

Municipality of Anchorage

Port of Alaska Modernization Program

Plan of Finance

Presented to

Alaska State Legislature

April 20, 2022



1

Presentation Participants

- Dave Bronson Mayor
Municipality of Anchorage
- Kolby Hickel Deputy Municipal Manager
Municipality of Anchorage
- Ross Risvold Public Finance Manager
Municipality of Anchorage



Table of Contents

- PAMP Cost By Phase
- PAMP Sources of Funds
- **Phase II B - Cargo Docks Replacement**
 - Total Cost
 - Source of Funds
 - SOA & Federal Contribution Scenario
 - State of Alaska Contribution Scenario
 - Municipality Funding Scenario
- PAMP Municipality Funding Scenario
- 2022 Funding Request Summary
 - Phase II B - Cargo Docks Replacement
 - Questions & Answers

Presentation Notes - All dollar amounts are based upon Jacobs' estimate using 'mid-point of construction' escalation figures which include inflation. All cost estimates are as of March 15, 2022.

3

PAMP Cost By Phase

• Phase I		\$ 228 million
- Petroleum and Cement Terminal (PCT)		
	To Be Completed June 2022	
• Phase II A		
- Administrative Building		\$ 11 million
- North End Stabilization Step 1		<u>\$ 132 million</u>
	Phase II A	\$ 143 million
• Phase II B		
- Cargo Docks Replacement		
- Cargo Dock 1		\$ 643 million
	To Be Completed 2029	
- Cargo Dock 2		<u>\$ 460 million</u>
	To Be Completed 2032	
	Phase II B	\$1.103 Billion
	Total Phase II	\$ 1,246 million
• Phase III		\$ 184 million
- Petroleum Terminal 2		
• Phase IV		\$ 134 million
- North End Stabilization Step 2		
• Phase V		<u>\$ 59 million</u>
- Terminal 3 Demolition		
	<u>PAMP ALL Phases - Total Cost</u>	<u>\$1.851 Billion</u>



PAMP - Sources of Funds

PAMP ALL Phases - Total Cost \$1.851 Billion

Possible Sources of Funds

- Municipality Funds On Hand
- State of Alaska Contributions
- Federal Earmarks led by Alaska's Congressional Delegation
- Federal Port Infrastructure Development (PIDP) Grants
 - Annual Application Process with \$20 million applied for in 2022
- Federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants
 - Annual Application Process
- Federal Infrastructure Investment and Jobs Act (IIJA) Grants
 - This IIJA funds the INFRA/MEGA Program & already existing grant programs
 - Funding available in this Act of Congress is primarily for large and very small ports, although the Municipality will pursue this option
- Port Revenue Bonds
 - Investors have a lien on Port revenues
- MARAD Settlement Funds
 - Timing and amount subject to appeals, which could take up to one year

5



Phase II B - Total Cost

- Phase II B – Cargo Docks Replacement

- Cargo Dock 1 \$ 643 million

- Cargo Dock 2 \$ 460 million

Total Cost of Phase II B **\$1.103 Billion**



Phase II B - Cargo Docks Replacement

Source of Funds - Proposed

Phase II B
Cargo Docks Replacement

Dock 1	\$ 643 million
Dock 2	\$ 460 million
Docks 1 & 2	\$1.103 Billion

<u>Source of Funds</u>	<u>Amount</u>	<u>Percent</u>
Municipality Funds	\$222 million	20%
State of Alaska Funds*	\$600 million	54%
Federal Funds*	<u>\$281 million</u>	<u>26%</u>
	\$1.103 Billion	100%

Total Cost of Phase II B **\$1.103 Billion** **\$1.103 Billion**

** Any shortfall from the proposed SOA Request and Federal Grant Funding will be made up by a request to the Municipal Assembly for additional revenue bond debt issuing authority.*



Phase II B - Cargo Docks Replacement

Source of Funds - Proposed

Total Cost = \$1.103 Billion

		<u>Percent</u>
- Municipality Funding	\$222 million	20%
o Short-Term Borrowing Program \$40 million		
o Revenue Bonds Authorized \$182 million (Not Yet Issued)		
- SOA Contribution Request*	\$600 million	54%
- Federal Grant Funding*		
- To Be Requested	\$281 million	<u>26%</u>
Source of Funds – Phase II B - Cargo Docks Replacement		<u>100%</u>

** Any shortfall from the proposed SOA Request and Federal Grant Funding will be made up by a request to the Municipal Assembly for additional revenue bond debt issuing authority.*

