

S B

525

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act authorizing the issuance of bonds by AIDEA, etc.
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce

Agency Affected: Commerce & Economic Dev.
 BRU: Alaska Industrial Development and Export Authority
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0			
CAPITAL	0	0	0			
REVENUE	0	0	0			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Bertram L. Wagon, Executive Director Phone: 561-8050
 Division: AIDEA/Commerce and Economic Development Date: _____

Approved by Commissioner: Larry Mercurieff *Larry Mercurieff* Date: 3-22-90
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

2182W/32290c

ANALYSIS:

Section 1 of SB 525 would give AIDEA the authority to issue up to \$40 million in bonds for the Skagway dock project.

Section 2 would give AIDEA the authority to issue up to \$10 million in bonds for the Unalaska dock project.

Payments from users of the facilities will pay operating costs and debt service on the bonds. Revenue funds will be maintained as required by the bond documents. User agreements will provide necessary revenue for operations, maintenance, and debt service.

No separate legislative appropriation is required for AIDEA to issue the revenue bonds; therefore, the fiscal note is zero.

Sheiler file



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

April 4, 1990

The Honorable Dick Eliason
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Eliason:

Thank you for the opportunity to provide clarification on HB 123 and SB 525 and their impact on Skagway.

Should neither bill become law, the Authority would be unable to either finance any facilities for Skagway⁽¹⁾ or own itself and allow others to utilize any facilities in Skagway.

Should only HB 123 become law, the Authority would be able to finance, in conjunction with a financial institution, under our normal financing program (44.88.155 up to a limit of \$10 million) a dock facility in Skagway. The discussed project was never intended to be handled in this way however, it is technically possible.

Should only SB 525 become law, the Authority could issue bonds and own a dock facility in Skagway. It could be somewhat troubling not having Sections 2 & 3 of HB 123 but, most likely could be made to work.

If both HB 123 and SB 525 become law, both options would of course be available. It should be noted that under either program, consent is required by the local governing body.

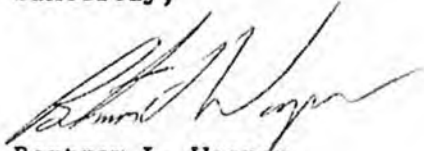
The rumor mill is very active that White Pass and Curragh are close to an agreement under which Curragh would obtain White Pass's interest in the existing ore terminal. It is anticipated that Curragh will need Authority participation in such a transaction. Local reaction to such a transaction is subject to speculation however, in my hearings in Skagway a considerable voice advocated keeping the terminal/industrial portion of the water front in its current location (away from the small boat harbor and park). Unsure what this would do to the election however, SB 525 would work under either case with one minor amendment.

Letter - Senator Eliason
April 4, 1990
Page Two

On another note, attached is the March 30, 1990, Simon & Seafort's menu. Thought you would find the description of the "Canadian King Salmon" interesting.

If you should have any questions, please let me know.

Sincerely,



Bertram L. Wagnon
Executive Director

BLW/ss
attachment(s)

(1) Current law provides that the Authority may issue bonds to finance projects in conjunction with a financial institution in an amount not to exceed \$10 million. Without HB 123, no bonds can be issued which precludes usage of 44.88.155, our normal financing activities under \$10 million.

House Bill 123
Provisions That Could Impact Skagway Project

Section 2

Includes a municipal along with federal state entities. This may not be fatal however, it could complicate Skagway as well as the Unalaska project. Most likely I can work around it but it would certainly give considerable comfort to know the legislature wanted the Authority to work with municipal entities.

Section 3

This section provides flexibility in transferring funds between the various accounts to facilitate the issuance of bonds through either the Economic Development Account or the Enterprise Development Account. It is an internal accounting provision allowing usage of assets for projects that have been approved. It may not be fatal to not have this section however, it would complicate the funding side of the transaction.

Sheila



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

January 12, 1990

The Honorable Tim Kelly
Senate President
P.O. Box V
Juneau, Alaska 99811

Dear Senator Kelly:

Legislation extending the authorization of the Authority to issue bonds failed to pass during the last session of the Legislature. H.B. 123, at the Authority's request, has been referred to the Senate Labor & Commerce Committee. It is my hope that the committee will take up the bill in the near future to consider necessary amendments which the Authority has proposed. Once H.B. 123 passes the Senate, it will return to the House for concurrence. Absent the passage of this legislation, the Authority is prohibited from issuing bonds after January 1, 1990.

During the interim, the Authority was approached by the City of Unalaska requesting assistance in expanding the City's port facilities to accommodate a dramatically increased level of activity. The Authority entered into an agreement with the City whereby the Authority would finance the improvements, subject to legislative approval. The Governor plans to introduce legislation shortly authorizing the Unalaska dock project. H.B. 123 also is critical to the Authority's ability to access the bond market and perform its role in financing infrastructure developments.

In order to allow preliminary engineering and design to commence immediately, the Authority has agreed to advance fund portions of the project so that a schedule could be maintained allowing for construction in the Summer of 1990. I want to assure you that this in no way is intended to circumvent legislative approval and no bonds will be issued without such approval. It is merely a mechanism to allow preliminary work to proceed so that this needed infrastructure project can be constructed this summer.

I would be happy to discuss the proposed legislation with you at any time.

Sincerely,

Bertram L. Wagnon
Executive Director

Honorable Tim Kelley
January 12, 1990
Page Two

cc: Senator Dick Eliason, Chairman
Senate Labor & Commerce Committee

Senator Fred F. Zharoff

CITY OF SKAGWAY, ALASKA
RESOLUTION 90-7R

A RESOLUTION REQUESTING AMENDMENT AND PASSAGE BY THE ALASKAN LEGISLATURE OF HOUSE BILL 455 AND SENATE BILL 525.

Whereas, the City of Skagway and the Alaska Industrial Development and Export Authority (AIDEA) have negotiated a tidelands lease for the purpose of development of an ore terminal and multi-use port facility; and

Whereas, the City of Skagway approved this lease by Ordinance 90-3 on condition that the ordinance be ratified by a vote of the citizens of Skagway on April 17, 1990; and

Whereas, House Bill 455 contained a provision that would authorize AIDEA to issue bonds in the amount of \$40 million for purposes of port development in Skagway; and

Whereas, this provision for AIDEA participation in Skagway port development was subsequently removed from House Bill 455; and

Whereas, on April 6, 1990, Curragh Resources, the proposed principal user of the AIDEA port development project, made arrangements with Skagway Terminal Company to continue to use the existing ore transshipment facility in Skagway under a sublease agreement to be approved by the City of Skagway; and

Whereas, this agreement renders the port development project as proposed under Ordinance 90 - 3 unnecessary due to the loss of the principal facility user; and

Whereas, AIDEA participation in the agreement between Curragh Resources and Skagway Terminal Company is possible.

NOW THEREFORE BE IT RESOLVED THAT THE COMMON COUNCIL OF THE CITY OF SKAGWAY requests the immediate amendment and passage of House Bill 455 and Senate Bill 525 authorizing AIDEA to issue bonds for the financing of port improvements in Skagway, specifically to acquire and rehabilitate the existing ore terminal in Skagway; and

BE IT FURTHER RESOLVED that this authorization shall not apply to the port development plan as proposed by AIDEA involving construction of a new ore terminal on lands leased from the City, as proposed under City of Skagway Ordinance 90 - 3.

PASSED AND APPROVED THIS 12TH DAY OF APRIL, 1990.

Stan Selmer
Stan Selmer, Mayor

ATTEST:

Lorene S. Gordon
Lorene S. Gordon, City Clerk

DRAFT

Suggested Amendments to S.B. 525

Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and [construction] reconstruction of a public use [multi-purpose] ore terminal [and dock facility] in Skagway to be owned by the Authority. The principal amount of the bonds may not exceed [~~\$40,000,000~~] \$20,000,000. This section grants the legislative approval required under AS 44.88.090 and 44.88.172(c).

