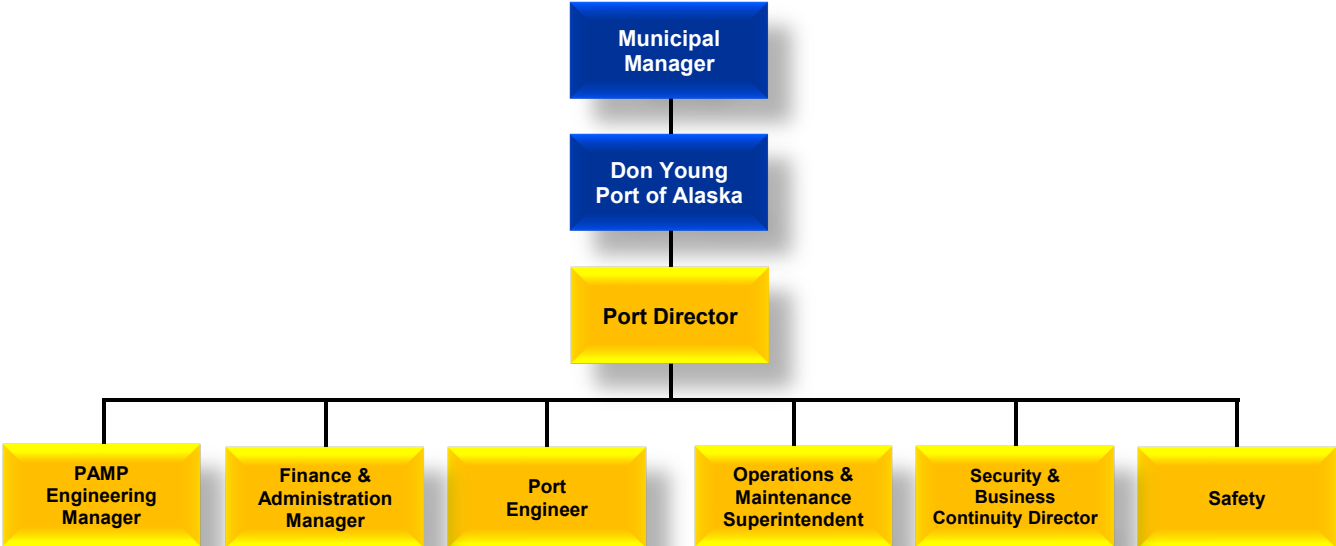


Don Young Port of Alaska



Don Young Port of Alaska Organizational Overview

The Don Young Port of Alaska (Port) is an enterprise function of the Municipality.

The Port Director is responsible for overseeing the day-to-day business operations of the Port; interacting as needed with tenants, the U.S. Coast Guard, the military, and any new business prospects interested in operating out of the Port of Alaska.

The Port of Alaska Modernization Program (PAMP) Engineering Manager serves as the Port's engineering subject matter expert and direct representative to the Municipality's PAMP Director (Deputy Municipal Manager) for all engineering aspects of the PAMP, to include providing guidance to the PAMP Director on the quality of execution of the PAMP program management consultant actions in response to their assigned tasks in the master service agreement.

The Finance & Administration Manager is responsible for performing the day-to-day business functions supporting the Port and Municipality of Anchorage. These duties include all aspects of financial management (operating and capital budgets), real estate management, grants management, and procurement activities to ensure compliance with approved budgets. Duties performed by the staff in this section include receptionist duties, accounts payable and receivable and IT needs of the Port staff.



Photo taken by Andre Horton



The Port Engineer develops and oversees all aspects of the existing port's infrastructure engineering requirements; directs the activities of port engineering services contractors; oversees Port construction contracts, including the multi-year engineering services contracts; provides input to the Port's capital budget planning; develops and maintains an engineering project tracking system; and oversees port geographic

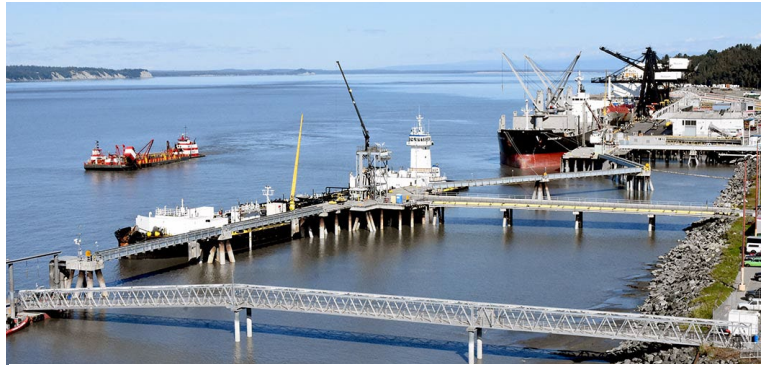
information systems (GIS) activities.

The Port's Operations & Maintenance Superintendent oversees all Port operations, to include all aspects of facility maintenance, vessel scheduling, movements and dockside activities, general upkeep and operation of Port facilities, infrastructure, equipment, upkeep and day-to-day management of all municipally owned infrastructure, roads, and docks. Also, under their

direction, Port Maintenance is responsible for the dredging and upkeep of the Ship Creek Small Boat Launch and the Dry Barge Berth.

The Security & Business Continuity Director oversees the Port's security contract in their role as Facility Security Officer; coordinates with the U.S. Coast Guard (USCG) to verify compliance with federal maritime security/cyber-security mandates; acts as Port's liaison with local, state, and federal law enforcement agencies; and ensures all disaster response and recovery plans are current. Additional

responsibilities include seeking business development opportunities; implementing the Port's marketing, educational and media outreach plans and materials; overseeing the Port's tour programs and special events; and is the point of contact for news events and government/legislative liaison activities.



Port of Alaska Docks

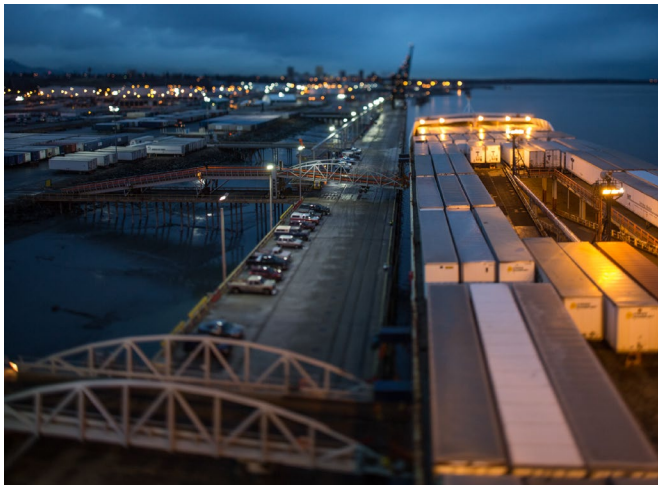


Photo taken by Andre Horton

The Port's Safety Coordinator oversees the Port staff's workplace safety program, heads the Port's Safety Working Group, and coordinates safety-related interactions with the municipality's Risk Management Division. The Safety Coordinator reports directly to the Port Director.



Don Young Port of Alaska Business Plan

Mission

The Don Young Port of Alaska (Port) is committed to provide a modern, safe, and efficient facility to support the movement of goods throughout the State of Alaska, to support the Department of Defense as one of 18 Commercial Strategic Seaports, and to support federal and state disaster response and recovery plans as needed.

