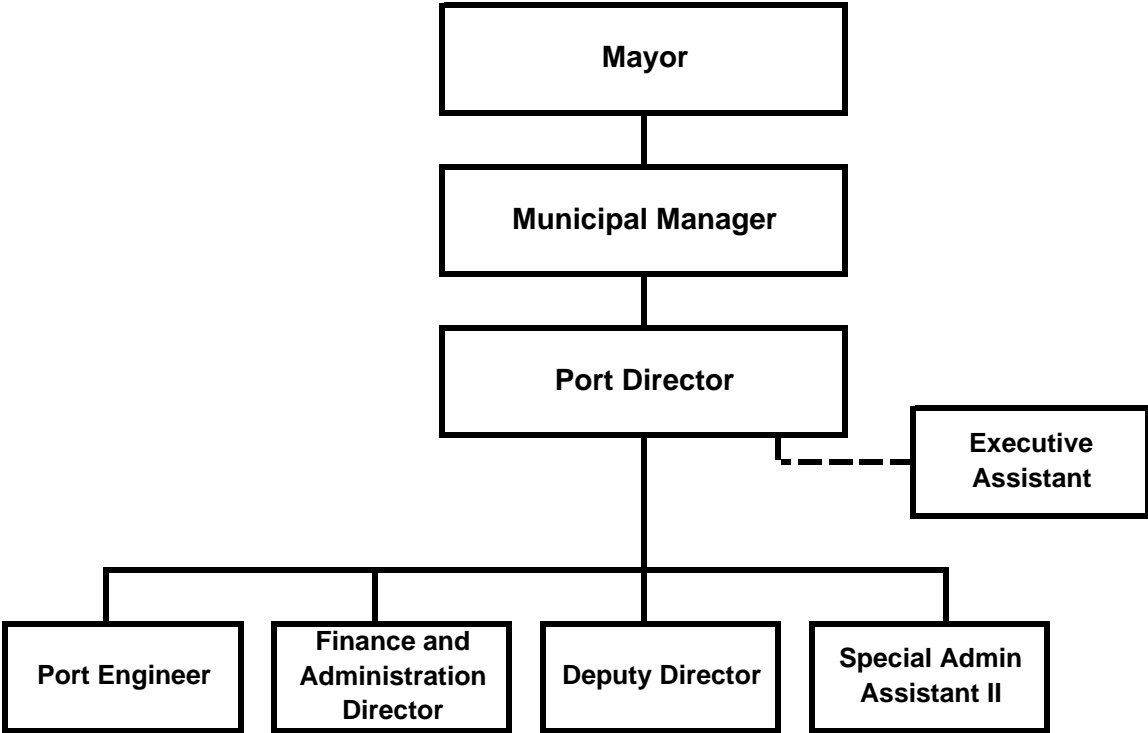


Port of Anchorage



Port of Anchorage Organizational Overview

The Port of Anchorage is organized into the following functional areas: Finance & Administration; Operations, Maintenance & Security; Engineering; and External Affairs. The heads of each functional area report directly to the Port Director.

Finance & Administration

Under the direction of the Finance & Administration Director, the responsibility of this section entails day-to-day business functions and support to the Port Director and other Port staff. Functions carried out by the staff of this section include: telephone switchboard/receptionist duties; accounts payable and receivable; financial management; and analysis of reports and budgets to Port staff, Commission, the Administration, Assembly, State Legislature, and financial agencies. The finance section also is responsible for real estate management, grant management, financial forecasting and modeling, yearly operating and Capital Improvement Plan budgeting and ensuring compliance, as well as other situational fiscal analysis as required.

Deputy Director

The Deputy Port Director oversees all Port operations, maintenance, and safety functions, to include: management of vessel scheduling, movements and dockside activities, general upkeep and operation of the facilities, infrastructure, equipment, and security. This includes the upkeep and day-to-day management of all municipally-owned infrastructure, roads, and docks. Maintenance is also responsible for the dredging and upkeep of the Ship Creek Boat Launch and Dry Barge Berth. Further, the Port's Operations Manager also serves in the role of Facility Security Officer, wherein he oversees the contract for Port security forces. Additionally, the Port's Safety Coordinator is in this section.