Section 4. Deleted

Section 5. Deleted

Shula

TWENTY-EIGHT NEW JOBS were created in Skagway as a direct result of Curragh Resources' mine haul over the highway to the deep water port of Skagway.

8 MECHANIC OPERATORS

2 SECRETARIES

1 MANAGER

2 FREIGHT WORKERS

1 ADDITIONAL CUSTOMS OFFICER

1 FULL-TIME IMMIGRATION OFFICER (Previously part-time)

6 PART-TIME SHIP LOADERS

2 ADDITIONAL FULL-TIME D.O.T. HIGHWAY EMPLOYEES

5 ADDITIONAL PART-TIME D.O.T. HIGHWAY EMPLOYEES

In addition to these jobs is the spin off to other businesses and services in town. More restaurants have been open year round; school enrollment has increased; over \$1,000,000 in new payroll money is being spent in the city.

WE MUST KEEP THESE JOBS AND ADD TO THEM !

Office Copy

THE TIDELANDS LEASE

LESSOR - CITY OF SKAGWAY

LESSEE - PACIFIC & ARCTIC RAILWAY & NAVIGATION COMPANY
(WHITE PASS/SKAGWAY TERMINAL COMPANY)

THE PURPOSE HERE IS TO DESCRIBE THE TIDELANDS LEASE AND THE RELATIONSHIP WHICH HAS EVOLVED BETWEEN THE CITY OF SKAGWAY AND THE LESSEE IN DEMONSTRATION OF THE NEED FOR ADDITIONAL DEVELOPMENT OF THE SKAGWAY SEAPORT.

This report was written by Gil Acker, a former City Manager at the request of citizens for Public Port Development.

CHRONOLOGY

1957 FEDERAL LEGISLATION INTRODUCED FOR AUTHORIZATION OF THE TRANSFER OF TIDELANDS FRONTING MUNICIPALITIES TO THE TERRITORY OF ALASKA

MARCH 1957 BY ORDINANCE CITY OF SKAGWAY EXPRESSED INTEREST IN ACQUIRING TIDELANDS (CY COYNE, MAYOR)

SEPT 7, 1957 CONGRESS PASSED PL 35-303 AUTHORIZING TRANSFER OF TIDELANDS TO TERRITORY OF ALASKA

JUNE 1959 CITY OF SKAGWAY APPLIED FOR TITLE TO TIDELANDS

DEC. 20, 1960 SKAGWAY BECAME FIRST CITY IN ALASKA TO OBTAIN TIDELANDS GRANT.

JAN 3, 1961 TRANSFER CEREMONEY IN SKAGWAY

MARCH 1964 PACIFIC & ARCTIC RAILWAY AND NAVIGATION COMPANY LTD (WHITE PASS) FILED FOR TIDELANDS UNDER THE OLD DOCK

FEB

1967 WHITE PASS ADVISED CITY OF SKAGWAY OF INTEREST IN DEVELOPMENT OF AN ORE DOCK AND REQUESTED PURCHASE OF TIDELANDS SUBJECT TO FAVORABLE OUTCOME OF ENGINEERING SURVEY. CITY APPROVED CONDUCT OF SURVEY PRINCIPAL PURPOSE - STORING AND SHIPLOADING OF BULK CONCENTRATES OF ORES FROM MINES IN THE YUKON TERRITORY.

JAN 1968 CITY HAD AN APPRAISAL MADE OF THE TIDELANDS PARCEL DESIRED BY WHITE PASS

ABOVE MEAN HIGH TIDE	6.5 acres
BETWEEN MEAN LOWER LOW WATER AND MEAN HIGH TIDE	45.5 acres
BELOW MEAN LOWER LOW WATER	18.2 acres
TOTAL	<u>70.2</u>

APPRAISERS VALUATION - 60,000.00

RECOMMENDED ANNUAL RENTAL 5,000.00

JAN 24, 1968 WHITE PASS APPLIED TO CITY FOR LEASE OF TIDELANDS FOR PERIOD OF 55 YEARS.

JAN 25, 1968 EXTRACTS FROM CITY ATTORNEYS' RESPONSE TO WHITE PASS /STATED:

1) THE APPLICATION, EVEN IF BASED ON THE STATE FORM, DOES NOT MEET SEC. 2, ARTICLE III, ORD. 229, INsofar AS SHOWING A DEVELOPMENT PLAN. EVEN IF THE PLAT OF JANUARY 3 IS ATTACHED TO THE APPLICATION."

2) "STUDY OF THE PLAT SHOWS THE PROPOSED LEASE COVERS THE ENTIRE AREA OF TIDE AND SUBMERGED LAND AVAILABLE AND SUITABLE FOR SUCH PURPOSES. YET THE LACK OF A DEVELOPMENT PLAN, OR ANY REPRESENTATION WHATEVER BY WHITE PASS TO THIS EFFECT, SIMPLY RESULTS IN THERE BEING NO JUSTIFICATION OF LEASING THIS ENTIRE AREA."

3) "THUS, THE SITE ITSELF, COMPRISING IN EFFECT THE WHOLE WATERFRONT. IS GEOGRAPHICALLY UNIQUE. WHILE IT IS TIED GEOGRAPHICALLY INTO LOGICAL USE ONLY BY THE WHITE PASS AS THE PRESENT SOLE TRANSPORTATION LINK BETWEEN ALASKA TIDEWATER AND THE YUKON, THERE IS A POSSIBILITY OF THE CARCROSS ROAD BEING EVENTUALLY CONSTRUCTED AND WHEN THAT DOES HAPPEN IT WOULD MAKE SKAGWAY LOOK PRETTY SICK IF AT THAT TIME THERE WAS NO TIDELAND AVAILABLE FOR OTHER DEVELOPMENTS, OR IF THERE WAS NO PROVISION IN THE LEASE REQUIRING THAT THE FACILITIES ON THE SITE, OR THE PRESENT PUBLIC DOCK FACILITIES OF THE WHITE PASS BE MADE AVAILABLE FOR SHIPPING THE COMMERCE DEVELOPED BY THE ROAD. PERHAPS THE FERRY COULD BE CONSIDERED SUCH AN ALTERNATIVE, BUT I RATHER DOUBT IF IT COULD BE CONSIDERED AN ECONOMIC ALTERNATIVE."

4) "THE APPLICATION WILL ALSO NEED TO BE EXPANDED TO INCLUDE THE "USE, VALUE AND NATURE" OF THE IMPROVEMENTS TO BE CONSTRUCTED, AS WELL AS THE "TYPE" OF CONSTRUCTION. I THINK THAT THE "NATURE" OF THE IMPROVEMENTS CALLS FOR A BRIEF DESCRIPTION OF THEIR (1) LOCATION, (2) AREA NEEDED, (3) WIDTH, LENGTH AND HEIGHT, AND (4) FRAME, STEEL, CONCRETE OR WHATEVER. AS THE SUBMISSIONS NOW STAND IT IS IMPOSSIBLE FOR THE CITY TO DETERMINE OTHER THAN THAT THE SURFACE WILL BE USED FOR THE STATED USES."

FEB 5, 1968 BY RESOLUTION #31, CITY APPROVED LEASE OF TIDELANDS BY COMPETITIVE BID.