Services

The Port is a landlord port committed to providing safe, efficient, and dependable facilities and support services to our private and public sector customers. The staff of the Port is responsible for maintaining all the land, docks, and municipal buildings that encompass the Port.

Business Goals

- Provide Port operating expertise and management to the Port of Alaska Modernization Program (PAMP) with the PAMP Engineering Manager serving as Project Administrator.
- Plan for future facility and service needs of business and public entity customers.
- Conduct periodic facility condition surveys to anticipate age-related challenges and to ensure uninterrupted operations and safety.
- Maintain affordable and competitive tariff rates and PAMP surcharge rates sufficient to cover operating and capital requirements and to cover the Port's MESA, dividend, IGC obligations, and debt service coverage obligations to the Municipality.
- Provide a safe work environment for both employees and tenants.
- Maintain financially sound operating ratios.
- Deliver accurate and timely billings to tenants and customers, demand timely payments from all users.
- Provide required level of port security under U.S. Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

Strategies to Achieve Goals

1. Provide year-round access to suitable terminals and docks for movement of containers, dry bulk, break bulk, neo-bulk, and liquid bulk cargo.
2. Plan, develop, and operate facilities to accommodate market growth and modernization.
3. Monitor the scheduling of all vessels that call on the Port.
4. Provide centralized Port and tenant security services and emergency management leadership.
5. As a landlord port, manage short-term permits (revocable use permits) and long-term leases of land and buildings.
6. Maintain and ensure uninterrupted 24/7/365 availability of Port owned facilities.
7. Ensure environmental quality of the land within the Port boundaries
8. Assess and manage the collection of all tariffs and user fees associated with vessels calling on the Port and land tenant operations.
9. Manage Foreign Trade Zone (FTZ) 160 and all FTZ applicants.
10. Coordinate U.S. Army Corps of Engineers dredging of the channel, turning basin, and dock face to provide for safe commerce.
11. Host official U.S. Navy, U.S. Coast Guard, National Oceanic Atmospheric Administration (NOAA), foreign navy, and Arctic research vessels on behalf of the Municipality of Anchorage, as needed.

Performance Measures to Track Progress in Achieving Goals

Progress in achieving goals will be measured by:

1. Quarterly Tonnage compared over the last five years – measured in a year over year format by commodity.
2. Total ships visited compared over the last five years by categories (Container, Petroleum, Cement) – measured in a year over year format.
3. 5 Year Net Operating Income – compared in a year over year by quarter format.

Don Young Port of Alaska

Anchorage: Performance. Value. Results.

Mission

Develop and maintain the quality of the Port's infrastructure to meet the needs of our stakeholders and ensure safe and modern infrastructure for the timely delivery of consumer goods and commercial cargo.

Core Services

- Provide all Port users with marine terminals and staging yards free of defects.
- Provide Port petroleum terminal operators with an operable and efficient valve yard and petroleum docks.
- Provide clean and safe roads and transfer yards for use by commercial and port-related vehicles.

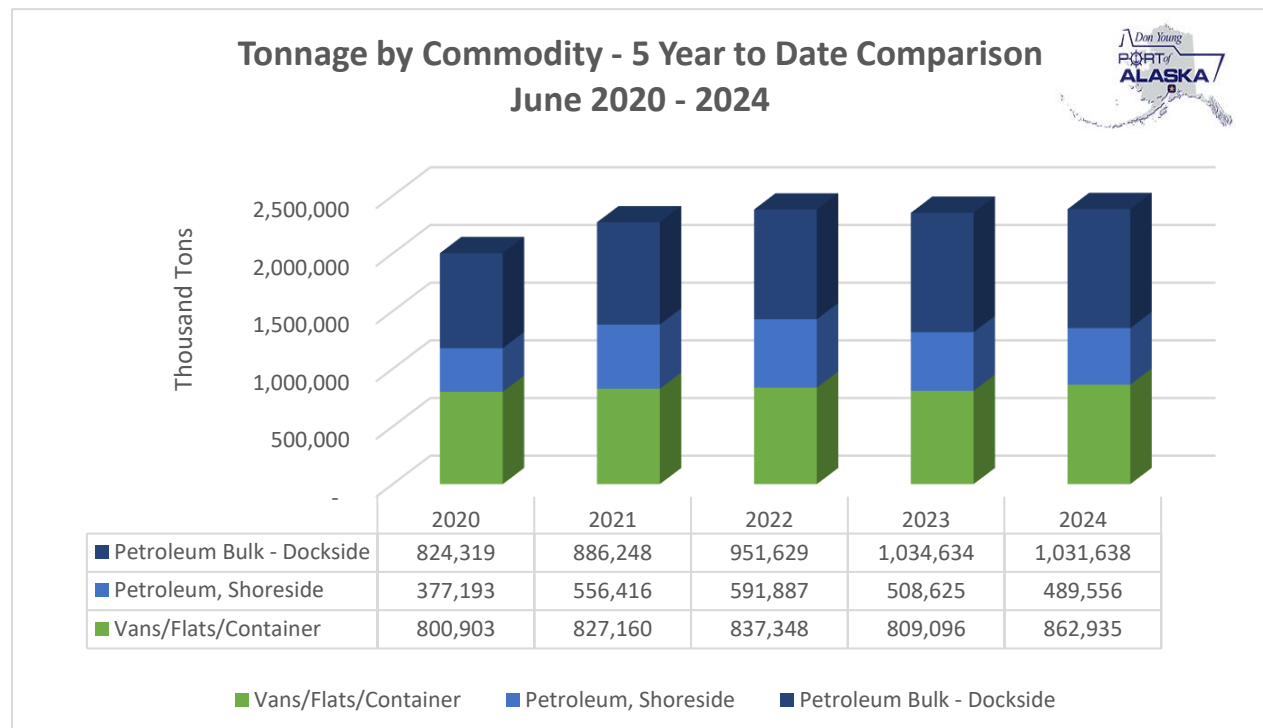
Accomplishment Goals

- Ensure continued maintenance and repair of existing port infrastructure to provide commodity delivery across the Port of Alaska dock.
- Inspect dock surface and common areas to ensure cranes, equipment and personnel can operate with minimal threat of damage.
- Ensure revenues generated support the Port's operations to include the coverage of debt service and critical operational maintenance.

