



U.S. Department  
of Transportation  
**Maritime  
Administration**

Administrator

Southeast Federal Center  
1200 New Jersey Avenue, SE  
Washington, DC 20590

December 27, 2010

The Honorable Mark Begich  
United States Senate  
Washington DC 20510

Dear Senator Begich:

Thank you for your letter of December 15, 2010, concerning the Port of Anchorage (the Port) Intermodal Expansion project. As you noted in your letter, a safe, reliable, and capable Port of Anchorage is essential to the State of Alaska. We are taking all steps necessary to do our share in ensuring the project moves forward during the 2011 construction season, and given a similar commitment from the Port, the project is sure to make progress.

I also share your concerns regarding damage to portions of the steel wall material that comprises the primary bulkhead and vessel berths that was installed by a subcontractor working on the project. I assure you that neither the Maritime Administration nor our contractor has accepted any work that does not meet contract requirements.

As you know, the Maritime Administration joined the project on March 14, 2003, and entered into an agreement with the Municipality of Anchorage (MOA) and the Port to establish responsibilities between the participants. Under the terms of the agreement, the Port is responsible for providing overall program requirements of the port expansion to the Maritime Administration. This includes a review of all plans, specifications, and status reports submitted by the primary and subcontractors. The Port is also responsible for obtaining and transferring to the Maritime Administration all federal and non-federal funds for the project. As the primary federal agency on the project, the Maritime Administration provides specialized technical expertise and input as appropriate to port expansion tasks and activities, and administers all funding pursuant to the port expansion project. Finally, at the time the agreement was signed, in an effort to team effectively with the Port and keep the project on track, we adhered to the Port's existing design concept, including the steel sheet pile currently being installed.

The Maritime Administration takes the agreement obligations seriously. I share your concerns regarding the damage done during sheet pile installation. Be assured, our staff

is working with the Port and the involved parties to resolve the situation as quickly as possible. Following initial inspections, we ordered additional inspections to fully understand the extent of damage which will inform both elements of our dual track approach to facilitate recovery of costs associated with faulty installation, while planning for an aggressive and productive 2011 construction season.

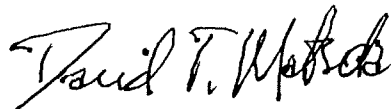
Additionally, our staff traveled to Anchorage last week and met with the Port and our contractors to develop an aggressive, yet realistic, phased plan for the upcoming construction season. The plan will incorporate changes to the means and methods used to install sheet piling which are being provided by the initial designers of the material to ensure improved reliability and quality of future work. The plan, with our close oversight, will begin with repairs to sections already installed, followed by new work with an emphasis on completing the North Extension phase of the project.

We have committed additional personnel, both at the Port and in Washington, D.C., and resources to the project. We have also enhanced our management, oversight, and communications structures and are evaluating options to reduce some of the risks inherent in projects of this scope and complexity. In fact, pursuant to your request earlier this year, I am committed to personally visiting the project site in the coming months.

In addition, we intend to conduct a thorough review to understand what went wrong during the installation of the sheet pile. This will inform us of options to both recoup costs and further reduce risk in future phases of the project.

I view this project as one of critical importance to the State of Alaska and to the U.S. Department of Transportation. We are dedicated to the success of this project and the long term benefits it will provide to the residents of the State. Please feel free to contact me at any time if you have concerns or would like status updates.

Sincerely,



David T. Matsuda  
Maritime Administrator

Attachment

Cc: Mayor Dan Sullivan, Municipality of Anchorage  
Governor Bill Sheffield, Port of Anchorage

## **Response to Specific Questions from Senator Begich**

- When did MARAD discover that the contractor encountered “hard driving conditions” in driving the sheet pile?

The Maritime Administration and the Port were informed in late May, 2009 that “hard driving conditions” were being encountered by the subcontractor that might have damaged the sheet pile. This prompted a review of the pile driving procedures, records and the conditions being encountered on site. It also triggered a series of initial inspections that confirmed that some sheet pile had been damaged.

- What is MARAD’s timetable for investigating problems with the sheet pile and recommending corrective action?

The designers of record are evaluating and refining the means and methods of installation which will be incorporated in the 2011 construction season plan. In the longer term, we will conduct a thorough evaluation.

- When did MARAD determine that a substantial amount of the sheet pile already installed appears to have failed?

Following initial spot-inspections, a more thorough dive inspection of the outer cells (facing the water) was conducted and the initial report received in December, 2010. A thorough inspection of the tail walls (not visible from the water) has been ordered. Tail wall inspection results, when received, should give us a full understanding of the extent of damage. To date, it is clear that some sheet pile in the wet barge berth and portions of the North Extension will require repair or replacement.

- What accounts for the sheet pile failure?

This issue is currently being reviewed and our investigations will provide insight into both potential causes and how to rectify them. Some possible contributors might include design deficiencies, driving techniques, subsurface conditions or a combination of factors.

- Please detail the chain of authority for overseeing the installation of the sheet pile.

Individual contractors are responsible for their own quality control. The Maritime Administration’s prime contractor, ICRC, is responsible for quality assurance. Once the port determines, with the Maritime Administration’s concurrence, that the work is satisfactory, that portion of the project is accepted. It should be noted that neither ICRC nor the Maritime Administration has accepted any work that does not meet

contract requirements.

- Does MARAD believe the sheet pile installation problems can be corrected, or will the expansion to date have to be removed and re-installed?

Yes, we believe that the sheet pile installation problems can be corrected. Although all inspections are not yet complete, initial indications are that some portion of the sheet pile will require replacement or repair. By employing revised installation means and methods, some of this work was completed in 2010. These repairs appear to have been successful and we are optimistic that considerable progress can be achieved during the 2011 season.

- How much local, state and federal dollars have been spent to date on the port expansion project?

To date, approximately \$297 million federal and non-federal funds have been spent on the overall project.