Engineering

Recently, the Port Engineer has been given overall responsibility to serve as the contract technical representative for all matters related to the ongoing Port modernization project. To accommodate this shift in the Port Engineer's focus, the Deputy Port Director is now responsible for the capital improvement program, to include managing the Port's engineering services contract, and for execution of all FEMA port security grant program funds. While managing these programs, the Deputy Port Director will coordinate, as necessary, with the Port Engineer.

External Affairs (Special Admin Assistant II)

The director of this section is responsible for all media advertising, coordinating public outreach and media/press relations, any major events involving public participation, business development, and grant writing. Associated duties include management of website and social media presence, coordinating all public speaking engagements, coordinating all port tours for both businesses and the public, interfacing with the public and all media for information inquiries and public comments, and writing press releases.

Port of Anchorage Business Plan

Mission

Provide a modern, safe, and efficient facility to support the movement of goods throughout the State of Alaska.

Core Services

The Port of Anchorage is a landlord port committed to providing safe, efficient, and dependable facilities and support services to our private and public sector customers. The staff of the Port is responsible for maintaining and operating all of the land, docks, and municipal buildings that encompass the Port of Anchorage.

Direct Services

- Provide year-round access to suitable terminals and docks for movement of containers, dry bulk cargo, and liquid bulk cargo to include petroleum products.
- Provide seasonal access to the Small Boat Launch Ramp.
- Plan, develop, and operate facilities to accommodate market growth and modernization.
- Schedule all vessels that call on the Port.
- Provide centralized Port and tenant security services and emergency management leadership.
- As a landlord port, manage short-term permits (revocable use permits) and long-term leases of land and buildings.
- Maintain and ensure uninterrupted 24/7/365 availability of Port owned facilities.
- Ensure environmental quality of the land within the Port boundaries
- Assess and manage the collection of all tariffs and user fees associated with vessels calling on the Port and land tenant operations.
- Manage the Foreign Trade Zone (FTZ) and all FTZ applicants.
- Coordinate U.S. Army Corps of Engineers dredging of channel, turning basin, and dock face dredging to provide for safe commerce.
- Host official U.S. Navy, U.S. Coast Guard, NOAA, foreign navy and Arctic research vessels on behalf of the Municipality of Anchorage.

Goals

- Provide Port operating expertise and management to the Anchorage Port Modernization Project (APMP) with the Port Director and Deputy Port Director serving on the APMP Executive Committee and the Port Engineer serving as Project Administrator.
- Plan for future facility and service needs of business and public entity customers.
- Conduct periodic facility condition surveys to anticipate age-related challenges and to ensure uninterrupted operations and safety.
- Maintain affordable and competitive tariff rates sufficient to cover operating and capital requirements.
- Provide a safe work environment for both employees and tenants.
- Maintain financially sound operating ratios.
- Deliver accurate and timely billings to tenants and customers.

- Provide required level of Port security under U.S. Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

Performance Measures

Progress in achieving goals will be measured by:

Measure #1: Overtime hours and pay compared to base compensation for current vs prior year.

Measure #2: Operating Net Income YTD for current vs prior year.

Measure #3: Reportable incidents for current vs prior year (# of incidents, loss of time & cost).

Port of Anchorage

Anchorage: Performance. Value. Results.

Mission

Develop and maintain the quality of the Port's infrastructure to meet the needs of our customers and ensure safe and modern infrastructure for the timely delivery of consumer goods and commercial cargo.

Core Services

- Provide Port users with marine terminals and staging yards free of defects.
- Provide Port petroleum terminal operators with an operable and efficient valve yard and petroleum docks.
- Provide clean and safe roads and transfer yards for use by commercial and port-related vehicles.

Accomplishment Goals

- Repair and replace damaged fender panels and repair deteriorated dock piles.
- Maintain valve yard valves and piping through scheduled inspections and timely maintenance.
- Inspect dock surface and common areas to ensure cranes, equipment and personnel can operate with minimal threat of damage.
- Assist the Municipality of Anchorage effectively oversee management of the cost and schedule associated with the Port of Anchorage Intermodal Expansion Project (PIEP).

Performance Measures

Progress in achieving goals will be measured by the following:

Measure #1: Over time hours and pay compared to base compensation for current vs prior year.

	<u>2013</u>	<u>2014 (YTD)</u>
Total Hours	1,154	257
Total Cost	\$41,058	\$ 16,809

Measures #2: Operating Net Income YTD for current vs prior year.