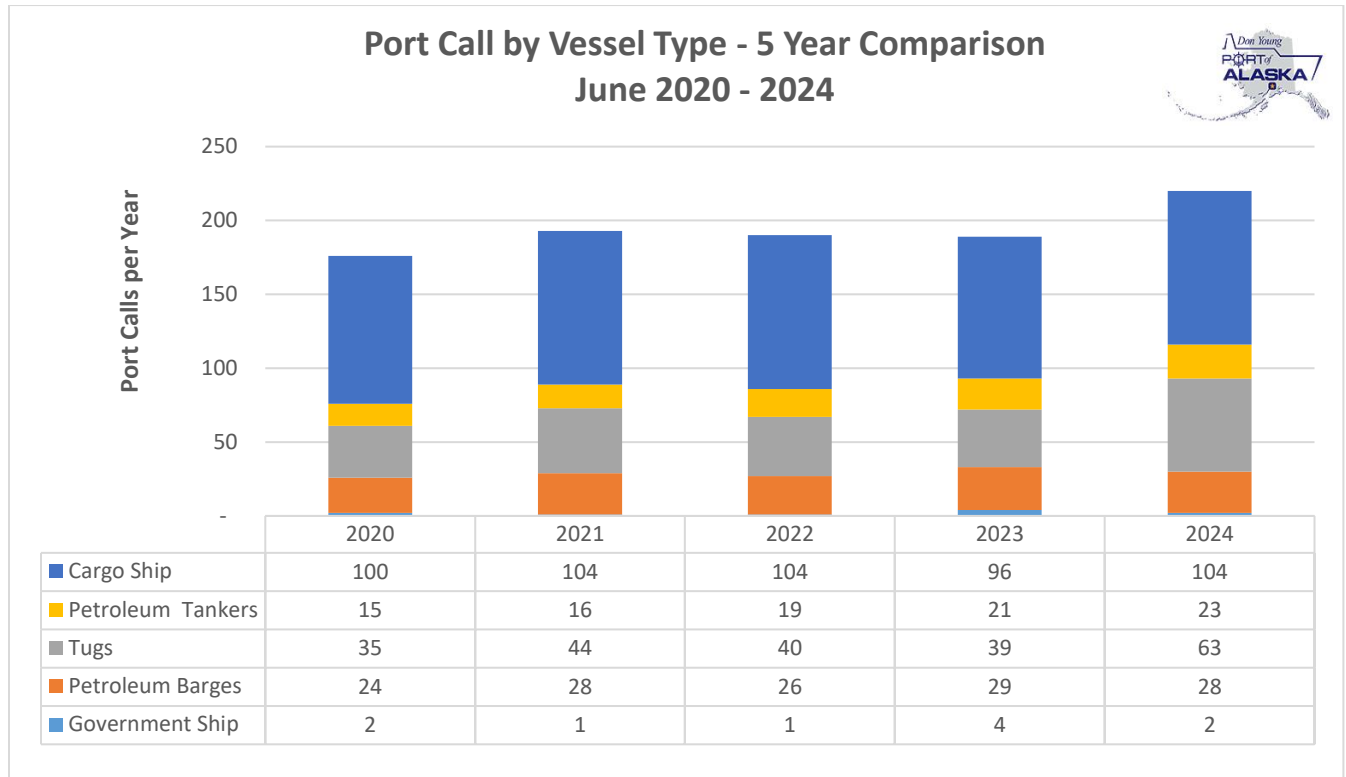
Performance Measures

Progress in achieving goals will be measured by the following:

Performance Measure #1: Quarterly Tonnage compared over the last five years – measured in a year over year format by commodity.



Performance Measure #2: Total ships visited compared over the last five years by categories (Container, Petroleum, Cement) – measured in a year over year format.



Performance Measures #3: 5 Year Net Operating Income June 2020 - 2024

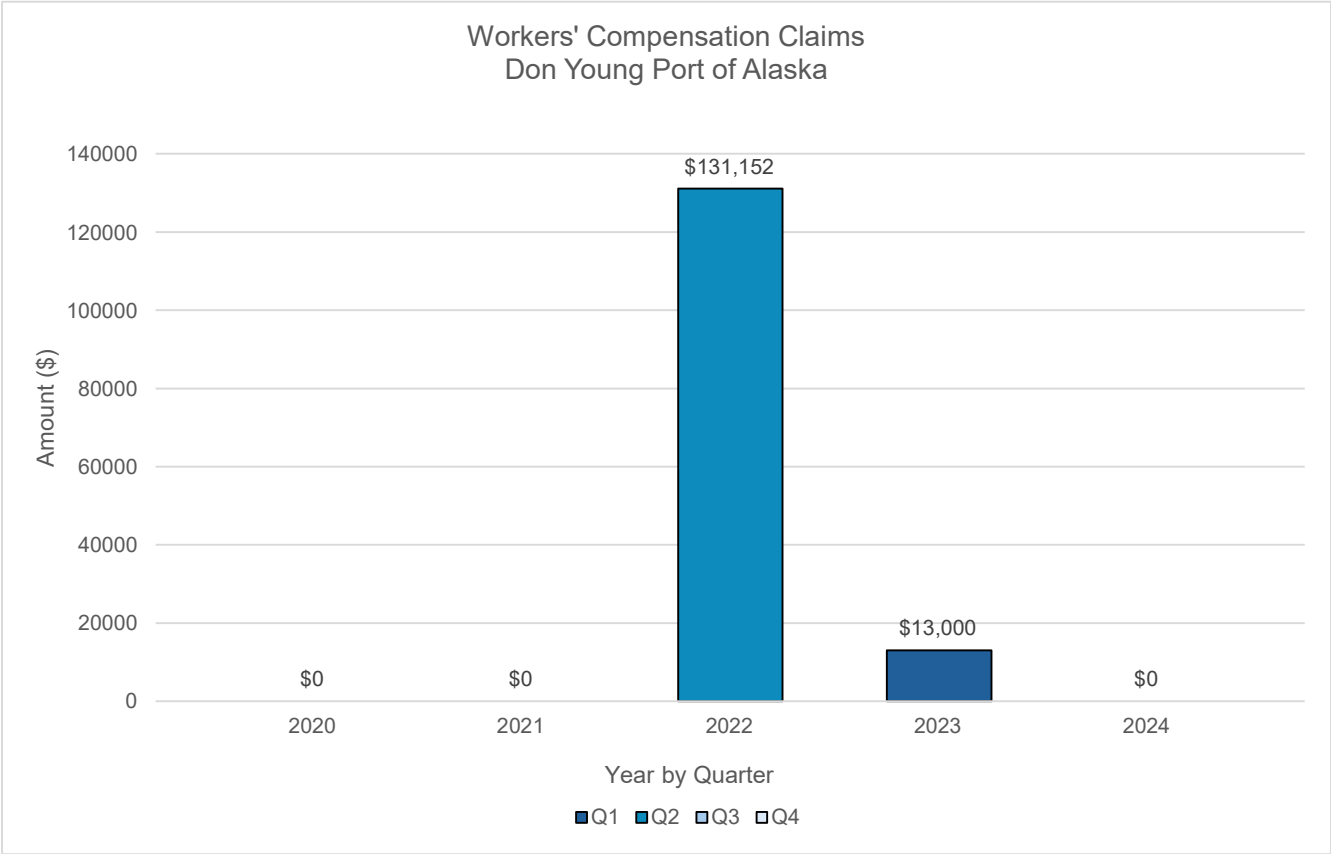
	2020	2021	2022	2023	2024
**Net Operating Income	\$ 161,272	\$ (3,074,788)	\$ (241,951)	\$ (3,972,121)	\$ (3,844,030)
Total Cash Flow	\$ 3,303,326	\$ 894,107	\$ 3,726,945	\$ 6,918,896	\$ 6,918,896

**Net Operating Income includes Depreciation expense (non-cash item) and Debt Service Payments

PVR Measure WC: Managing Workers' Compensation Claims

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



About Don Young Port of Alaska

History

The Don Young Port of Alaska (Port) commenced operation in September 1961 as the Port of Anchorage, with a single berth. In its first year of operation, 38,000 tons of cargo crossed the dock. On average, around four million tons pass over the dock every year, equating to about 250,000 commercial truck trips through Port property. The Port is a major economic engine and one of the strongest links in the Alaska supply chain. This chain enables residents statewide, from Cordova to Utqiagvik, to take full advantage of the benefits of inexpensive waterborne commerce through this regional port. The Port and its stakeholders have maintained a notable safety record throughout our six decades of operation. The Port is one of 18 Department of Defense - designated Commercial Strategic Seaports. In October 2017, the Anchorage Assembly voted to change the Port's name to the Port of Alaska to better recognize the state-wide importance of this vital marine Intermodal facility. On June 9, 2024, the Port's name was officially changed again to Don Young Port of Alaska to respect and recognize the memory of Alaska's longest-service representative in Congress who also was a tireless advocate for this Port.