INITIALLY
MARCH 8, 1968 AT 10AM AUCTION HELD AT CITY HALL/NO ONE APPEARED AND NO APPLICATION WAS RECEIVED. AT 10:15AM A REPRESENTATIVE OF PACIFIC AND ARCTIC RAILWAY AND NAVIGATION COMPANY APPEARED AND MADE PAYMENT OF \$1794.55

MARCH 19, 1968 BY RESOLUTION #32, THE CITY OF SKAGWAY APPROVED ENTERING INTO A LEASE OF THE TIDELANDS WITH THE PACIFIC AND ARCTIC RAILWAY AND NAVIGATION COMPANY. SIGNIFICANT TERMS OF THE LEASE INCLUDED:

- 1) TERM OF THE LEASE - 55 YEARS
- 2) ANNUAL RENTAL - \$3600.00 PAYABLE MONTHLY
- 3) LEASE RENTAL SUBJECT TO ADJUSTMENT ON FIFTH ANNIVERSARY DATE OF LEASE AND EACH ANNIVERSARY DATE THEREAFTER DEVIABLE BY 5.
- 4) LESSEE TO COMMENCE CONSTRUCTION WITHIN 2 YEARS OF SPUR RAIL LINE, BULK MINERAL STORAGE AND HANDLING FACILITY, DOCK AND DOLPHINS AND A DEEP WATER BASIN AT THE FACE OF THE DOCK
- 5) COST FOR COMPLETION OF FACILITIES TO BE NOT LESS THAN 2 MILLION DOLLAR
- 6) ALL IMPROVEMENTS WITHIN LEASED PROPERTY OTHER THAN THE EXCAVATED BASIN AND FILL MATERIAL TO BE SUBJECT TO TAXATION BY THE CITY

DEC 1968 WHITE PASS ASSIGNED THE LEASE TO SKAGWAY TERMINAL COMPANY

MARCH 1973 THE CITY AND WHITE PASS FAILED TO ADJUST THE LEASE RENTAL ON THE 5th ANNIVERSARY DATE, MARCH 1973. REASON UNKNOWN

OCT 23, 1974 CITY LETTER TO WHITE PASS PROPOSED TO CONSTRUCT COMBINED FERRY TERMINAL - BARGE FACILITY IN EAST SIDE OF BASIN AND REQUESTED RELEASE THAT PORTION OF THE TIDELANDS LEASE.

THERE FOLLOWED SEVERAL YEARS OF DISCUSSIONS AMONG THE CITY, STATE AND WHITE PASS

OCT 1975 CITY NOTIFIED SKAGWAY TERMINAL COMPANY THAT TIDELANDS WOULD BE APPRAISED AS A BASIS FOR ADJUSTMENT OF RENTAL

DEC 30, 1975 CITY INFORMED LESSEE OF RESULTS OF APPRAISAL: REQUESTED PAYMENTS OF RENTS RETROACTIVELY FOR PERIOD FROM MARCH 1973, CY 74 and CY 75 AND PROPOSED SCHEDULE OF RENTALS FOR PERIOD CY 76 THRU CY 79. DEC 1975

TIDELANDS 70.2 ACRES - APPRAISED VALUE	300,000.00
LOTS 11, 12, BL 44 & part Lot 7 BL 45	30,000.00
#(Additional tract leased to White Pass & included in tidelands)	
Total	<u>330,000.00</u>

ANNUAL LEASE RENTALS FOR BOTH TRACTS, RENT COMMENCING FROM JAN 1976 19,800.00

BACK RENTALS DUE FOR PERIOD MARCH 1973 THRU CY 74 & CY 75 31,140.00

APRIL 15, 1976 CITY PROVIDED LESSEE WITH EXPLANATION OF APPRAISERS METHODOLOGY AND REQUESTED PAYMENTS BE MADE

JUNE 7, 1976 WHITE PASS REQUESTED RECONFIRMATION BY APPRAISER OF BASIS FOR HIS APPRAISALS

AUGUST 12, 1976 CITY ADVISED WHITE PASS OF RESULTS OF REVIEW OF MATTER WITH APPRAISER, ADJUSTED VALUES OF LEASED PROPERTIES, ADJUSTED RENTALS AND PAST RENT DUE THE CITY AS OF AUGUST 1976.

AUGUST 24, 1976 WHITE PASS RESPONDED IN GENERAL AGREEMENT BUT QUESTIONED APPRAISERS VALUATIONS OF DECEMBER 1975

SEPT 2, 1976 STATE DOT LTR TO CITY RE FERRY-BARGE PROJECT

1) " WITH REGARD TO THE LATEST INFORMATION PRESENTED BY WHITE PASS, I CAN ONLY SAY THAT IN MY OPINION IT IS A DELIBERATE ATTEMPT TO DISTORT AND CONFUSE THE ENTIRE ISSUE. WE DO NOT FEEL THAT OPERATION OF THE PROPOSED NEW FERRY TERMINAL WILL HAVE ANY SIGNIFICANT DETRIMENTAL EFFECT ON WHITE PASS USE OF THE SHIP BASIN, EITHER PRESENTLY OR IN THE FUTURE.

2) THE LUXURY OF WASTING AVAILABLE HARBOR SPACE WITH RIP RAP PROTECTED SIDE SLOPES CAN NO LONGER BE TOLERATED AT SKAGWAY. IT IS PAINFULLY OBVIOUS THAT MUCH OF THE AVAILABLE AREA WITHIN THE EXISTING WHITE PASS SHIP BASIN IS ALREADY BEING POORLY UTILIZED BECAUSE OF EXCESSIVE USE OF SIDE SLOPE CONSTRUCTION.

3) THE DEPARTMENT OF PUBLIC WORKS HAS EXPENDED EVERY EFFORT TO ARRIVE AT AN AMIABLE COMPROMISE WHICH WOULD HAVE THE LEAST DETRIMENTAL EFFECT ON THE CITY OR WHITE PASS AND AT THE SAME TIME COULD BE ACCOMPLISHED WITHIN THE FUNDING AVAILABLE. THE CITY SHOULD BEAR IN MIND THAT THE STATE IS NOT COMPELLED TO UNDERTAKE ANY NEW IMPROVEMENTS AT SKAGWAY, EITHER TO THE FERRY TERMINAL, BARGE FACILITY OR SMALL BOAT HARBOR."

NOV 22, 1976 CITY AGAIN REQUESTED PAYMENT OF BACK DUE RENT AS AS OF DECEMBER 1, 1976 IN AMOUNT OF \$34,953.39

NOV 24, 1976 WHITE PASS FORWARDED RENTAL PAYMENT IN AMOUNT OF \$34,347.50

NOV 29, 1976 WHITE PASS TELEGRAM PROTESTING CITY - STATE PLANS FOR NEW FERRY - BARGE FACILITY

1) " A DOCK FOR 35,000 TON ORE CARRYING SHIPS WAS BUILT ON THE WEST SIDE OF THE BASIN AND THE BASIN WAS DREDGED WIDE ENOUGH TO ACCOMMODATE A FUTURE CARGO DOCK FOR LARGE DEEP DRAFT SHIPS ON THE EAST SIDE OF THE BASIN AS CALLED FOR BY LONG TERM PLANS DEVELOPED AND WRITTEN UP AT THE TIME.

2) IT IS OUR POSITION THAT SKAGWAY HARBOR MUST HAVE A PLACE WHERE MUCH BIGGER CARGO SHIPS CAN DOCK REGULARLY IN FUTURE.

3) THE BEST EXAMPLE OF THIS IS THAT OUR CONSULTANTS THINK SEVERAL HUNDRED THOUSAND DOLLARS CAN BE SAVED BY USING SLOPED EMBANKMENTS TO SUPPORT DREDGED FILL, INSTEAD OF USING COSTLY VERTICAL SHEET PILE BULKHEADS WHICH THE STATE PLANS FOR USE FOR THE SAME PURPOSE.