	<u>06/30/2013</u>	<u>06/30/2014*</u>	<u>%Growth/(Loss)</u>
Net Operating Income	\$ 629,686	\$-1,858,821	-395%**
Total Cash Flow	\$2,315,870	\$ 2,469,643	7%**

* Unaudited.

**The impact to Operating Net Income is due to depreciation catch up from the \$101M in MARAD assets added 12/31/13.

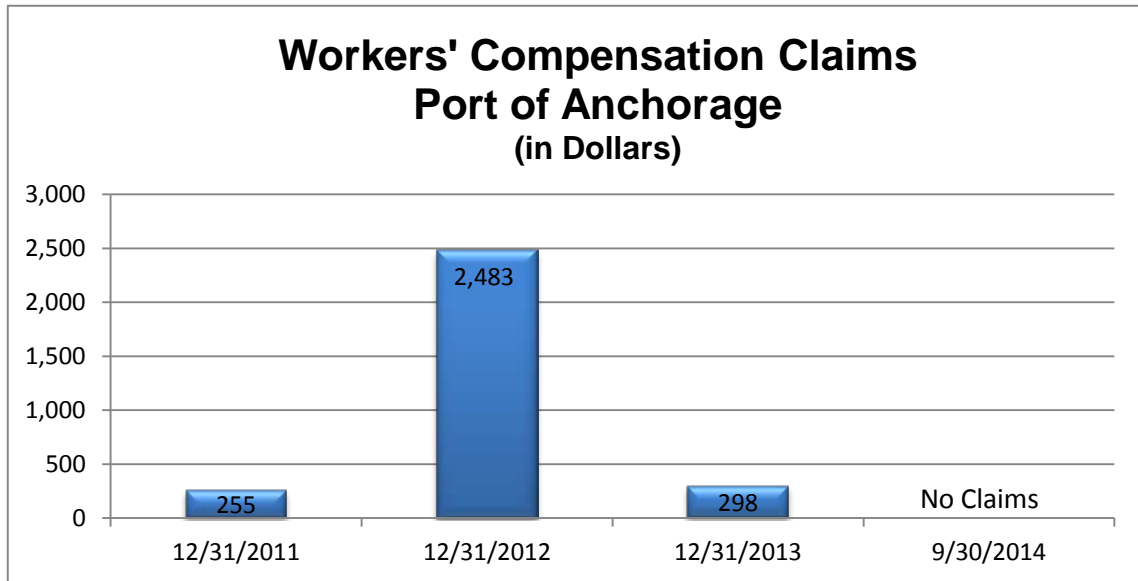
Measures #3: OSHA Recordable incidents for current vs prior year (# of incidents, loss of time & cost)

	<u>2013</u>	<u>2014 (YTD)</u>
# of Incidents	1	0
Loss of Time	0	0
Cost	\$ 297.72	\$ 0

PVR Measure WC: Managing Workers' Compensation Claims

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



Port of Anchorage Highlights and Future Events

Anchorage Port Modernization Project (APMP)

The APMP is an updated, reprioritized infrastructure modernization program, which started in 2003 as The Port of Anchorage's Port Intermodal Expansion Project (PIEP). The intent is to no longer focus on expanding the infrastructure, but to instead address the operational demands placed on this important facility and to replace the deteriorated wharf structures that have reached the end of their service life, and to more closely focus on modernization of that portion of the marine terminal that supports current business operations. The overarching goal of the Project is to cost-effectively complete the construction of facilities to meet projected requirements without interruption of commercial operations. Completion of the Project is critical to achieving this goal. Once completed, container ships, break bulk vessels, cruise ships, and barges will be able to operate with right sized and modern facilities.

Port of Anchorage Business Plan

The Port of Anchorage **Business Plan**, was completed in December 2013 and identified new business opportunities for Port of Anchorage facilities in 2014-2024.

Tariff Review

The Port of Anchorage contracted with FCS Group to perform a tariff review and PUA analysis which is due to be completed in October 2014 so that new approved rates can go into effect on January 1, 2015.

Ongoing Facility Maintenance

To ensure the Port can meet its commitment to offer continued operational capacity for Port customers while new facilities are in design and construction and for those facilities not included in early phases of long range improvements, the Port's engineering analyses indicate the need to accelerate dock repair and preservation in 2014 with increased wharf pile enhancements and storm drain updates.