Services

Approximately 50% of all waterborne freight entering the State, and 90% of all refined petroleum products sold within the Railbelt and beyond (87% of the State's population) move through the Port on an annual basis. Container service is available twice a week from the Port of Tacoma through two domestic ocean carriers. Bulk shipments, both domestic and foreign, involve imports of basic commodities such as cement, refined petroleum products and construction materials. Due to its strategic global position and close proximity to neighboring military bases, Joint Base Elmendorf-Richardson (JBER) and Fort Wainwright are key transportation nodes for Department of Defense concerning mobilization planning, shipping and transporting of jet fuel and other related petroleum products, and bulk cargo for military use.

The Municipality of Anchorage is the grantee of the Foreign Trade Zone (FTZ) No. 160, the only activated FTZ in the State of Alaska. The Port is the Municipal department responsible for the administration of the FTZ program in Anchorage. Under the FTZ Alternate Site Framework construct, the entire Municipality is the identified FTZ. At the present time, there are seven "sub-zones" totaling some 1,000 acres located at the Port, Ted Stevens Anchorage International Airport and at five private sites throughout the Municipality. An application for subzone status for the Marathon (formerly Tesoro) refinery in Kenai was approved by the United States Department of Commerce Foreign Trade Zones Board in May 2001.

Regulation

Dock revenue rates for the Port are established in the Port's Terminal Tariff No. 9.1 and through contractual Terminal Preferential Usage Agreements. Changes to the tariff and adjustments to the Preferential Usage Agreements' charges require initial approval by the Anchorage Port Commission, and are subject to final approval by the Anchorage Municipal Assembly.

Port Industrial Park Revenue is derived from long-term leases of properties in the 220-acre Port Industrial Park. The leases provide for five-year rate adjustments that are performed in accordance with Anchorage Municipal Code provisions. Leases and lease options are subject to Anchorage Municipal Assembly approval.

Environmental Mandates

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the National Environmental Policy Act (NEPA), Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), the Marine Mammal Protection Act (MMPA), Endangered Species Act, and Coastal Zone Management Plan. The Port area was also granted a categorical exclusion from Cook Inlet beluga whale critical habitat for reasons of its strategic importance to the Department of Defense and the State of Alaska.

Physical Plant

- 3,500 feet dock frontage
- Three general cargo terminals with two 30-ton gantry cranes, one 40-ton ship-to-shore gantry crane and proprietary roll-on/roll-off capability at one cargo terminal
- Three petroleum terminals with fifteen, eight-inch, tide-compensating lines, one which also supports dry bulk cement offload operations
- Bulk Petroleum Valve Yard capable of accommodating multiple simultaneous marine/shore and/or inter-user shore side transfers
- Dry and break-bulk handling
- Two floating, small-vessel docks
- Dry-barge landing
- All berths dredged to 35-foot depth at mean lower low water
- Two miles of rail-spur connected to Alaska Railroad
- 125 acres of cargo handling and storage yard, 59,200 tons of bulk cement storage and 3.4 million barrels of liquid fuel storage
- On-dock Transit Shed with 27,000 square foot heated storage/office space
- Portable Cranes to 150 tons available
- Adjacent to Alaska Railroad's main cargo yard, two private barge terminals, JBER, and Ted Stevens Anchorage International Airport (ANC).
- Regional pipeline connections to Nikiski, JBER and ANC.

Port Safety Security and Emergency Preparedness

Because the Port is a lifeline to the State of Alaska, safety, security and emergency preparedness are key parts of Port operations. Threats of natural disasters, accidents, or terrorists potentially disrupting the commerce and fuel supply for 87% of the state's population is of utmost importance. Efforts will continue to prevent and minimize these threats as well as establishing recovery procedures. These efforts are done in conjunction with the Port stakeholders, and Municipal, State, and Federal agencies. The Port continues to undergo security upgrades via Federal Port Security Grant applications and awards. Emergency preparedness planning and drills continue to be held to establish up to date disaster action and mitigation plans.

Master Planning

The Port of Alaska Modernization Program (PAMP) began in 2014 and is solely focused on replacing the deteriorating dock structures that have exceeded their original design life and are not built to current engineering standards for operational and seismic performance. The initial phase involved construction of a joint-use Petroleum & Cement Terminal (PCT). The effort began in 2018 with landside improvements with construction completing in late 2022. Construction of the Port Administration building was completed in April 2024 and is now occupied. Landside and waterside north end stabilization project work began in 2023 and will finish at the end of the 2024 construction season. In parallel with this has been the start of the

design work for the next PAMP phase--construction of new cargo docks. The dates for this effort are planned for 2025 through 2030 but are dependent on securing sufficient funding.

Don Young Port of Alaska (907) 343-6200
1871 Anchorage Port Road, Anchorage AK, 99501
Visit the Don Young Port of Alaska's website at: www.portofalaska.com

Don Young Port of Alaska Highlights and Future Events

Port of Alaska Modernization Program (PAMP)

The Don Young Port of Alaska's (Port) existing marine terminals have reached the end of their life span and suffer from severe corrosion. It has reached the point where dock operations will have to change in the next 4 to 5 years because of inability to sustain the weight of operational loads. The PAMP will replace two general cargo terminals and two petroleum terminals to ensure infrastructure resilience over a 75-year life cycle. To maintain Port operations during construction, the program will be completed in phases. Phase 1 includes construction of a new joint-use Petroleum/Cement terminal (PCT). Phases 2 through 4 complete the marine terminal construction, stabilization of the north extension, and re-location of the Port administrative offices.

The program will enable the Port to eventually accommodate deeper draft vessels by allowing for at the dock depth increase from 35 feet to 45 feet. New ship-to-shore container cranes will increase reach to accommodate modern, wider vessels. Completion of this program is critically important for the Port to be able to continue to serve 90% of Alaska's population and to maintain its role as one of 18 designated Department of Defense Commercial Strategic Seaports.

Construction of the Phase 1 Petroleum/Cement Terminal was completed in Fall 2022. Phase 2's cargo dock design are complete. Demolition of the old port office spaces and outdated transit shed to make room for construction material staging for the first cargo dock began in the summer of 2024. The second season of construction activities for stabilization of the north extension are under way. Construction of the Port administrative offices are complete, and the staff has relocated. Based on the current cargo dock design schedule, and assuming full up-front funding and assuming timely permit issuance, construction of cargo dock Terminal 1 is scheduled to begin in 2025. Completion of both cargo terminals is expected by the end of the 2032 construction season.