4) THE FACT REMAINS THAT IN 1974 (PRIOR TO THE SYSTEMATIC PREPARATION OF ANY OVERALL HARBOR PLAN) THE STATE DETERMINED TO PUT A FERRY IN THE BASIN, AND NO AMOUNT OF PLANNING OR EXPERT COMMENT HAS BEEN ABLE TO CHANGE THEIR MINDS. THIS APPEARS TO BE A CASE OF SHEER PERSISTENCE ON THE FACE OF INCREASINGLY OBVIOUS EVIDENCE THAT THERE IS NO JUSTIFICATION FOR BUILDING A FERRY BERTH IN THE SHIP BASIN. IF THERE IS ANY OTHER REASON FOR THIS CONTINUING CONTROVERSY WITH THE STATE, WE CAN ASSURE YOU THAT IT HAS NOTHING TO DO WITH US AND WE DO NOT KNOW WHAT IT IS."

SEPT 19, 1977 CITY ADVISED WHITE PASS OF PENDING LEASE RENTAL ADJUSTMENT IN MARCH 1978 AND INVITED WHITE PASS TO PARTICIPATE IN APPRAISAL

JULY 28, 1978 CITY ADVISED WHITE PASS OF RESULTS OF APPRAISERS VALUATIONS AND NEW RENTALS EFFECTIVE MARCH 1978.

APPRAISED VALUE (TIDELANDS & LOTS)	\$467,111.00
RENTAL (INCLUDING 3% SALES TAX)	28,667.46 pr

JULY 29, 1978 CITY LTR TO EDA REQUESTS ADDITIONAL FUNDING ASSISTANCE FOR CITY - STATE FERRY BARGE TRANSFER BRIDGE PROJECT.

AUGUST 31, 1978 WHITE PASS RESPONDED TO NEW MARCH 1978 PROPOSED LEASE RENTALS:

" PLEASE BE ADVISED THAT WE HAVE BRIEFLY EXAMINED YOUR LETTER UNDER REPLY AND OUR OVERALL REACTION IS THAT THE RATES ARE RATHER HIGH. WE ARE LOOKING INTO THIS MATTER FURTHER AND SHALL ADVISE YOU IN DUE COURSE. DUE TO A

RECENT, LARGE, RE-ORGANIZATION OF THE WHITE PASS & YUKON ROUTE, WE MUST INFORM YOU THAT IT MAY TAKE SOME TIME BEFORE WE ARE ABLE TO GET BACK TO YOU ON THIS MATTER. WE DO HOPE THIS DOES NOT CAUSE YOU TOO MUCH INCONVENIENCE."

SEPT 6, 1978 THE CITY ANSWERED THIS AS FOLLOWS:

"THE ASSESSOR ADVISES THAT THE APPRAISALS ARE BASED ON VALUES OF COMPARABLE WATERFRONT PROPERTIES IN SOUTHEASTERN ALASKA; THAT THIS IS AN ACCEPTED METHOD OF ASSESSMENT; AND THAT THE VALUATIONS ARE CONSIDERED TO BE QUITE EQUITABLE. THE CITY CONCURS IN THIS JUDGEMENT.

THE CITY DOES NOT DESIRE TO ENTER INTO PROTRACTED CORRESPONDENCE ON THIS MATTER, AS WAS THE CASE FOR THE PREVIOUS RENTAL ADJUSTMENT. THE CITY'S FINANCIAL CIRCUMSTANCES ARE SUCH THAT IT IS NOT IN A POSITION TO SERVE AS A BANKER FOR YOUR COMPANY - E.G. THE CITY'S BUDGET INCLUDES AS REVENUE THE RENTAL PAYMENTS COMPUTED AT THE ADJUSTED RATE. THEREFORE, THE CITY WOULD BE GRATEFUL TO RECEIVE THE RENTAL PAYMENTS AT YOUR EARLIEST CONVENIENCE AND, IF YOUR DELIBERATIONS AND THE FORWARDING OF RENTS ARE TO EXTEND BEYOND THE FIRST OF OCTOBER, THE CITY WILL EXPECT THE PAYMENTS TO BE INCREASED TO INCLUDE AN INTEREST CHARGE ON THE AMOUNT OF RENT UNPAID COMPUTED AT THE RATE OF 8% PER ANNUM."

MAY 9, 1979 CITY LTR TO EDA RECONFIRMING NEED FOR FERRY - BARGE FACILITY HEAVY DUTY TRANSFER BRIDGE (SIGNED BY CITY MANAGER, M.P.TAYLOR VICE MAYOR AND CHAIRMAN SKAGWAY PORT AUTHORITY AND BY E.E.FAIRBANKS, PRESIDENT SKAGWAY CHAMBER OF COMMERCE).

SEPT 18, 1979 CITY REQUESTED OF WHITE PASS PAYMENT OF DELINQUENT LEASE RENTAL PAYMENTS IN THE AMOUNT OF \$8679.92 FOR THE MONTHS OF JUNE, JULY, AUGUST AND SEPTEMBER 1979.

OCT 6, 1983 CITY ADVISED WHITE PASS OF LEASE RENTAL ADJUSTMENTS BASED ON CITY ASSESSORS VALUATIONS AS OF 17 MARCH 1968

TIDELANDS & LOTS	\$897,000.00
RENTALS (PLUS 3% SALES TAX)	4,619.55 per mo
ADJUSTMENT DUE FOR PERIOD MARCH THROUGH SEPT 1983	18,760.14

OCT 27, 1983 WHITE PASS RESPONDED AND STATED INTENTION TO APPEAL THE RENTAL RATES

FEB 14, 1984 CITY ADVISED WHITE PASS OF MAJOR DELINQUENCIES IN LEASE PAYMENTS

FEB 28, 1984 WHITE PASS RESPONDED THAT COMPANY COMMISSIONED APPRAISAL NEARING COMPLETION AND HOPE FOR RESOLUTION OF ISSUE BY APRIL

MAY 8, 1984 WHITE PASS ORE TERMINAL DOCK UPGRADED TO PROVIDE BCW RAMP; PROJECT RECEIVED STATE AND FED FUNDING AND WHITE PASS AGREED TO GUARANTEE 3 CRUISE SHIP BERTHS FOR PERIOD OF 15 YEARS.

JULY 16, 1984 APPRAISAL COMPANY OF ALASKA VALUED TIDELAND 70.2 ACRES AT \$350,000.00

OCT 11, 1984 CITY AND WHITE PASS AGREED TO RESOLVE RENT RATE ISSUF THRU ARBITRATION.

NOV 21, 1984 ARBITRATOR, THE WAKELAND COMPANY, SUBMITTED ITS DECISION: TIDELANDS MARKET VALUE AND RENTALS FOR PERIOD MARCH '83 - MARCH '88:

TIDELANDS		\$525,000.00
UPLAND LOTS		40,000.00
	Total	<u>565,000.00</u>
ANNUAL RENTALS 33,900.+3% SALES TAX 1017. =	Total	34,917.00

SEPT 13, 1985 WHITE PASS LTR TO SOUTHEAST STEVEDORING (COPY TO CITY) EXPRESSES OPPOSITION TO CONSTRUCTION OF ANOTHER RAMP OFF LOADING FACILITY

1) "IF ANOTHER RAMP IS CONSTRUCTED FROM LEFT OVER STATE TAX DOLLARS, JUST BECAUSE IF THEY ARE NOT SPENT THEY MUST BE RETURNED TO THE STATE, IS AN INAPPROPRIATE REASON TO DUPLICATE A FACILITY WHICH ALREADY HAS STATE TAX DOLLARS IN IT AND GUARANTEES A RETURN TO THE CITY. WE SERIOUSLY QUESTION IF THE PENDING PLAN TO SPEND THESE FUNDS MEETS THE LAWFUL INTENTION. FROM THE VIEWPOINT OF A LONG TIME ALASKA TAXPAYER, IT IS THE HEIGHT OF RIDICULOUSNESS.