Fuel Farm and Leasehold Expansion

In 2014 a planned fuel farm is anticipated to be designed and permitted for a site leased in 2013 by a new private lessee. Completion of construction is planned by 2015.

Existing tenants are anticipated to require larger footprints to accommodate expanding market requirements.

Port of Anchorage External Impacts

Anchorage Port Modernization Project (APMP)

The Port has initiated a program of ongoing, extensive efforts to secure project funding through a combination of federal, state, and local government funding as well as public private financial partnerships. Started in 2003 as the Port of Anchorage Intermodal Expansion Project (PIEP), this Port expansion will occur incrementally over several periods.

The project has four primary objectives: 1) replace or rehabilitate existing deteriorating infrastructure; 2) stimulate economic development for the Municipality and the region by providing new marine and landside transportation system improvements; 3) fully accommodate existing customer requirements without interruption; and 4), accommodate growth and demand for Port services, especially with respect to potential new customers and the new generation of vessels anticipated to call at the Port.

The Project has received the support of Congress in receiving funds through the Department of Defense, the Federal Highway Administration and the Federal Transportation Administration in the total amount of \$138.6 million dollars. In addition to federal funds the Port has received \$151.2 million in grant funds from the State of Alaska and has set aside or contributed \$80 million in Port earnings as contributory / matching funds for federal appropriations.

External Factors

1. Continued development and infrastructure replacement at North Slope, offshore, and Cook Inlet oil and gas fields, including potential construction of a pipeline to tidewater for LNG export.
2. Emergence of a market for LNG/CNG fueling to serve natural gas powered vessels due to environmental regulation and increased supply of natural gas in Cook Inlet.
3. Use of the Port of Anchorage as a hub to serve Alaskan communities and industrial activity that were formerly served by Puget Sound hubs.
4. Unpredictable petroleum activity from Alaskan refineries.
5. Sustaining the response to jet fuel requirements from Ted Stevens Anchorage International Airport from an increasing number of foreign sources due to a major in-state refinery closure.
6. Measuring and responding to future demand for any newly-developed Port industrial land.
7. Designation of the Port of Anchorage as one of 21 Department of Defense National Strategic Seaports, resulting in higher utilization of the Port for military deployments and logistics
8. Increased interest in and utilization of our new barge bath.
9. Landside and waterside access to the Port, including road access associated with the proposed Cook Inlet crossing.
10. Declining availability of Federal funding sources and availability of State funding.
11. Unpredictable terrorist events affecting implementation of Department of Homeland Security laws and regulations.
12. Climate change and the impacts from new polar shipping lanes.

Port of Anchorage Workforce Projections

Division	2013	2014	2015	2016	2017	2018	2019	2020
Administrative / Engineering	9	9	8	8	8	8	8	8
Operations / Maintenance	12	12	12	12	12	12	12	12
Total full time	21	21	20	20	20	20	20	20
Part Time / Temporary	2	2	3	3	3	3	3	3
Total Positions	23	23	23	23	23	23	23	23
Total FTE	22.0	22.0	21.5	21.5	21.5	21.5	21.5	21.5

Port of Anchorage
8 Year Summary
(\$ in thousands)

Financial Overview	2013	2014	2015	2016	2017	2018	2019	2020
	Actuals	Proforma	Approved	Forecast				
Revenues	11,623	12,547	12,516	12,829	13,650	13,854	14,062	14,273
Expenses*	12,909	16,698	17,394	17,590	18,293	18,842	19,219	19,411
Net Income(Loss)	(1,286)	(4,151)	(4,878)	(4,761)	(4,644)	(4,988)	(5,157)	(5,138)
Depreciation	4,060	7,354	7,366	7,703	7,928	8,153	8,378	8,603
Available to Service Debt	2,774	3,203	2,488	2,942	3,284	3,165	3,221	3,465
Budgeted Positions	23	23	23	23	23	23	23	23
Capital Program	54,550	3,172	354,120	4,500	3,000	3,000	3,000	3,000
Long Term Debt**	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Net Plant (12/31)	25,771	26,095	98,268	102,768	105,768	108,768	111,768	114,768
MESA	533	527	673	569	1,709	1,784	1,842	1,892
Total Net Assets	175,341	157,984	160,444	161,664	161,155	160,765	160,319	159,629
General Cash Pool	6,952	10,272	12,960	13,160	13,360	13,560	13,760	13,960
Construction Cash Pool	12,889	11,545	9,073	7,515	7,800	7,965	8,186	8,651
Total Cash	19,841	21,817	22,033	20,675	21,160	21,525	21,946	22,611
IGCs - General Government	518	518	762	762	762	762	762	762
Total Outstanding Debt 12/31 - (Long Term Debt)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Debt Service Coverage (Short Term Note Interest)	707	456	456	456	456	456	456	456
Debt/Equity Ratio (12/31)	0.28	0.28	0.29	0.29	0.30	0.30	0.31	0.31
Tariff Wharfage Rates (01/11):***								
1250 Petroleum, Bulk / Barrel***	\$0.135	\$0.135	\$0.135	\$0.135	\$0.135	\$0.149	\$0.149	\$0.149
1250 Cement, Bulk / Ton**	\$1.37	\$1.37	\$1.37	\$1.37	\$1.37	\$1.51	\$1.51	\$1.51
Statistical/Performance Trends:								
Tonnage (in thousands)	3,330	3,672	3,727	3,783	3,953	4,012	4,072	4,133
Operating Revenue/Ton	3.02	2.95	2.89	2.89	2.93	2.93	2.93	2.93