Ongoing Facility Maintenance

The Port continues to work diligently to meet its commitment to offer uninterrupted operational capability for Port users while new facilities are in design and construction. Aging facilities not included in the early phases of infrastructure improvements continue to be managed and maintained to the highest standards possible with great attention being paid to the highest priorities addressed first. Outside of any PAMP-related references, the recommendations in the Port's Capital Improvement Budget address existing port items needing immediate attention. Those include but are not limited to replacement of aging Port equipment, Storm Drain System Repair and Enhancement, and continued Port Security upgrades of existing infrastructure.

Link to Port of Alaska Financial Statements:

[Microsoft Word - Port of Alaska Fund 22.docx](#)

Description of Major Port Revenues

The Municipality operates the Port as a landlord through various property agreements entered into with tenants of the Port. The property agreements entered into by the Municipality, which convey the right to use, rent or lease Port assets include leases, preferential use agreements, revocable permits, and terminal operator permits. The tenants of the Port pay tariff charges

(including, but not limited to, dockage (the charge assessed for docking a vessel at a berth), wharfage (the charge assessed when cargo crosses the wharf)), and other fees to the Municipality for the right to use, rent or lease Port facilities. These different revenue sources are provided below.

Dockage

This is a tariff charge assessed to a vessel for docking at the Port wharf. The tariff outlines the basis for charges and provides guidelines for rates based on the length-over-all of the vessel and the length of time the vessel is tied up to the wharf.

Wharfage - Liquid Bulk

Wharfage is the charge assessed by barrel against Petroleum products passing over or under the Port wharf, transferred between vessels, and loaded into land petroleum storage tanks.

Wharfage - General Cargo

Wharfage is the charge assessed by ton for cargo passing over the cargo terminals. The main source of the Port's general cargo revenue is generated by cargo users subject to a negotiated Preferential User Agreement which sets rates outside of the tariff and is based on a scheduled number of Port visits annually. TOTE and Matson are the current Port cargo carriers.

Security Fees

The security fees generated by the Port are from a collaborative agreement of eight stakeholders plus the Port (the Port Security Committee), executed in 2004 to collectively secure the facility security necessary to comply with U.S. Coast Guard requirements for ports. The formula has been agreed upon by all stakeholders where each share a portion of the security cost based on property square footage, and tonnage across the dock.

Industrial Park Leases

Port industrial park revenue is derived from long-term leases of properties in the 220-acre Port Industrial Park. The leases provide for five-year rate adjustments that are performed in accordance with Anchorage Municipal Code provisions. Leases and lease options are subject to Assembly approval. This revenue represents short term permit rentals for Port users to meet their storage need when a temporary increase in business occurs. This revenue is unpredictable due to the fact that it is earned when an increase in regular business happens, so the Port is not able to plan on this revenue.

Commercial Passenger Vessel Tax (Cruise Ship Tax)

The State imposes an excise tax on travel on commercial passenger vessels (CPVs), typically cruise ships that have 250 or more berths and provide overnight accommodation in the State's marine waters. Passengers traveling on qualified commercial passengers are liable for the tax. The commercial passenger vessel excise tax rate is \$34.50 per passenger, per voyage. Cruise ship companies and commercial passenger vessel owners file returns and pay taxes monthly. The due date is the last day of the month following the month in which the voyages ended. The State's Department of Revenue's Tax Division deposits all proceeds from the CPV excise tax into the commercial Vessel Passenger (CVP) tax account in the General Fund. Subject to appropriation by the State Legislature from the account, the Division distributes \$5 per passenger to each of the first seven ports of call in Alaska. The tax is further reduced by any municipal taxes imposed on each passenger that were in effect prior to December 17, 2007. In light of COVID-19 reduced sailings to the Port of Alaska, this revenue was provided by the State of Alaska through COVID relief funds for 2020 and 2021.

PAMP Surcharge

On July 25, 2023, the Assembly passed AO 2023-34, which authorized and approved Tariff 10.0 establishing a uniform surcharge based on a per ton fee for cargo and cement and a per barrel fee for petroleum for the purpose of funding debt service requirements associated with revenue bonds issued to finance the PAMP.

Preferential Use Agreements

The Municipality has reserved the right under Tariff 10.0 to negotiate preferential user rates and terms providing for a reduced charge for dockage, wharfage, and real estate with requesting users who agree to provide profitable long-term business arrangements with the Port. The Municipality has preferential use agreements (PUA) with Matson and TOTE. Both the Matson and TOTE PUAs provide for monthly dockage and wharfage payments subject to escalation. Neither the Matson nor the TOTE PUA contains guaranteed annual minimum payments. The TOTE PUA expires 12/31/2026 and provides for two (2) successive period of five (5) years each upon mutually agreeable terms and conditions. The Matson PUA expires 12/31/2025 and provides for two (2) successive period of five (5) years each upon mutually agreeable terms and conditions.

Description of Major Port ExpensesNon-Labor

This category is representative of operating expenses necessary to operate and maintain the Port. It includes supplies such as tires and fuel for equipment used to maintain roads and docks in good condition for Port users. Non-labor also includes professional engineering services as needed to assist in projects of maintenance and repairs to Port infrastructure where engineering services cannot be provided by the Port. Non-labor is also the accounting group where the cost for the Port's Facility Security contract is paid. (Security fees noted above offset this cost to the Port. The Port's security expense is 11.9% of the contract).

Legal Services

This category is representative of legal expenses incurred in connection with two broad categories. The majority of these expenses are litigation fees against the United States Maritime Administration, a division of the United States Department of Transportation. The lawsuit commenced in 2013, seeking to recover damages incurred by the Port due to the Maritime Administration's mismanagement of a port expansion project that was terminated in 2012. Trial was held in February 2021, and after which legal service fees have been substantially reduced. A final judgement was entered on February 24, 2021, awarding MOA the sum of \$367,466,809. The judgement was timely appealed to the United States Court of Appeals for the Federal Circuit on April 24, 2022, and is pending. The second category represents legal expenses relating to occasions when specialized legal assistance is required, such as the filings relating to the Port Foreign Trade Zone 160.

MESA and Dividend Payments

Municipal Enterprise Service Assessment (MESA) is a service assessment required by Anchorage Municipal code AMC11.50.280. MESA is paid to general government in lieu of property tax and the calculation is outlined in the code. This calculation is based on the netbook value of Port assets. The Dividend calculation is outlined in AMC 26.10.065 as a mechanism to return a portion of surplus revenues, if available, after the legislated calculation is performed.

Tariffs

Pursuant to Anchorage Municipal Code 11.50.030(B), the Anchorage Port Commission regulates the operation of terminal and transportation facilities at the Port by promulgating a terminal tariff containing rates, charges, rules and regulations applicable at the Port and subject to the approval of the Assembly and filed with the Federal Maritime Commission. Dock revenue rates for the Port are established in the Port's Terminal Tariff No. 9.1 and through contractual Preferential Usage Agreements. Changes to the tariff require approval by the Commission and are subject to final approval by the Assembly.

In 2019, the Port undertook an extensive review of the tariff rates in light of the expiration of Tariff 8.2 on December 31, 2019, and the potential requirement to create capacity in the Port's income stream for debt service coverage to repay future borrowings necessary to fund the port modernization program. Following the review of the tariff and the completion of a Revenue Requirements report, which included various rate scenarios and recommendations provided by an independent contractor, the Commission promulgated a ten-year tariff with a rate structure that would support ongoing operations of the Port as well as provide income for debt service payment known at that time. The Assembly approved the rates, terms and conditions of the Port's Terminal Tariff 9.0 and it was implemented on January 1, 2020.