2) I CANNOT HELP BUT FEEL THE COURSE OF ACTION BEING TAKEN BY THE CITY OF SKAGWAY IS BASED, FOR A LARGE PART, ON PERSONALITIES, BIASES, CONFLICTS OF INTEREST AND ATTEMPTS TO NEGOTIATE OTHER PARTIES' AGREEMENTS. THIS RESULTS IN UNSOUND BUSINESS PRACTICES IN THEIR HASTE TO SPEND \$700,000 BRFORE RETURNING IT TO THE STATE. JUST A DESIRE TO "CONTROL" DOESN'T WASH

3) IT CANNOT BE DENIED THAT WHITE PASS HAS BEEN A GOOD CORPORATE CITIZEN IN SKAGWAY AND THE STATE OF ALASKA FOR EIGHTY-FIVE YEARS AND IT IS OUR INTENTION TO REMAIN SO. WE CAN ONLY DO SO IF ALLOWED TO BE COMPETITIVE ON FAIR AND EQUAL TERMS. TWO LOADING/UNLOADING RAMPS, COMPETING WITH PRIVATE INDUSTRY, BOTH BUILT BY STATE TAX DOLLARS, PROVIDING GUARANTEED REVENUE FOR THE CITY, IS NOT A TRUE OR EQUAL COMPETITIVE POSITION. ONE PAYS LEASE FEES, PROPERTY TAXES, COLLECTS SALES TAX, USES LOCAL LABOUR, GUARANTEES A FIXED PERCENTAGE OF FREIGHT TARIFFS TO THE CITY AND HAS GUARANTEED THREE CRUISE BERTHS FOR FIFTEEN YEARS. THE SECOND RAMP WOULD HAVE NO SUCH OBLIGATIONS. WE TOOK SEVERAL MILLION DOLLARS IN PROPERTY TO THE PARTY, THE STATE PUT IN STATE TAX DOLLARS. THE CITY PUT IN NOTHING. WE FURTHER PUT IN A PRIORITY BERTH SCHEDULE FOR CRUISE VESSELS OVER FREIGHT VESSELS. MUCH WAS DONE ON GOOD FAITH INTERPRETATION OF INTENT AND MORAL COMMITMENTS. IT APPEARS THE WINDOW HAS CLOSED ON MORAL COMMITMENT, GOOD FAITH AND INTENT."

JAN 25, 1988 CITY ADVISED WHITE PASS OF PENDING LEASE RENTAL ADJUSTMENT ON MARCH 19, 1988 AND OF REQUIREMENT FOR 3% SALES TAX ON WHITE PASS SUB LEASE TO CURRAGH RESOURCES. (CITY SALES TAX INCREASED TO 4% IN 1989)

APRIL 22, 1988 CITY ADVISED WHITE PASS OF ASSESSED VALUATIONS AND RENTALS COMMENCING MARCH 1988.

APPRAISERS VALUATIONS:

		<u>Annual Rental</u>	(+ 3% sales tax)
TIDELANDS	\$702,000.00	\$42,120.00	:
LOTS	51,300.00	3,078.00	:
TOTAL	<u>753,300.00</u>	<u>45,198.00</u>	= 46,553.94

RETURNS AND BENEFITS

AS IS THE CASE NORMAL TO ANY LONG TERM ECONOMIC VENTURE INVOLVING PARTICIPATION BY PUBLIC/GOVERNMENTAL ACTIVITIES AND PRIVATE BUSINESS ENTERPRISE, A DISTINCTION MUST BE MADE BETWEEN THE RETURNS TO THE GOVERNMENT SIDE WHICH ARE IMMEDIATELY MEASURABLE UPON RECEIPT AND THE BENEFITS WHICH ACCRUE OVER TIME OR ARE CUMULATIVE IN NATURE.

THE FIRST CATEGORY CONSISTS OF THE FINANCIAL RETURNS TO THE CITY'S COFFERS GENERATED BY:

- 1) THE CITY'S LEASE RENTAL FEE FOR THE TIDELANDS LEASE.
- 2) THE CITY'S SALES TAX ON THIS RENTAL FEE.
- 3) THE CITY'S PROPERTY TAX ON IMPROVEMENTS OWNED BY THE LESSEE AND
- 4) THE CITY'S SALES TAX ON THE SUB LEASE RENTAL FEES.

HOWEVER, A FIGURE OF ABOUT \$90,000.00 HAS BEEN SUGGESTED. ON THE BASIS OF THIS AMOUNT IT MAY BE INFERRED THAT THE ANNUAL SUB LEASE RENTAL PAID TO WHITE PASS BY CURRAUGH APPROXIMATES 2 MILLION AND THAT THE TOTAL ANNUAL RETURN TO THE CITY FROM THE TIDELANDS LEASE IS ABOUT \$175,000.00 THIS RETURN MAY BE COMPARED WITH THAT WHICH MIGHT BE EXPECTED FROM THE PROPOSED LEASE OF THE CITY'S REMAINING TIDELANDS TO AIDEA. SUCH RETURNS WOULD CONSIST OF:

- 1) THE CITY'S LEASE RENTAL FEE FROM AIDEA.
- 2) THE CITY'S SALES TAX ON RENTALS PAID TO AIDEA BY SUB LESSEES (CURRAUGH HAS COMMITTED AND THERE LIKELY WOULD BE OTHER SUB LEASES)
- 3) CITY PROPERTY TAX ON ANY PROPERTY OWNED BY SUCH SUB LESSEES.

THERE WOULD BE NO SALES TAXES ON THE BASIC RENTAL FEE PAID OR PROPERTY TAXES ON IMPROVEMENTS OWNED BY AIDEA AS IT IS AN AGENCY OF THE STATE. THE CITY WOULD CONTINUE TO RECEIVE THE FIRST THREE TYPES OF RETURN UNDER THE ORIGINAL TIDELANDS LEASE: THEREFORE, OVER ALL FINANCIAL RETURNS TO THE CITY FROM A LEASE TO AIDEA WOULD BE NO LESS AND LIKELY BE GREATER.

THE SECOND CATEGORY, THE BENEFITS GENERATED BY ACTIVITIES ASSOCIATED WITH THE LEASED TIDELANDS CAN NOT BE MEASURED PRECISELY IN DOLLAR AMOUNTS: HOWEVER, THEY ARE OF GREATER LONG TERM VALUE TO THE CITY THAN THE CALCULABLE FINANCIAL RETURNS. THEY CONSIST OF SUCH THINGS AS INCREASED POPULATION, INCREASED EMPLOYMENT OPPORTUNITIES, INCREASED SCHOOL ENROLLMENT, INCREASED EXPENDITURES WITHIN THE COMMUNITY ALONG WITH THE MULTIPLIER EFFECT OF SUCH EXPENDITURES AND INCREASED ACCESSIBILITY AND VISITATION TO THE CITY RESULTING FROM YEAR AROUND MAINTENANCE AND OPERATION OF THE KLONDIKE HIGHWAY. CURRAUGH MAKES A MAJOR CONTRIBUTION TO HIGHWAY MAINTENANCE. IT IS UNLIKELY THAT THE ROAD WOULD BE OPERATIONAL YEAR AROUND WITHOUT THIS SOURCE OF FUNDING. AND, AS IN THE CASE OF THE FINANCIAL RETURNS, THE BENEFITS TO THE COMMUNITY WOULD BE GREATER THAN THOSE RECEIVED UNDER THE PRESENT LEASE AS THE MULTI PURPOSE DOCK FACILITY WOULD BE AVAILABLE FOR ADDITIONAL SUB LEASE BY COMMERCIAL CARGO CARRIERS AND CRUISE SHIPS.