*The Port reflects a \$61M loss in 2013 actuals that are not included for budget presentation.

** Commercial Paper converted to a three year note in July 2013.

*** Current Tariff rates. Tariff is currently under review for a rate change in 2015.

Port of Anchorage Statement of Revenues and Expenses

	2013 Actuals	2014 Proforma	2014 Revised	2015 Approved	15 v 14 % Change
Operating revenue					
Dock Revenue	5,121,226	5,907,646	5,791,810	5,751,810	-0.7%
Industrial Park Revenue	4,295,898	4,369,877	4,242,599	4,423,599	4.3%
Other Operating Revenue	636,116	550,204	550,204	586,204	6.5%
Total Operating Revenue	10,053,240	10,827,727	10,584,613	10,761,613	1.7%
Non Operating Revenue					
Interest Income (Loss)	83,798	200,000	200,000	200,000	0.0%
Pipeline Right-of-Way Fee	160,682	150,000	134,000	160,000	19.4%
Miscellaneous Non-Operating Revenue	1,325,901	1,369,725	1,369,725	1,394,643	1.8%
Total Non Operating Revenue	1,570,381	1,719,725	1,703,725	1,754,643	3.0%
Total Revenue	11,623,621	12,547,452	12,288,338	12,516,256	1.9%
Operating Expenses					
Labor					
Labor and Benefits	2,482,461	2,513,121	2,695,236	2,659,600	-1.3%
Overtime	61,266	58,380	68,040	68,040	0.0%
Total Labor	2,543,727	2,571,501	2,763,276	2,727,640	-1.3%
Non Labor					
Non Labor*	4,534,713	5,234,047	5,233,689	5,378,190	2.8%
Travel	14,445	30,000	30,000	30,000	0.0%
Transfers (MESA and gross receipts)	530,886	533,731	526,604	672,975	27.8%
Depreciation and Amortization	4,060,256	7,354,071	4,515,598	7,366,442	63.1%
Total Non Labor	9,140,300	13,151,849	10,305,891	13,447,607	30.5%
Total Direct Cost	11,684,027	15,723,350	13,069,167	16,175,247	23.8%
Charges from other departments	518,417	518,417	764,259	762,719	-0.2%
Total Operating Expense	12,202,444	16,241,767	13,833,426	16,937,966	22.4%
Non Operating Expense					
Financing Costs on Short-Term Obligations	707,003	456,400	456,400	456,400	0.0%
Total Non Operating Expense	707,003	456,400	456,400	456,400	0.0%
Total Expenses (Function Cost)	12,909,447	16,698,167	14,289,826	17,394,366	21.7%
Net Income	(1,285,826)	(4,150,715)	(2,001,488)	(4,878,110)	143.7%
Appropriation					
Total Expenses				17,394,366	
Less: Non Cash items					
Depreciation and Amortization				7,366,442	
Total Non-Cash				7,366,442	
Amount to be Appropriated (Cash Expenses)				10,027,924	

*The Port reflects a \$61M loss in 2013 actuals that are not included for budget presentation.

