

Municipality of Anchorage

Port of Alaska Modernization Program

Plan of Finance

Presented to

Alaska State Legislature

House Finance Committee

April 12, 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 in Order of Cost**
 - **Source of Funds – Proposed**
 - **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.**

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 \$ 132 million
 - Phase II A \$ 143 million

- Phase II B
 - Cargo Docks Replacement
 - Cargo Dock 1 \$ 643 million
To Be Completed 2029
 - Cargo Dock 2 \$ 460 million
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 \$ 59 million

PAMP ALL Phases - Total Cost \$1.851 Billion



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 years

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

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

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%
State of Alaska Funds	\$600 million	54%
Federal Funds	<u>\$281 million</u>	<u>26%</u>
	\$1.103 Billion	100%

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

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 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 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 \$ 5.35
- **New Per Ton Cost** **\$ 7.83**

The Increase of \$4.53 is a 1.4 Times Increase

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 2.9 Times Increase

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 \$1.103 Billion
- 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 \$21.00
- **New Per Ton Cost** **\$23.48**

The Increase of \$20.18 is a 6.1 Times Increase

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 | <u>\$30.57</u> |
| – <u>New Per Ton Cost</u> | <u>\$33.05</u> |

The Increase of \$29.75 is a 9.0 Times Increase

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’ 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 04-11-2022

14