



Alaska Cargo and Cold Storage Executive Summary

PROJECT OVERVIEW

The Alaska Energy Authority (AEA) and Alaska Cargo and Cold Storage (ACCS) propose to construct a cargo storage and warehouse facility at the Ted Stevens Anchorage International Airport (ANC). Through this partnership, ACCS will develop a state-of-the-art facility that is exceptionally energy efficient by maximizing available renewable and energy efficient technologies. The facility will include administrative offices, temporary storage facilities, climate-controlled warehouse facilities, and vehicle parking. This project has cleared ANC's public process and has an Advance Limited Right of Entry to complete geotechnical drilling and soil contamination testing. ACCS and ANC are currently negotiating a 55-year lease agreement with projected lease completion by early summer 2020.

ACCS will be the first cargo transfer and cold storage facility developed at ANC that will be leasable by ANC's major air cargo carriers, which are not big enough individually to support the development of a significant facility. While FedEx and UPS both operate cargo facilities for their exclusive use at ANC, UPS and FedEx aircraft combined account for only 22 percent of air cargo flown into Anchorage.

AEA has applied for \$25 million Better Utilizing Investments to Leverage Development, or BUILD, Grant to complete the \$87.9 million Phase I of the ACCS facility, a state-of-the-art, ~190,000 square foot high-efficiency cold storage and climate-controlled air cargo transfer facility. This shovel-ready project will be the first phase of a ~715,000 square foot cargo transfer facility. Should BUILD funds be awarded, design and engineering would begin in fall 2020 with groundbreaking in winter/ spring 2021. The facility would be complete and operational by the summer of 2022.

As a follow-on to Phase I, ACCS has a planned Phase II that is projected to include up to 525,000 square feet of quick cargo transfer and air cargo storage. Wide-body aircraft parking may be added to the project during Phase II but will depend on final building configuration and FAA line of sight requirements. In total, \$25 million of BUILD Funds will help catalyze the development of a ~\$220 million facility to serve as a cornerstone for ANC's transformation into a leading global logistics hub. Further, ACCS enjoys broad support from ANC, the Municipality of Anchorage, the State of Alaska, Congressman Don Young, and Senators Lisa Murkowski and Dan Sullivan.

PROJECT PURPOSE

The project's purpose is to transform a challenging but optimally situated build site at ANC into an energy-efficient and technologically-advanced cold storage and cargo transfer facility. By partnering with the AEA for BUILD funding, ACCS will overcome high site development costs through the creation of a facility offering best-in-class energy efficiency through innovative design, engineering, and project delivery.

PROJECT BENEFITS

Jobs and Spending – Construction during Phase I will generate 830 jobs with \$56.9 million in labor income and \$147.6 million in total Alaska expenditures. Phase II is projected to generate an additional 1,245 jobs, \$75.6 million in labor income, and \$220.5 million in total Alaska expenditures. ACCS operations are expected to generate 115 jobs and \$9.1 million in total labor income following the completion of Phase I; Phase II operations are expected to generate an additional 190 jobs and \$15.5 million in total labor income.

Improved Efficiency for Air Cargo Carriers Utilizing ANC – ACCS will enable the transfer of goods and equipment between planes transported through ANC, thereby improving the efficiency of international and domestic cargo shipments.

Alaska Food Security – Limited availability of cold storage has made Alaska vulnerable to supply chain disruptions. ACCS will improve Alaska's food security and reduce dependency on WA-based cold storages.

ANC Competitive Location – ACCS will provide ANC with a highly marketable facility that will allow air cargo operators to take advantage of ANC's strategic position as well as deliver cargo around the world more efficiently.

Value-Added Manufacturing – Alaska is the largest seafood producer in the nation, harvesting more seafood than all other states combined. In the 2017 and 2018 period, annual Alaska seafood harvests of approximately 2.5 million tons were worth \$4.7 billion after processing. The opportunity exists for more of the state's seafood processors to store seafood in Anchorage rather than WA. In 2018 Alaska shipped more than 300,000 tons of food product to Washington. The proposed cold storage facility in Anchorage is favorably positioned to collect seafood from all over the state and add value by processing before delivering product to flights serving domestic and international markets.

PROJECT HISTORY

Initially envisioned as a cargo transfer facility, ACCS added cold storage after analysis revealed Alaska's acute lack of cold storage and the resulting long-term food supply insecurity. On October 11, 2018, the State of Alaska Department of Transportation and Public Facilities publicly sought "qualified applicants to submit an Expression of Interest outlining their interest, capabilities, and expertise in the construction and operation of a Quick Cargo Center Warehouse Facility at ANC in Anchorage, Alaska." This formal invitation was consistent with recommendations articulated in ANC's 2014 Master Plan as a critical component of its Fiscal Sustainability Goals and Objectives.

FUNDING

Non-federal funds include monies from ACCS. The Municipality of Anchorage, State, and Federal approvals will be required before commencement of final engineering, and appropriate construction permits will also be necessary before commencing construction.

DOCUMENTATION OF FUNDING COMMITMENTS

ACCS is a business partnership between Alaska-based McKinley Capital Management, LLC, and Chad Brownstein, founder of Rocky Mountain Resources.

FEDERAL FUNDS

There is no Federal funding currently anticipated for this project other than the requested BUILD Grant funds.

BUDGET

Alaska Cargo and Cold Storage and financial partners will contribute and/or secure \$62.9 million in funding for Phase I of ACCS. This represents 71.5 percent of total project costs. BUILD Funding will provide \$25 million; this represents 28.5 percent of total project costs.