**Port of Anchorage
Reconciliation from 2014 Revised Budget to 2015 Approved Budget**

	Appropriation	Positions		
		FT	PT	T
2014 Revised Budget	14,289,826	22	1	-
Transfers (to)/from Other Agencies				
Charges by/from others	(1,540)	-	-	-
Changes in Existing Programs/Funding for 2015				
- Security contract increase	7,385	-	-	-
- Decrease insurance	(35,000)	-	-	-
- MESA	146,371	-	-	-
- Contractual increases; Dredging, repairs, and maintenance	178,500	-	-	-
- Depreciation	2,850,845	-	-	-
- Salary and benefits adjustments	(1,838)	-	-	-
2015 Continuation Level	17,434,549	22	1	-
2015 Proposed Budget Changes				
- OSHA Training	8,000	-	-	-
- Decrease advertising	(20,000)	-	-	-
- Increase Capital Outlay - Increase internet speed	5,615	-	-	-
- Reduce full time position to part-time	(33,798)	(1)	1	-
2015 Approved Budget	17,394,366	21	2	-
2015 Budget Adjustment for Accounting Transactions (Appropriation)				
- Depreciation	(7,366,442)	-	-	-
2015 Approved Budget (Appropriation)	10,027,924	21	2	-

Port of Anchorage
2015 - 2020 Capital Improvement Program
(in thousands)

Project Category	2015	2016	2017	2018	2019	2020	Total
Buildings and Equipment	950	-	-	-	-	-	950
Land Improvements	1,670	1,500	-	-	-	-	3,170
Port Modernization Plan	350,000	-	-	-	-	-	350,000
Port Expansion	-	1,500	1,500	1,500	3,000	3,000	10,500
Wharf Pile Enhancements	1,500	1,500	1,500	1,500	-	-	6,000
Total	354,120	4,500	3,000	3,000	3,000	3,000	370,620

Funding Source	2015	2016	2017	2018	2019	2020	Total
State/Fed Grants	350,320	1,500	-	-	-	-	351,820
Equity/Operations	3,800	3,000	3,000	3,000	3,000	3,000	18,800
Total	354,120	4,500	3,000	3,000	3,000	3,000	370,620

Port of Anchorage
2015 Capital Improvement Budget
(in thousands)

Project Title	Debt	State/Fed Grant	Equity/ Operations	Total
Port Modernization	-	350,000	-	350,000
Port Security	-	150	-	150
Power Upgrades	-	-	300	300
Ship Creek Boat Launch & Erosion	-	170	-	170
Terminal Road	-	-	1,500	1,500
Water/Sander/Boiler Truck	-	-	500	500
Wharf Pile Enhancements	-	-	1,500	1,500
Total	-	350,320	3,800	354,120

Port of Anchorage Statement of Cash Sources and Uses

	2013 Actual	2014 Proforma	2015 Approved
Sources of Cash Funds			
Net Cash by Operating Activities	2,774,430	3,203,356	2,602,332
Interest	65,177	116,850	200,000
Grant Proceeds/Capital Contributions	2,267,190	1,828,362	351,648,000
Total Sources of Cash Funds	5,106,797	5,148,568	354,450,332
Uses of Cash Funds			
Additions to Plant	3,614,127	3,172,000	354,120,000
Total Uses of Cash Funds	3,614,127	3,172,000	354,120,000
Net Increase (Decrease) in Cash Funds	1,492,670	1,976,568	330,332
Cash Balance, January 1	18,347,844	19,840,514	21,817,082
Cash Balance, December 31	19,840,514	21,817,082	22,147,414
Detail of Cash and Investment Funds			
Equity in General Cash Pool	6,951,590	10,271,796	13,074,128
Equity in Construction Cash Pool	12,888,924	11,545,286	9,073,286
Cash Balance, December 31	19,840,514	21,817,082	22,147,414

About Port of Anchorage

History

The Port of Anchorage commenced operation in September 1961, with a single berth. In its first year of operation, 38,000 tons of cargo crossed the Port's dock. On average, around four million tons passes over the dock every year, equating to about 250,000 commercial truck trips through Port property. The Port of Anchorage is a major economic engine and one of the strongest links in the Alaska transportation chain. This chain enables residents statewide, from Cordova to Barrow, to take full advantage of the benefits of inexpensive waterborne commerce through this regional Port. The Port and its stakeholders have maintained a notable safety record throughout the five decades the Port has been in operation. The Port is one of 21 nationally designated Department of Defense strategic seaports.

