

Municipality of Anchorage

Port of Alaska Modernization Program

Plan of Finance

Updated

June 7, 2022



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 – Proposed**
 - **Repayment of Borrowed Sources of Funds - Surcharge**
 - **SOA & Federal Contribution Scenario**
 - **2022 State of Alaska Contribution Scenario**
- Entire PAMP - 2022 SOA Contribution & Municipality Scenario
- PAMP – Summary of Various Funding Scenarios
- Future Funding 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.

PAMP Cost By Phase

• Phase I		
– Petroleum and Cement Terminal (PCT)		\$ 228 million
	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		
– Petroleum Terminal 2		\$ 184 million
• Phase IV		
– North End Stabilization Step 2		\$ 134 million
• Phase V		
– Terminal 3 Demolition		<u>\$ 59 million</u>
	<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 Competitive IIJA Grants & Credit Programs
 - Federal Port Infrastructure Development (PIDP) Grants
 - Federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants
 - INFRA & MEGA Programs
 - USDOT TIFIA & RRIF Loan Guarantee (Credit) Programs
- Port Revenue Bonds
- MARAD Judgment Funds
 - Award by the Federal Court of Claims has been appealed by DOJ

PAMP - Sources of Funds

PAMP ALL Phases - Total Cost \$1.851 Billion

Status of Possible Sources of Funds

- Municipality Funds On Hand - \$222 million
- State of Alaska Contribution 2022 Legislative Session which ended May 18
 - Budget Appropriation \$100 million
 - Matching Appropriation of federal funds received \$100 million
- Federal Earmarks led by Senator Murkowski - \$40 million request for FY 2023
- Federal Competitive IIJA Grants & Credit Programs
 - Federal Port Infrastructure Development (PIDP) Grants
 - Annual Application Process, subject to NOFO
 - \$68.7 million applied for on May 16, 2022
 - Federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants
 - Will be applied for annually in out years subject to NOFO
 - INFRA & MEGA Programs \$68.7 million to be applied for by May 23, 2022
 - USDOT TIFIA & RRIF Loan Guarantee (Credit) Programs - ongoing discussion regarding debt financing and will be repaid with tariff surcharges
- Port Revenue Bonds will be authorized by the Municipal Assembly as required to complete full funding and will be repaid with tariff surcharges
- MARAD Judgment Funds
 - Award by the Federal Court of Claims has been appealed by DOJ

Note: NOFO means Notice of Funding Opportunity

Phase II B – Cargo Docks Replacement

Total Cost

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	<u>\$ 460 million</u>
Docks 1 & 2	\$1.103 Billion

<u>Source of Funds</u>	<u>Amount</u>	<u>Percent</u>
Municipality Funds	\$222 million	20%
2022 State of Alaska Funds*	\$200 million	18%
Federal Funds*	<u>\$681 million</u>	<u>62%</u>
	\$1.103 Billion	100%

<u>Total Cost of Phase II B</u>	<u>\$1.103 Billion</u>	<u>\$1.103 Billion</u>
--	-------------------------------	-------------------------------

** Any shortfall from the SOA Matching Funds 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%
Short-Term Borrowing Program	\$40 million	
Revenue Bonds Authorized	\$182 million (Not Yet Issued)	
– SOA 2022 Contribution	\$200 million	18%
\$100 million are matching funds subject to receipt of federal grant funds		
– Federal Grant Funding*	\$681 million	<u>62%</u>
To Be Requested		
Source of Funds – Phase II B - Cargo Docks Replacement		<u>100%</u>

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

9

Phase II B - Cargo Docks Replacement

Repayment of Borrowed Sources of Funds SURCHARGE

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, in either direction
- 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 each Port User passes on the Surcharge to its Customers
- Further, if the Surcharge is passed on to the Port User's Customers, it is up to the Customer that pays the Surcharge as to how each Customer passes on the Surcharge to the ultimate Consumer

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

Total Cost of Cargo Docks Replacement = \$1.103 Billion

Assumptions:

– Municipality - Current Borrowing	\$222 million
– 2022 State of Alaska Contribution	\$200 million
– Federal Grants Contribution	\$681 million

Increase Cost Per Ton to Pay Debt Service

– Terminal Tariff No. 9.1 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

\$3.30 equates to the calculation of gross revenues divided by tonnage for comparative purposes

Phase II B - Cargo Docks Replacement With 2022 State of Alaska Contribution Scenario

Total Cost of Cargo Docks Replacement = \$1.103 Billion

Assumptions:

- Municipality Must Borrow \$803 million
- 2022 State of Alaska Contribution \$200 million
- Federal Grants – Reasonable Expectation \$100 million
- No further SOA of Federal Grants

Increase Cost Per Ton to Pay Debt Service

- Terminal Tariff No. 9.1 User Fee Per Ton \$ 3.30
- Tariff Reduction for 2020 Bonds <\$ 0.82>
- Surcharge Per Ton Increase for Required Revenue for All Debt Service \$15.67
- **New Per Ton Cost** **\$18.15**

The increase of \$14.85 is a 450% increase of the current tariff amount

These numbers are based upon 2021 actual tonnage and actual revenues

\$3.30 equates to the calculation of gross revenues divided by tonnage for comparative purposes

ENTIRE PAMP

With 2022 SOA Contribution & Municipality Scenario

ENTIRE PAMP - Cost \$1.851 Billion

PAMP Phase I (PCT) is complete and cost \$228 million

The Remaining PAMP will cost \$1.623 Billion

– Assumptions

- Municipality Must Borrow \$1.323 Billion
- 2022 State of Alaska Contribution \$200 million
- Federal Grants – Reasonable Expectation \$100 million

Increase Cost Per Ton to Pay Debt Service

- Terminal Tariff No. 9.1 User Fee Per Ton \$ 3.30
- Tariff Reduction for 2020 Bonds <\$ 0.82>
- Surcharge Per Ton Increase for Required Revenue for All Debt Service \$24.91
- New Per Ton Cost \$27.39

The increase of \$24.09 is a 730% increase of the current tariff amount

These numbers are based upon 2021 actual tonnage and actual revenues

\$3.30 equates to the calculation of gross revenues divided by tonnage for comparative purposes

PAMP

Summary of Various Funding Scenarios

The Current Terminal Tariff No. 9.1 User Fee Per Ton is \$3.30

- If the Municipality borrows \$222 Million for **Cargo Docks Replacement**
 - The per ton Surcharge increases \$4.53, up **140%**
- If the Municipality borrows \$803 Million for **Cargo Docks Replacement**
 - The per ton Surcharge increases \$14.85, up **450%**
- **If the Municipality borrows \$1.323 Billion to finish the Entire PAMP**
 - **The per ton Surcharge increases \$24.09, up 730%**

These numbers are based upon 2021 actual tonnage and actual revenues

\$3.30 equates to the calculation of gross revenues divided by tonnage for comparative purposes

Future Funding Summary

Phase II B - Cargo Docks Replacement

The Municipality will continue to pursue \$803 million from other funding sources for the Cargo Docks Replacement

Future SOA and federal funding, in addition to Port Revenue Bonds, will provide 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

Port of Alaska Modernization Program Plan of Finance

Q & A

PAMP Presentation 06-07-2022

16