MOST IMPORTANTLY, THE AVAILABILITY OF THE MULTI PURPOSE DOCK WOULD INSURE THE CONTINUATION OF SHIPMENT OF MINERALS THROUGH SKAGWAY AS CURRAUGH HAS COMMITTED TO AIDEA THAT IT WILL USE THIS DOCK. IN CONTRAST, IF CURRAUGH WERE TO DISCONTINUE USE OF THE WHITE PASS DOCK BY REASON OF OBSOLESCENCE, ENVIRONMENTAL UNSUITABILITY OR INABILITY TO AGREE TO LEASE TERMS WITH WHITE PASS AND THERE WERE NO ALTERNATIVE FACILITY AVAILABLE FOR ORE SHIPMENT THROUGH SKAGWAY, THE CITY WOULD LOSE A GREAT PORTION OF THE CURRENT FINANCIAL RETURNS AND ESSENTIALLY ALL OF THE BENEFITS PRESENTLY BEING RECEIVED FROM THE TIDELANDS LEASE.

THE EXACT DOLLAR AMOUNT OF THE LATTER MUST BE TREATED AS CONFIDENTIAL; HOWEVER, A FIGURE OF ABOUT \$90,000.00 HAS BEEN SUGGESTED. ON THE BASIS OF THIS AMOUNT IT MAY BE INFERRED THAT THE ANNUAL SUB LEASE RENTAL PAID TO WHITE PASS BY CURRAUGH APPROXIMATES 2 MILLION AND THAT THE TOTAL ANNUAL RETURN TO THE CITY FROM THE TIDELANDS LEASE IS ABOUT \$175,000.00 THIS RETURN MAY BE COMPARED WITH THAT WHICH MIGHT BE EXPECTED FROM THE PROPOSED LEASE OF THE CITY'S REMAINING TIDELANDS TO AIDEA. SUCH RETURNS WOULD CONSIST OF:

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LESSOR - LESSEE RELATIONSHIPS

THE CITY ATTORNEY'S LETTER OF CAUTION OF JAN 1968 QUESTIONING THE EXTENT OF THE TIDELANDS LEASE AND WARNING OF THE DANGER OF FORECLOSING ADDITIONAL DEVELOPMENTS TO MEET FUTURE NEEDS HAS PROVEN TO HAVE BEEN PROPHECIC. THE TIDELANDS LEASE ESSENTIALLY GRANTED TO WHITE PASS A MONOPOLY FOR CONTROL OF COMMERCIAL USE OF THE PORT OF SKAGWAY. ALTHOUGH WHITE PASS HAS MADE ITS DOCKS AVAILABLE FOR USE BY ALL CARRIERS THE FEES HAVE BEEN WITHOUT COMPETITION OR ESSENTIALLY ON A "TAKE IT OR LEAVE IT " BASIS. THE WHITE PASS HAS EFFECTIVELY ACTED TO BLOCK CITY AND STATE PROPOSALS TO TAKE BACK A PORTION OF THE LEASED AREA FOR CONSTRUCTION OF A COMBINED FERRY - BARGE FACILITY ON THE EAST SIDE OF THE DREDGED BASIN.

THE RELATIONSHIPS BETWEEN THE CITY AND THE LESSEE HAVE BEEN LESS THAN AMICABLE AT TIMES AND PARTICULARLY SO DURING THE PERIODS OF THE FIFTH ANNIVERSARY RENTAL ADJUSTMENTS. THE WHITE PASS ALSO HAS FREQUENTLY BEEN DELINQUENT IN MAKING THE RENTAL PAYMENTS. PRESENTLY THE WHITE PASS

IS MAKING STRONG EFFORTS IN OPPOSITION TO THE CITY'S PROPOSED LEASE OF ITS REMAINING WATERFRONT PROPERTY TO AIDEA FOR THE CONSTRUCTION OF A MULTIPURPOSE DOCK (PASSENGER, CARGO AND ORE TERMINAL).

THIS PATTERN OF CITY - LESSEE RELATIONSHIP UNDER THE TIDELANDS LEASE IS UNDERSTANDABLE. THE WHITE PASS IS A "FOR PROFIT" CORPORATION: HENCE, ITS ACTIONS TO OPPOSE COMPETITION, TO PROTECT ITS MONOPOLY AND TO MAXIMIZE PROFIT MAY BE VIEWED AS BEING SIMPLY THE RESULT OF EXERCISE OF ASTUTE BUSINESS ACUMEN. IT IS QUESTIONABLE, HOWEVER, THAT THE OUTCOME OF THIS PATTERN OF CITY - WHITE PASS RELATIONSHIPS HAS BEEN IN THE PAST OR WILL BE IN THE FUTURE IN THE LONG TERM BEST INTERESTS OF THE COMMUNITY OF SKAGWAY.

COMMENTS AND ANALYSIS

TIDELANDS DESIGN AND DEVELOPMENT: THE WHITE PASS FULFILLED ITS INITIAL OBLIGATIONS UNDER THE TERMS OF THE LEASE BY CONSTRUCTION OF THE DEEP WATER BASIN, BULK STORAGE AND ORE HANDLING FACILITY AND THE DOCK AND DOLPHINS. HOWEVER, THE DESIGN FOLLOWED FOR THESE DEVELOPMENTS FAILED TO MAXIMIZE OR MAKE EFFICIENT USE OF THE LIMITED TIDELANDS SEAFRONT. PARENTHETICALLY, IT IS TO BE NOTED THAT THIS SAME WASTEFUL DESIGN IS BEING USED FOR THE CRUISE SHIP DOCK CURRENTLY UNDER CONSTRUCTION ON THE EAST SIDE OF THE BASIN.

THE SEAWARD BOUNDARY OF THE LEASED TIDELANDS MEASURES ONLY ABOUT 1160 FEET. THE WHITE PASS BY ADOPTING THE SLANTED SLOPE AND OFF LYING MOORING DOCK DESIGN HAS ESSENTIALLY LIMITED THE LEASED TIDELANDS, OR ABOUT ONE HALF OF SKAGWAY'S DEVELOPABLE WATER FRONT, TO TWO DOCKS. IN CONTRAST, THROUGH THE USE OF VERTICAL SEA WALL PILINGS AND FINGER PIERS MOORINGS FOR AT LEAST SIX SHIPS MIGHT HAVE BEEN PROVIDED.

SUMMARY: CONCLUSIONS AND RECOMMENDATION

THE OUTCOMES OF THE FIRST TWENTY TWO YEARS OF THE TIDELANDS LEASE HAVE BEEN BOTH FAVORABLE AND DETRIMENTAL TO THE COMMUNITY OF SKAGWAY. SUCCINCTLY, THE FAVORABLE RESULTS HAVE BEEN LIMITED TO THE FINANCIAL RETURNS TO THE CITY GOVERNMENT IN THE FORM OF LEASE RENTALS, PROPERTY AND SALES TAXES AND TO THE SPIN OFF BENEFITS ATTRIBUTABLE TO ORE TERMINAL EMPLOYMENT AND TO THE IMPETUS TRUCK TRANSPORT OF ORE PROVIDED FOR YEAR AROUND OPERATION OF THE KLONDIKE HIGHWAY. THE ADVERSE EFFECTS HAVE BEEN PERNICIOUS AND THEY HAVE BEEN PERVASIVE. IN TO-TO, THE LEASE HAS WORKED TO THWART OPTIMUM DEVELOPMENT AND OPERATION OF THE SEAPORT OF SKAGWAY.

THE PROPOSED LEASE WITH AIDEA AND THE DEVELOPMENT OF A MULTI PURPOSE DOCK OFFERS TO THE COMMUNITY OF SKAGWAY AN OPPORTUNITY TO SHED ITSELF, AT LEAST PARTIALLY, OF ITS SUBSERVIENT STATUS AS A "COMPANY TOWN". AND A MEANS AS WELL FOR REALIZATION OF ITS INHERENT ROLE OF THE GATEWAY TO THE YUKON. IN OTHER WORDS, THE CITY OF SKAGWAY HAS MUCH TO GAIN AND NOTHING TO LOSE BY APPROVING THE PROPOSED TIDELANDS LEASE WITH AIDEA. CONTRAWISE, THE CITY HAS MUCH TO LOSE AND NOTHING TO GAIN BY FAILURE TO SIGN THIS LEASE.