In 2023, Tariff 10.0 was developed and approved by the Port Commission and Anchorage Assembly. The notable change to Tariff 10.0 was the addition of section 272, "PORT OF ALASKA MODERNIZATION PROGRAM" assessing a surcharge fee in order to cover expenses incurred for the modernization program. This was approved by the Port Commission and approved by the Anchorage Assembly in AO 2023-34, July 25, 2023, and implemented January 1, 2024. The entire Tariff 10.0 document (including individual rates) can be found at: [Microsoft Word - POA Terminal Tariff 10.0 \(portofalaska.com\)](https://portofalaska.com/Word-POA-Tariff-10.0)

Tariff Setting Methodology

Tariff rates are established based on a revenue requirement methodology. Operational costs and debt service requirements as well as addressing costs to maintain aging infrastructure, are included in the calculation to finalize tariff rates.

Approved Tariff 10.1 Rate Increases (1/1/2024)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum	23.81%	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	-	-
Cement	23.81%	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	-	-
Other	3.50%	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	-	-

Recap of Historical Rates per Ton (10 Years 2013 – 2022)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Tonnage	5,190	4,988	4,704	4,266	3,949	3,498	3,498	3,776	3,456	3,408
Total Rates/Ton	\$3.43	\$3.20	\$3.25	\$2.98	\$3.12	\$3.34	\$3.54	\$3.25	\$3.45	\$2.95

(Note: Rates/Ton is calculated by dividing total tonnage across the dock by operating expenses.)

Don Young Port of Alaska External Impacts

Continued development and infrastructure replacement at North Slope, offshore, and Cook Inlet oil and gas fields, including potential construction of a pipeline to tidewater for liquefied natural gas (LNG) export, and construction of the Ambler Mining Road and the associated follow-on mineral extraction activities.

Catching up with the changing equipment and infrastructure needs of the maritime shipping industry so as not to lose relevance, to keep Port users competitive, and to keep the cost of goods to the consumer reasonable.

Sustaining the response to jet fuel requirements from Ted Stevens Anchorage International Airport and Joint Base Elmendorf-Richardson (JBER).

Designation of the Don Young Port of Alaska as one of 18 Department of Defense – designated Commercial Strategic Seaports.

Unpredictability of State and Federal funding, as well as the challenge of aligning when awarded federal grant dollars will be made accessible by the federal grant managing agency for the purpose(s) for which they were asked.

Unpredictable terrorist events affecting implementation of Department of Homeland Security laws and regulations.

The growing cybersecurity concerns will be a factor as we modernize the Don Young Port of Alaska, and the infrastructure becomes more vulnerable to attacks.

Don Young Port of Alaska Capital Overview

Capital Project Selection Process

The process of choosing funded projects for the existing Don Young Port of Alaska (Port) infrastructure in our Capital Improvement Program (CIP) begins with an inspection of the facility led by our engineering services contractor, Michael Baker International. Documentation and estimates for all repairs that fall into the definition of a capital project are prepared for decisions to be made in regard to funding sources and when the projects will be constructed.

There are large assets at the Port that may require multiple years to complete, we then prepare the budget based on the expected amount that will be spent for each year until it is complete. Examples include but are not limited to wharf pile enhancements, fender systems, and storm drains. Heavy equipment replacements are budgeted based on the life of the asset and the maintenance requirement costs.

Funding sources for necessary projects are identified based on availability of Port equity, and with large projects, the opportunity to access capital funding mechanisms such as loans or bonds.

Significant Projects

Storm Drain Enhancements – The 2025 Capital project work at the Port includes continued work on the infrastructure of the storm drain system. This work consists of concentrated repair and enhancement of Storm Drain systems. With the acceptance of grant funds in 2023, and grant work that has begun in 2024, this ongoing project has seen an influx of approximately ten million dollars to fund needed repair and enhancement work. The intent of this work is to ensure good working conditions and prevent failures and potential sink holes from developing throughout the Port.

Port of Alaska Modernization Program (PAMP)

The significant 2025 projects on the horizon are:

1. Cargo Terminals – construction of Terminal 1's replacement begins. Funding for this project is appropriated on an as needed basis and based on the contracts approved by the Assembly. These appropriations are not included in the capital budget process because they are unknown at this time, however, once finalized, the contract need is identified, and the authorization packets will be submitted for approval through designated channels.
2. Port's North Extension Stabilization Step 1 – ongoing work that results in completing the removal of the first portion of the Port's North Extension, declared to be unsafe and the substance of the ongoing lawsuit between the Municipality and the U.S. Maritime Administration. This is necessary in order to ensure safe navigation to the existing cargo docks while construction on the new cargo docks begins.

Don Young Port of Alaska
8 Year Summary
(\$ in thousands)

Financial Overview	2023 Actuals Unaudited	2024 Proforma	2025 Proposed	2026	2027	2028	2029	2030
	Forecast							
Revenues	19,246	18,972	18,529	18,992	19,467	19,954	20,453	20,964
Expenses and Transfers ⁽¹⁾	28,064	28,590	30,412	30,565	30,870	31,179	31,491	31,806
Net Income(Loss)	(8,818)	(9,618)	(11,883)	(11,572)	(11,403)	(11,225)	(11,038)	(10,842)
Charges by/to Other Departments	1,202	1,457	1,503	1,493	1,531	1,569	1,608	1,648
Municipal Enterprise/Utility Service Assessment	1,240	1,551	1,409	1,567	1,606	1,646	1,687	1,729
Dividend to General Government	736	604	604	604	604	604	604	604
Transfers to General Government ⁽²⁾	3,178	3,578	3,470	3,664	3,740	3,819	3,899	3,982
Operating Cash	16,671	23,937	25,571	25,549	25,519	25,483	25,438	25,386
Restricted Cash - Debt Service	3,935	4,681	4,436	5,446	5,882	5,867	5,868	5,866
Construction Cash Pool	-	5,000	3,050	3,050	2,650	2,650	1,021,550	4,000
Restricted Cash	1,950	1,950	1,950	-	-	-	-	-
Total Cash	17,707	35,568	35,007	34,045	34,051	34,000	1,052,856	35,252
Net Position/Equity 12/31	319,008	344,477	367,751	390,223	412,872	435,646	1,477,464	1,501,874
Capital Assets Beginning Balance	349,273	338,147	353,768	356,818	359,868	362,518	365,168	367,818
Asset Additions Placed in Service	1,848	16,000	3,050	3,050	2,650	2,650	1,021,550	2,650
Assets Retired	-	-	-	-	-	-	-	-
Change Depreciation (Increase)/Decrease	(12,974)	(13,838)	(13,838)	(13,976)	(14,116)	(14,257)	(14,400)	(14,544)
Net Capital Assets (12/31)	338,147	340,309	342,980	345,892	348,402	350,911	1,372,318	355,924
Equity Funding Available for Capital	10,786	23,937	25,571	20,103	19,637	19,616	19,570	19,520
Debt								
New Debt - Bonds	-	-	-	-	-	-	-	-
New Debt - Loans or Other	-	-	-	-	-	-	-	-
Total Outstanding LT Debt	104,380	104,010	102,625	100,780	98,915	97,010	95,065	93,075
Total Annual Debt Service Payment	2,995	2,798	2,636	3,646	4,082	4,067	4,068	4,066
Debt Service Requirement	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Debt Service Coverage (Bond)	2	1.44	1.86	1.93	1.95	1.97	1.99	2.01
Debt Service Coverage (Total)	1.84	1.44	1.86	1.93	1.95	1.97	1.99	2.01
Debt/Equity Ratio	33/100	30/100	28/100	26/100	24/100	22/100	6/100	6/100
Tariff Wharfage Rates (01/15):								
1250 Petroleum, Bulk / Barrel	\$0.322	\$0.193	\$0.199	\$0.205	\$0.211	\$0.211	\$0.211	\$0.000
1250 Cement, Bulk / Ton	\$3.28	\$1.96	\$2.02	\$2.08	\$2.15	\$2.15	\$2.15	\$0.00
Statistical/Performance Trends:								
Tonnage (in thousands)	5,070	5,190	5,050	5,075	5,101	5,126	5,152	5,178
Operating Revenue/Ton	3.80	3.68	3.67	3.74	3.82	3.89	3.97	4.05

