

Municipality of Anchorage

Port of Alaska Modernization Program

Plan of Finance

Updated

December 14, 2022



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Presentation Notes

All dollar amounts are based upon Jacobs' estimate using 'mid-point of construction' escalation figures which include inflation. All cost estimates are based upon October 2022 PAMP Rebaseline Budget Values. Numbers throughout may not foot due to rounding.

PAMP – Cost By Phase

• Initial Planning & Startup	\$ 22.8 million
• Phase I	
– Petroleum and Cement Terminal (PCT)	\$ 220.9 million
• Phase II A	
– Administrative Building (Complete Dec 2023)	\$ 11.1 million
– North End Stabilization Step 1 (Complete Dec 2024)	<u>\$ 132.0 million</u>
Total Phase II A	\$ 143.1 million
• Phase II B	
– Cargo Terminal Replacement (Complete 2030)	<u>\$ 1.105 Billion</u>
• Phase II Total	\$ 1.248 Billion
• Phase III	
– Petroleum Terminal 2 (Complete 2032)	\$ 185.2 million
• Phase IV	
– North End Stabilization Step 2 (Complete 2031)	\$ 134.5 million
• Phase V	
– Terminal 3 Demolition (Complete 2032)	<u>\$ 55.3 million</u>
<u>PAMP ALL Phases - Total Cost</u>	<u>\$1.867 Billion</u>

PAMP - Sources of Funds

PAMP ALL Phases - Total Cost

\$1.867 Billion

Status of Possible Sources of Funds

- Municipality has authorization to sell \$200 million of revenue bonds
- State of Alaska Contribution 2022 Legislative Session which ended May 18
 - Budget Appropriation of \$100 million (\$25 million in SOA FY 2023 and \$75 million in SOA FY 2024)
 - Matching Appropriation of \$100 million to match \$100 million of federal funds when received
- Federal Earmarks led by Senator Murkowski - \$5 million request for FY 2023
- Federal Competitive Infrastructure Investment & Jobs Act (IIJA) Grants & Credit Programs
 - Federal Port Infrastructure Development (PIDP) Grants
 - Annual Application Process, subject to NOFO
 - \$68.7 million applied for in May 2022 and received award of \$68.7 million in November 2022
 - Federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants
 - Formerly BUILD and TIGER Grants
 - Will be applied for annually in out years subject to NOFO
 - INFRA & MEGA Programs not available in 2022 for the Port, will apply in 2023 pursuant to a NOFO
 - USDOT TIFIA & RRIF Loan Guarantee (Credit) Programs – First step – Letter of Interest has been delivered to DOT and any 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 surcharge revenue
- MARAD Judgment Funds
 - The \$367 million 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 & Source of Funds

Cargo Terminal Total Cost = \$1.105 Billion

	<u>Cost</u>	<u>Percent</u>
– Municipality Funding Revenue Bonds Authorized \$200 million (Not Yet Issued)	\$200 million	18.1%
– SOA 2022 Contribution \$100 million are matching funds subject to receipt of federal grant funds	\$200 million	18.1%
– Federal Grant Funding* To Be Requested	\$705 million	<u>63.8%</u>

Source of Funds – Phase II B - Cargo Docks Replacement

\$1.105 Billion **100%**

- ***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 and any such debt will be repaid by Surcharge revenue.***

Phase II B - Cargo Docks Replacement

Repayment of Borrowed Sources of Funds SURCHARGE CONCEPT

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 / Per Barrel Surcharge

- The Surcharge occurs at the point when the tonnage and petroleum 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

Conclusion:

The Surcharge is a fair, transparent, equitable and legally defensible Concept

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

Total Cost of Cargo Docks Replacement = \$1.105 Billion

Assumptions:

- Municipality - Future Borrowing \$200 million
- 2022 State of Alaska Contribution \$200 million
- Federal Grants Contribution \$705 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 \$ 5.16

New Per Ton Cost \$ 7.64

The increase of \$4.34 is a 131% 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 = \$1.105 Billion

Assumptions:

- Municipality Must Borrow \$805 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 \$19.75

New Per Ton Cost \$22.23

The increase of \$18.93 is a 574% 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 \$1.867 Billion

PAMP Phase I and Initial Planning & Startup is complete and cost \$243.8 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 \$32.24

New Per Ton Cost \$34.72

The increase of \$31.42 is a 952% 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 \$200 Million for **Cargo Docks Replacement**
 - The per ton Surcharge increases \$4.34, **up 131%**
- If the Municipality borrows \$805 Million for **Cargo Docks Replacement**
 - The per ton Surcharge increases \$18.93, **up 574%**

If the Municipality Borrows \$1.323 Billion To Finish the Entire PAMP

The Per Ton Surcharge Increases \$31.42, up 952%

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 \$805 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 \$1.105 Billion for the completion of the Cargo Terminal no later than 2025, since they are being built as one continuous Dock

Dock 1 of the Cargo Terminal 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

Ross Risvold, Public Finance Manager

Related File: 2022 Port / Surcharge Calculation Port – MADS – Required Revenues – DSCR 12-14-2022.xlsx

File: PAMP Presentation 12-14-2022 Plan of Finance.pptx