RECOMMENDATION: THAT THE CITY OF SKAGWAY ENTER INTO A LEASE OF ITS TIDELANDS WITH AIDEA.

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF "98"
P. O. BOX 415 SKAGWAY, ALASKA 99840
(PHONE) 907-983-2297
(FAX) 907-983-2151

April 14, 1990

Senator Dick Eliason
P.O. Box V
Juneau, AK 99811

VIA FACSIMILE TRANSMISSION
ORIGINAL TO FOLLOW BY MAIL

Dear Senator Eliason,

Attached are copies of City of Skagway Resolutions 90-7R and 90-8R pertaining to the most recent developments in the port situation in Skagway. Also attached is my 4/13/90 letter to Representative Goll pertaining to HB 455, AIDEA's Bert Wagnon's 4/12/90 letter to me and AIDEA's suggested amendments to SB 525.

Briefly, the situation is this:

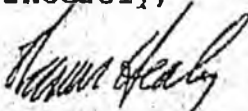
On April sixth, White Pass and Curragh Resources announced a sublease agreement that would transfer the existing ore terminal to Curragh subsidiary Selawik, Inc. The facility would be rehabilitated and used by Curragh. AIDEA may enter the picture as a further sublessee once the improvements are made--therefore the need for amendment and passage of HB 455 and SB 525.

Today, the City Council met in special session and took action on the following:

1. Passage of Resolution 90-3R to cancel the 4/17/90 special election.
2. Approval of the sublease between Selawik, Inc. (Curragh Resources) and Skagway Terminal Co. (White Pass) for the existing ore terminal.

The Council requests your assistance in the amendment and passage of SB 525 during this Legislative session. I will be in Juneau next week and would be pleased to meet with you or a member of your staff to provide further explanation of this issue.

Sincerely,


Thomas Healy
City Manager

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF '98"

P. O. BOX 415 SKAGWAY, ALASKA 99840

(PHONE) 907-983-2297

(FAX) 907-983-2151

April 13, 1990

Representative Peter Goll
P.O. Box V
Juneau, AK 99811

Dear Representative Goll;

In reference to the enclosed Resolution 90-7R, passed unanimously yesterday by the City Council, the Council requests your prompt assistance in the amendment and passage of HB 455 to provide for AIDEA participation in the acquisition and rehabilitation of the existing ore terminal in Skagway.

Skagway Terminal Company and Curragh Resources have agreed to a sublease of the existing terminal. The City Council will consider approval of the sublease in a special meeting tomorrow.

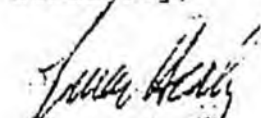
This sublease represents the loss of Curragh Resources as the principal user of the port development project involving a new terminal, as represented by the lease agreement negotiated between the City and AIDEA and subject to voter approval. In reference to the attached letter from AIDEA Executive Director Bert Wagon, this project is no longer economically viable. Accordingly, the Council yesterday voted to draft a resolution to cancel the vote scheduled for April 17, 1990. This resolution will be before the Council at the special meeting tomorrow.

We urge your immediate attention to HB 455 to allow participation by AIDEA in the recent arrangements involving the existing ore terminal.

I intend to be in Juneau April 18 to testify on HB 455, if necessary, before the House Labor and Commerce and Finance committees.

Thank you for your consideration of this matter. Please contact me if you have any questions.

Sincerely,



Thomas Healy
City Manager

CITY OF SKAGWAY, ALASKA
RESOLUTION 90-7R

A RESOLUTION REQUESTING AMENDMENT AND PASSAGE BY THE ALASKAN LEGISLATURE OF HOUSE BILL 455 AND SENATE BILL 525.

Whereas, the City of Skagway and the Alaska Industrial Development and Export Authority (AIDEA) have negotiated a tidelands lease for the purpose of development of an ore terminal and multi-use port facility; and

Whereas, the City of Skagway approved this lease by Ordinance 90-3 on condition that the ordinance be ratified by a vote of the citizens of Skagway on April 17, 1990; and

Whereas, House Bill 455 contained a provision that would authorize AIDEA to issue bonds in the amount of \$40 million for purposes of port development in Skagway; and

Whereas, this provision for AIDEA participation in Skagway port development was subsequently removed from House Bill 455; and

Whereas, on April 6, 1990, Curragh Resources, the proposed principal user of the AIDEA port development project, made arrangements with Skagway Terminal Company to continue to use the existing ore transshipment facility in Skagway under a sublease agreement to be approved by the City of Skagway; and

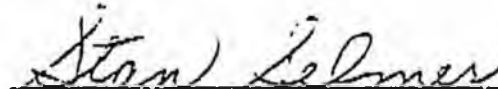
Whereas, this agreement renders the port development project as proposed under Ordinance 90 - 3 unnecessary due to the loss of the principal facility user; and

Whereas, AIDEA participation in the agreement between Curragh Resources and Skagway Terminal Company is possible.

NOW THEREFORE BE IT RESOLVED THAT THE COMMON COUNCIL OF THE CITY OF SKAGWAY requests the immediate amendment and passage of House Bill 455 and Senate Bill 525 authorizing AIDEA to issue bonds for the financing of port improvements in Skagway, specifically to acquire and rehabilitate the existing ore terminal in Skagway; and

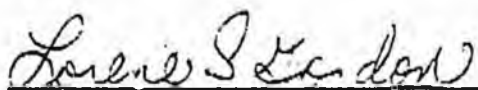
BE IT FURTHER RESOLVED that this authorization shall not apply to the port development plan as proposed by AIDEA involving construction of a new ore terminal on lands leased from the City, as proposed under City of Skagway Ordinance 90 - 3.

PASSED AND APPROVED THIS 12TH DAY OF APRIL, 1990.



Stan Selmer, Mayor

ATTEST:



Lorene S. Gordon, City Clerk

CITY OF SKAGWAY
RESOLUTION 90-8R

A RESOLUTION CANCELLING THE SPECIAL ELECTION OF APRIL
17,1990

WHEREAS; By Resolution 90-1 the Skagway City Council set the date of April 17, 1990 for a special election, and

WHEREAS; The purpose of the special election was to ratify a lease of City tidelands to the Alaska Industrial Development and Export Authority (AIDEA) for the construction of an ore terminal and multiple-use port facility, as proposed by Ordinance 90-3, and

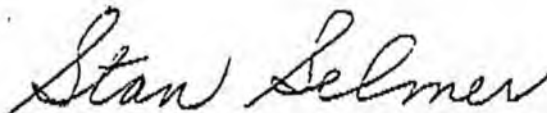
WHEREAS; On April 6, 1990, Curragh Resources, the proposed principal user of the AIDEA port development project, made arrangements with Skagway Terminal Company to continue to use the existing ore transshipment facility in Skagway, and

WHEREAS; The loss of Curragh Resources as a user renders the project as proposed for voter approval no longer economically viable, and

WHEREAS; By letter of April 12, 1990, AIDEA notified the City of Skagway of the lack of economic viability of the proposed project.

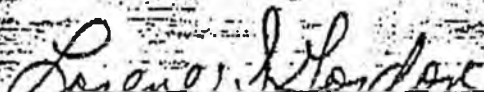
NOW THEREFORE BE IT RESOLVED THAT THE COMMON COUNCIL OF THE CITY OF SKAGWAY cancels the special election scheduled for April 17, 1990.

PASSED AND APPROVED THIS 14TH DAY OF APRIL, 1990.