⁽¹⁾ Expenses shown include all transfers to General Government and all non-cash items: depreciation (including depreciation on assets purchased with grant funds) and amortization activities.

⁽²⁾ Included in total expenses calculated in Net Income.

Don Young Port of Alaska Statement of Revenues and Expenses

	2023 Actuals Unaudited	2024 Proforma	\$ Change	2024 Revised	\$ Change	2025 Proposed	25 v 24 % Change
Operating Revenue							
Dock Revenue	5,578,313	5,291,886	2,178,620	3,113,266	1,997,147	5,110,413	64.15%
Dock Revenue - Debt Service	1,900,205	336,098	(8,403)	344,501	-	344,501	0.00%
Wharf General Cargo	4,126,430	4,830,735	(700,543)	5,531,278	(1,281,278)	4,250,000	-23.16%
Wharfage General Cargo - Surcharge	-	905,116	395,374	509,742	340,258	850,000	66.75%
Industrial Park Revenue	4,912,507	4,939,358	3,402,852	1,536,506	(458,059)	1,078,447	-29.81%
Security Fees	1,552,076	1,556,300	78,325	1,477,975	253,650	1,731,625	17.16%
Reimbursed Costs	21,381	79,781	59,781	20,000	-	20,000	0.00%
Miscellaneous	1,014,937	1,032,857	(3,067,478)	4,100,335	127,100	4,227,435	3.10%
Total Operating Revenue	19,105,850	18,972,132	2,338,529	16,633,603	978,818	17,612,421	5.88%
Non Operating Revenue							
Pipeline Right-of-Way Fee	192,166	-	(173,000)	173,000	17,000	190,000	9.83%
Investment Income	(75,253)	-	(727,000)	727,000	(1,172,000)	(445,000)	-161.21%
Other Income	23,497	-	-	-	-	-	0.00%
Total Non Operating Revenue	140,410	-	(900,000)	900,000	(1,155,000)	(255,000)	-128.33%
Total Revenue	19,246,260	18,972,132	1,438,529	17,533,603	(176,182)	17,357,421	-1.00%
Operating Expense							
Salaries and Benefits	2,656,222	2,496,404	(446,475)	2,942,879	143,929	3,086,808	4.89%
Overtime	93,301	98,084	24,663	73,421	-	73,421	0.00%
Total Labor	2,749,523	2,594,488	(421,812)	3,016,300	143,929	3,160,229	4.77%
Supplies	231,976	200,949	(40,551)	241,500	-	241,500	0.00%
Travel	30,468	28,285	7,555	20,730	-	20,730	0.00%
Contractual/Other Services	4,989,466	3,635,243	(1,003,954)	4,639,197	300,800	4,939,997	6.48%
Equipment/Furnishings	79,756	-	(14,450)	14,450	-	14,450	0.00%
Dividend to General Government	736,369	604,104	(70)	604,174	-	604,174	0.00%
Manageable Direct Cost Total	6,068,034	4,468,581	(1,051,470)	5,520,051	300,800	5,820,851	5.45%
Municipal Enterprise/Utility Service Assessment	1,239,640	1,551,181	-	1,551,181	(142,181)	1,409,000	-9.17%
Depreciation/Amortization	12,974,710	13,837,791	-	13,837,791	-	13,837,791	0.00%
Non-Manageable Direct Cost Total	14,214,350	15,388,972	-	15,388,972	(142,181)	15,246,791	-0.92%
Charges by/to Other Departments	1,201,746	1,456,951	-	1,456,951	46,006	1,502,957	3.16%
Total Operating Expense	24,233,653	23,908,992	(1,473,282)	25,382,274	348,554	25,730,828	1.37%
Non Operating Expense							
Debt Issuance Costs	(105,049)	598,047	-	598,047	(155,000)	443,047	-25.92%
Interest on Bonded Debt	3,935,411	4,072,953	-	4,072,953	155,000	4,227,953	3.81%
Lease Principle/Interest Expense	-	10,012	-	10,012	-	10,012	0.00%
Total Non Operating Expense	3,830,361	4,681,012	-	4,681,012	-	4,681,012	0.00%
Total Expense	28,064,015	28,590,004	(1,473,282)	30,063,286	348,554	30,411,840	1.16%
Net Income (Loss)	(8,817,755)	(9,617,872)	2,911,811	(12,529,683)	(524,736)	(13,054,419)	4.19%
Appropriation:							
Total Expense		28,590,004	(1,473,282)	30,063,286	348,554	30,411,840	1.16%
Less: Non Cash Items							
Depreciation/Amortization		13,837,791	-	13,837,791	-	13,837,791	0.00%
Total Non-Cash		13,837,791	-	13,837,791	-	13,837,791	0.00%
Amount to be Appropriated (Function Cost/Cash Expense)		14,752,213	(1,473,282)	16,225,495	348,554	16,574,049	2.15%

Don Young Port of Alaska Reconciliation from 2024 Revised Budget to 2025 Proposed Budget

	Expenses	Positions		
		FT	PT	Temp/ Seas
2024 Revised Budget (Appropriation)	16,225,495	21	-	-
Transfers by/to Other Departments				
- Charges by Other Departments	46,006	-	-	-
- Municipal Enterprise Service Assessment (MESA)	(142,181)	-	-	-
Changes in Existing Programs/Funding for 2025				
- Salaries and benefits adjustments	143,929	-	-	-
2025 Continuation Level	16,273,249	21	-	-
2025 Proposed Budget Changes				
- Security and Alarm Services	285,000	-	-	-
- Accounting Services	15,800	-	-	-
2025 Proposed Budget	16,574,049	21	-	-
2025 Budget Adjustment for Accounting Transactions (Appropriation)				
- None	-	-	-	-
2025 Proposed Budget (Appropriation)	16,574,049	21	-	-
		2025 Proposed FTE		
		21.0	21.0	-

Don Young Port of Alaska
2025 Capital Improvement Budget
(in thousands)

Projects	Debt	State	Federal	Equity	Total
Port Equipment	-	-	-	260	260
Storm Drain Enhancements	-	-	-	2,500	2,500
Strategic Plan	-	-	-	300	300
Tract J Refencing	-	-	-	1,000	1,000
US Army Corps of Engineers Permit Requirements	-	280	-	-	280
Total	-	280	-	4,060	4,340