Phase II B - Cargo Docks Replacement

Repayment of Borrowed Sources of Funds

Assumption:

In the case where the Municipality borrows funds, we are assuming that the debt service on those funds will be repaid by a Per Ton Surcharge

- The Surcharge occurs at the point when the tonnage crosses the Docks at the Port
- Therefore, everything that crosses the Docks is subject to the Surcharge, regardless of where the goods and materials are delivered in Alaska
- It is very difficult to quantify the financial impact of the Surcharge on any particular item; such as a gallon of milk, a gallon of fuel, lumber delivered to various lumber yards across the State or a pickup truck delivered to Fairbanks or Kenai
- It is up to the Port User that pays the Surcharge as to how that User passes on the Surcharge to its Customers
- Further, it is up to each Customer as to how each Customer passes on any charge it pays as a result of the Surcharge

9

Phase II B - Cargo Docks Replacement With SOA & Federal Contribution Scenario

Total Cost of Cargo Docks Replacement = \$1.103 Billion

Assumptions:

- State of Alaska Contribution	\$600 million
- Municipality Must Borrow	\$222 million
- Federal Grants Contribution	\$281 million

Increase Cost Per Ton to Pay Debt Service

- Current Tariff 9.0 User Fee Per Ton	\$ 3.30
- Tariff Reduction for 2020 Bonds	<\$ 0.82>
- Surcharge Per Ton Increase for Required Revenue for All Debt Service	<u>\$ 5.35</u>
- <u>New Per Ton Cost</u>	<u>\$ 7.83</u>

The increase of \$4.53 is a 140% increase of the current tariff amount

These numbers are based upon 2021 actual tonnage and actual revenues

Phase II B - Cargo Docks Replacement With Only State of Alaska Contribution Scenario

Total Cost of Cargo Docks Replacement = \$1.103 Billion

Assumptions:

- State of Alaska Contribution \$600 million
- Municipality Must Borrow \$503 million
- No further SOA or Federal Grants

Increase Cost Per Ton to Pay Debt Service

- Current Tariff 9.0 User Fee Per Ton \$ 3.30
- Tariff Reduction for 2020 Bonds <\$ 0.82>
- Surcharge Per Ton Increase for Required Revenue for All Debt Service \$10.34
- New Per Ton Cost \$12.82

The increase of \$9.52 is a 290% increase of the current tariff amount

These numbers are based upon 2021 actual tonnage and actual revenues

Phase II B - Cargo Docks Replacement Funded Solely by the Municipality

Total Cost of Cargo Docks Replacement = \$1.103 Billion

Assumptions:

- Municipality Must Borrow
- No further SOA or Federal Grants

\$1.103 Billion

Increase Cost Per Ton to Pay Debt Service

- Current Tariff 9.0 User Fee Per Ton
- Tariff Reduction for 2020 Bonds
- Surcharge Per Ton Increase for Required Revenue for All Debt Service

\$ 3.30

<\$ 0.82>

\$21.00

- New Per Ton Cost

\$23.48

The increase of \$20.18 is a 610% increase of the current tariff amount

These numbers are based upon 2021 actual tonnage and revenues

ENTIRE PAMP Funded Solely by the Municipality

ENTIRE PAMP - Cost \$1.851 Billion

- Assumptions
 - Municipality Must Borrow \$1.641 Billion
 - No further Grants of any kind (State or Federal)

Increase Cost Per Ton to Pay Debt Service

- Current Tariff 9.0 User Fee Per Ton \$ 3.30
- Tariff Reduction for 2020 Bonds <\$ 0.82>
- Surcharge Per Ton Increase for Required Revenue for All Debt Service \$30.57

- New Per Ton Cost \$33.05

The increase of \$29.75 is a 900% increase of the current tariff amount

These numbers are based upon 2021 actual tonnage and revenues

2022 Funding Request Summary Phase II B - Cargo Docks Replacement

Requesting \$600 million from the State of Alaska

The Municipality will continue to pursue \$503 million from other funding sources

This contribution provides the needed funding for the Cargo Docks Replacement of Phase II B of the PAMP

The Port of Alaska is a 'tsunami proof' general cargo port unlike any other port in Alaska

In order to enter into contracts for the Phase II B, we must have a designated/committed funding source for \$1.103 Billion for the completion of both Cargo Docks 1 and 2 no later than 2025, since they are being built as one continuous Dock

Dock 1 is replaced first and will provide "Food Security"
for the residents of the State of Alaska

2022 Funding Request Summary Phase II B - Cargo Docks Replacement

Q & A

PAMP Presentation 04-19-2022

15