Stan Selmer, Mayor

ATTEST:



Lorene S. Gordon, City Clerk

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-2890 • (907) 561-4000 • FAX (907) 561-6996

April 12, 1990

Mr. Tom Healy
City of Skagway
P.O. Box 415
Skagway, AK 99840

Dear Tom:

After discussions with the parties involved in the port project in Skagway, it's become apparent that an agreement has been reached for utilizing the existing ore terminal as opposed to constructing a new one. Authority involvement has been requested in acquiring and reconstructing the existing terminal which will be used by Curragh. As Curragh was to provide the financial strength and commitment for the new facility, I felt it important to convey this in writing as it means a totally new facility is no longer economically viable.

I understand the election is scheduled for April 17th and based upon the above, the question on the ballot is moot. The question of whether or not to proceed with the election is a matter of local concern. Should the City Counsel approve a resolution endorsing the Authority's pending legislation, please furnish it to me as soon as possible. Attached is a "draft" amendment to the legislation to reflect the changed circumstance.

Sincerely,

Bertram L. Wagon
Executive Director

BLW:ec

Enclosure

DRAFT

Suggested Amendments to S.B. 525

Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and [construction] reconstruction of a public use [multi-purpose] ore terminal [and dock facility] in Skagway to be owned by the Authority. The principal amount of the bonds may not exceed [~~\$40,000,000~~] \$20,000,000. This section grants the legislative approval required under AS 44.88.090 and 44.88.172(c). --

Section 4. Deleted

Section 5. Deleted

P. O. Box 152
Skagway, Alaska 99840
March 30, 1990

Representative Peter Goll
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, Alaska 99811

Reference: House Bill 455

Dear Representative Goll:

Thank you for returning my telephone call of March 29. After considering our conversation, I am still of the opinion you betrayed what you told me, "The decision on the funding of the AIDEA Project in Skagway is Skagway's decision, I will support whatever Skagway decides in their election."

Your argument that Unalaska wanted out of the bill was a valid argument for Unalaska's representative, but not for Skagway's representative to offer substitute legislation!

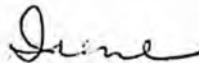
I understand that you did not contact the Skagway Mayor, the City Manager, or the Citizens Committee for Public Port Development, prior to your action on this legislation. At last night's Skagway City Council work session, everyone expressed surprise on your action. Even Councilman John Mielke, who votes "no" on everything to do with the AIDEA Project said, "This is certainly a surprise to me, guess he wants the ore facility for Haines."

You are suppose to have said at the hearing that your mail was running heavily against the Skagway AIDEA Project. Do you think White Pass would be fighting this so hard if they thought they had the election "in the bag".

The secret ballot was invented for such issues as the AIDEA Project in Skagway. Few, if any people can afford to openly support the project. White Pass, and especially Marvin Taylor, are past masters at intimidation. Have you been intimidated by White Pass or do you want this project for Haines?

Skagway's best interest would have been best served by your staying out of the issue until after our election April 17, as you told me in early March that you were doing. Were your best interests served by your submitting the substitute legislation on House Bill 455?

Yours very truly,



Mavis Irene Henricksen

cc. Senator Eliassen

P. O. Box 152
Skagway, Alaska 99840
March 30, 1990

Senator Dick Eliason
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, Alaska 99811

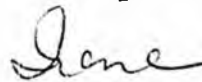
Reference: Senate Bill 525
House Bill 455

Dear Senator Eliason:

Your support is requested on Senate Bill 525, "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Skagway dock project and the Ballyhoo dock project in Unalaska."

I found out today that House Bill 455 was not passed out of the House Labor & Commerce Committee when it was heard March 27 and when Representative Goli dropped in with his substitute bill, deleting Skagway from the legislation. The bill is scheduled to come before the Labor & Commerce Committee again at their meeting of April 3. I plan on attending that committee meeting as well as meeting with most of the members of the Committee prior to the hearing. While this is very much a personal issue with me, I will also be representing the Skagway Citizens Committee for Public Port Development of which I am Vice Chairman.

Yours very truly,



Mavis Irene Henricksen

Enc.

Citizens For Public Port Development

Hon. Bill Feero, Chairman

P.O. Box 355 • Skagway, Alaska 99840

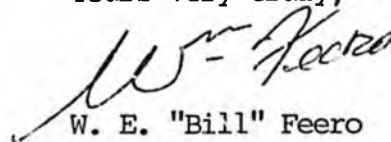
March 31, 1990

Senate Labor and Commerce Committee
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Chairman Eliason and Members:

We strongly support approval of Senate Bill 525, "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Skagway dock project and the Ballyhoo dock project in Unalaska."

Yours very truly,



W. E. "Bill" Feero
Chairman

6-2332E
Utermohle
5/4/90

Original sponsor(s): Labor & Commerce Committee

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 525 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development
7 and Export Authority and authorizing the Alaska
8 Industrial Development and Export Authority to issue
9 bonds for the Skagway ore terminal project and the
10 Ballyhoo dock project in Unalaska, to be owned by the
11 authority; and providing for an effective date."

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

13 * Section 1. The Alaska Industrial Development and Export Authority may
14 issue bonds to finance the acquisition, design, and reconstruction of a
15 public use ore terminal in Skagway to be owned by the authority. The
16 principal amount of the bonds may not exceed \$25,000,000. This section
17 grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

18 * Sec. 2. The Alaska Industrial Development and Export Authority may
19 issue bonds to finance the acquisition, design, and construction of im-
20 provements to the Ballyhoo dock in Unalaska to be owned by the authority.
21 The principal amount of the bonds may not exceed \$10,000,000. This section
22 grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

23 * Sec. 3. Before bonds authorized in secs. 1 and 2 of this Act are
24 issued, the Alaska Industrial Development and Export Authority shall comply
25 with the requirements of AS 44.88.173.

26 * Sec. 4. AS 44.88.010(c) is amended to read:

27 (c) It is further declared to be the policy of the state, in the
28 interests of promoting the health, security, and general welfare of
29 all the people of the state, and a public purpose of the state, to

1 accomplish the objectives set out in (b) of this section through the
2 provision of financial support to a [IN COOPERATION WITH] federal,
3 state, municipal, or [AND] private entity [INSTITUTIONS FOR THE PUR-
4 POSE OF INCREASING THE EXPORT OF ALASKA GOODS, TALENT, RAW MATERIALS,
5 AND SERVICES].

6 * Sec. 5. AS 44.88.060 is amended to read:

7 Sec. 44.88.060. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AU-
8 THORITY REVOLVING FUND. The Alaska Industrial Development and Export
9 Authority revolving fund is established in the authority. The revolv-
10 ing fund consists of appropriations made to the revolving fund by the
11 legislature, money or other assets transferred to the revolving fund
12 by the authority, and unrestricted payments on loans made or purchased
13 by the authority. Unless otherwise expressly stated, the accounts
14 created in this chapter are accounts in the revolving fund. The
15 authority may create additional accounts either in the revolving fund
16 or outside the revolving fund. Subject to agreements made with the
17 holders of the authority's bonds or with other persons, the authority
18 may transfer amounts in an account in the revolving fund to another
19 account in the revolving fund. Amounts deposited in the revolving
20 fund may be pledged to the payment of bonds of the authority or ex-
21 pended for the purposes of the authority under this chapter. The
22 authority has the powers and responsibilities established in AS 37.-
23 10.071 with respect to the investment of amounts held in the revolving
24 fund.

25 * Sec. 6. AS 44.88.155(c) is amended to read:

26 (c) Money and other assets of the enterprise development account
27 may be used to secure bonds of the authority issued to finance the
28 purchase of loans for projects [AND SHALL BE HELD AND INVESTED BY THE
29 AUTHORITY IN ACCORDANCE WITH AS 37.10.071] or shall be used to

1 purchase loans for projects.

2 * Sec. 7. AS 44.88.172(b) is repealed.

3 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).
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