Don Young Port of Alaska 2025 - 2030 Capital Improvement Program

(in thousands)

Projects	Year	Debt	State	Federal	Equity	Total
Equipment						
Port Equipment	2025	-	-	-	260	260
Port of Alaska Industrial Park Enhancements						
Storm Drain Enhancements	2025	-	-	-	2,500	2,500
	2026	-	-	-	2,500	2,500
	2027	-	-	-	2,500	2,500
	2028	-	-	-	2,500	2,500
	2029	-	-	-	2,500	2,500
	2030	-	-	-	2,500	2,500
		-	-	-	15,000	15,000
Strategic Plan	2025	-	-	-	300	300
Tract J Refencing	2025	-	-	-	1,000	1,000
Port of Alaska Modernization Program (PAMP)						
US Army Corps of Engineers Permit Requirements	2025	-	280	-	-	280
	Total	-	280	-	16,560	16,840

Port Equipment

Project ID	POA2021001	Department	Don Young Port of Alaska
Project Type	New	Start Date	January 2025
District	Tax: 1 - City/Anchorage	End Date	December 2025

Community Council

Description

Replace aging Port equipment - (1985 GMC Dump Truck & 2001 Pickup Truck)

Version 2025 Proposed

		2025	2026	2027	2028	2029	2030	Total
Revenue Sources	Fund							
Net Position	570800 - Port Operating Contributions	260	-	-	-	-	-	260
Total (in thousands)		260	-	-	-	-	-	260

Storm Drain Enhancements

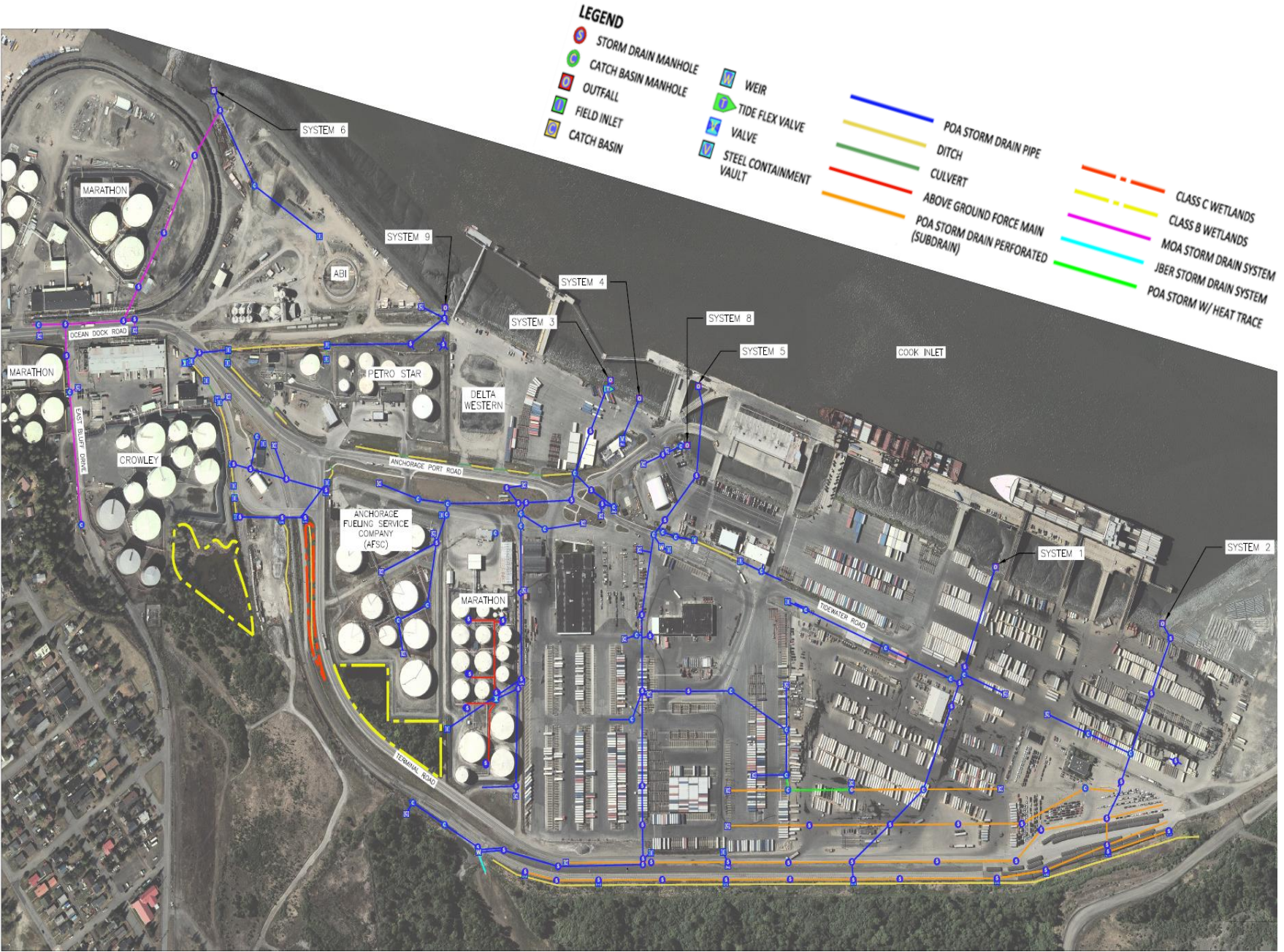
Project ID	POA2021002	Department	Don Young Port of Alaska
Project Type	Upgrade	Start Date	January 2020
District	Tax: 1 - City/Anchorage	End Date	December 2030

Community Council**Description**

Identify, evaluate, and repair as needed to ensure proper function of the storm drain system on the Port of Alaska. There are 9 storm drain systems on the Port and a Storm Drain Master Plan was put into place in 2019 estimating annual enhancements and repairs to be completed over the next ten years. In 2020, with the onset of COVID-19 the constraint on resources caused a delay in the schedule. Forward momentum anticipates annual enhancements and repairs will be on track again in 2025.

Version 2025 Proposed

		2025	2026	2027	2028	2029	2030	Total
Revenue Sources	Fund							
Net Position	570800 - Port Operating Contributions	2,500	2,500	2,500	2,500	2,500	2,500	15,000
Total (in thousands)		2,500	2,500	2,500	2,500	2,500	2,500	15,000



Tract J Refencing

Project ID	POA2025002	Department	Don Young Port of Alaska
Project Type	Replacement	Start Date	January 2025
District		End Date	December 2026

Community Council

Description

An Assembly Ordinance (AO 2023-82) was approved in August 2023 that preserved the "Upper Bench" or the old "Blueberry Patch" from the 1930's for development as dedicated public park space. Therefore, the Don Young Port of Alaska (Port) had to complete a replat of Tract J that concluded that a new fence must replace the old fence that follows the new Port boundaries. Necessary for continuous security requirements as outlined in the regulations for security standards at the Port (33CFR 105).

Comments

Preliminary stages

Version 2025 Proposed

		2025	2026	2027	2028	2029	2030	Total
Revenue Sources	Fund							
Net Position	570800 - Port Operating Contributions	1,000	-	-	-	-	-	1,000
Total (in thousands)		1,000	-	-	-	-	-	1,000