The Anchorage Port Modernization Project (APMP) began in 2003 as the Port Intermodal Expansion Project (PIEP). What started as an expansion effort, is now solely focused on replacing the deteriorating dock structures that have reached their original design life and were not built to current engineering standards for operational and seismic performance.

Physical Plant

Real Estate: 128 acres of developed uplands
 65 acres currently under construction
 48 acres of newly acquired land from JBER
 400 acres of economically developable tidelands to the north and south of
 the existing Industrial Park and dock area
1,000 acres of submerged lands offshore from tidelands holdings
1,641 total acres

Terminals:

- Three General Cargo Terminals, 2,109 ft. of dock face, container, roll on\roll off, bulk cement and break bulk capabilities
- Two Bulk Petroleum Product Terminals with 600 feet each of berthing space with four 2,000-bbl./hr.-product pipelines each
- Operating depth at all facilities: dredged to -35 feet MLLW
- Maximum vessel tonnage: 60,000 DWT
- Maximum length and breadth: No limit
- On-dock Transit Shed with 27,000 square foot heated storage/office space
- One dry barge berth, available spring through fall, and 15 acres of uplands for any type commodity movement

Cargo Handling Equipment:

- Rail mounted, electric Container Cranes:
 (2) 30 ton and (1) 40 ton
- Portable Cranes to 150 tons available
- Forklifts to 30 tons available
- Bulk Petroleum Valve Yard capable of accommodating multiple simultaneous marine/shore and/or inter-user shore side transfers.

U.S. Port of Entry: Foreign Trade Zone service available.

Services

Approximately 90% of the merchandise goods and foodstuffs sold within the Railbelt and beyond (87% of the State's population) move through the Port of Anchorage on an annual basis. Container service is available twice a week from the Port of Tacoma through two domestic ocean carriers. Bulk shipments, both domestic and foreign, involve imports of basic commodities such as cement, refined petroleum products and construction materials. The Port of Anchorage, due to its strategic global position and close proximity to neighboring military bases, Joint Base Elmendorf-Richardson and Fort Wainwright are key transportation nodes for Department of Defense concerning mobilization planning, shipping/transporting of jet fuel and other related petroleum products and bulk cargo for military use. The Port serves as the primary export facility for the largest petroleum refinery in Alaska, located in North Pole, and facilitates in the delivery of refined petroleum products from the State's other refineries.

The Municipality of Anchorage is the Grantee of Anchorage Foreign Trade Zone (FTZ) No. 160, the only activated FTZ in the State of Alaska. The Port of Anchorage is the Municipal department responsible for the administration of the FTZ program in Anchorage. At the present time, FTZ No. 160 is comprised of seven sites totaling some 1,000 acres located at the Port of Anchorage, Anchorage International Airport and at five private sites throughout the Municipality. An application for subzone status for the Tesoro Petroleum refinery in Kenai was approved by the United States Department of Commerce, Foreign Trade Zones Board in May 2001.

Regulation

Dock revenue rates for the Port of Anchorage are established in the Port of Anchorage Terminal Tariff No. 7 and through contractual Terminal Preferential Usage Agreements. Changes to the tariff and adjustments to the five year Preferential Usage Agreements' charges require initial approval by the Anchorage Port Commission, and are subject to final approval by the Anchorage Municipal Assembly.

Port Industrial Park Revenue is derived from long-term leases of properties in the 220-acre Port Industrial Park. The leases provide for five-year rate adjustments that are performed in accordance with Anchorage Municipal Code provisions. Leases and lease options are subject to Municipal Assembly approval.

Environmental Mandates

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the National Environmental Policy Act (NEPA), Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), the Marine Mammal Protection Act (MMPA), Endangered Species Act and Coastal Zone Management Plan.

Port Safety Security and Emergency Preparedness

Because the Port is a lifeline to the state of Alaska, safety, security and emergency preparedness are key parts of Port operations. Threats of natural disasters, accidents, or terrorist potentially disrupting the commerce and fuel supplies for 87% of the state is not taken lightly, the Port is continuing its efforts to prevent and minimize these threats as well as establishing recovery procedures. These efforts are done in conjunction with the Port stakeholders, MOA, state, and federal agencies. The Port is currently undergoing security upgrades via a federal port security grant, continues to work with its stakeholders on action plans and upgrades to reduce accident rates along with drilling for disasters that could potentially shut down Port operations for a time.