



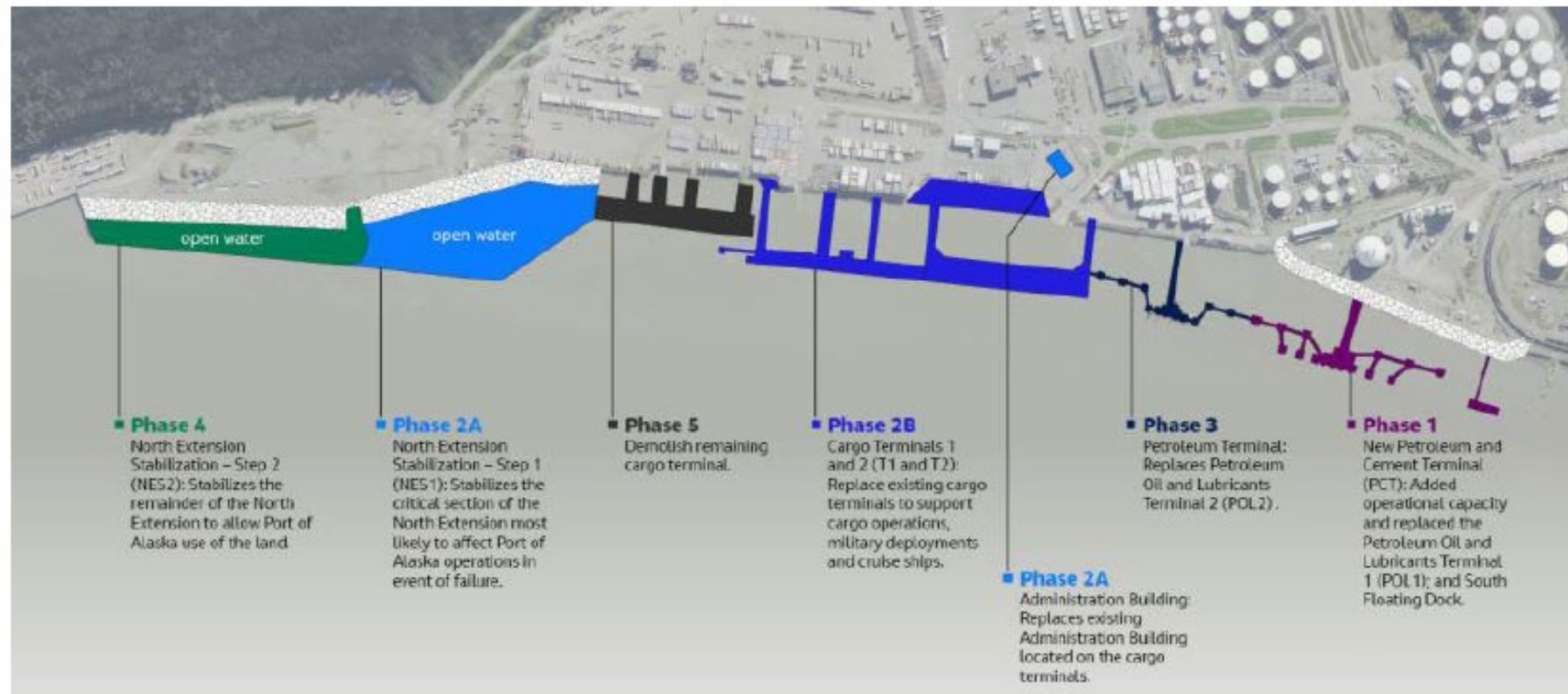
DATE: January 16, 2025

*****WORKSESSION REVIEW DRAFT*****

TO: Mayor Suzanne M. LaFrance
Anchorage Municipal Assembly Members

FROM: William D. Falsey, Chief Administrative Officer
Philippe D. Brice, CFO

SUBJECT: Don Young Port of Alaska
Comprehensive Plan of Finance
Port of Alaska Modernization Program (PAMP)



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Section 2	Comprehensive Plan of Finance
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Section 4	PAMP Phase I – Petroleum & Cement Terminal
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(2018 - 2022)

	FUNDING	PHASE I <u>PCT</u>
Expense Categories:		
Program Management and Administration		\$15,326,066
Planning, Design and Permitting		\$17,730,803
Construction		\$190,463,213
Total:		\$223,520,082
Funding Sources:		
Port Equity	\$13,000,000	\$13,000,000
Tariff-Supported Revenue Bond Proceeds	\$39,819,641	\$39,819,641
Federal Grants		
2019 MARAD - Port Infrastructure Development Program (PIDP) Grant	\$25,000,000	\$25,000,000
2020 MARAD - Better Utilizing Investments to Leverage Development (BUILD) Grant	\$20,000,000	\$20,000,000
State Grants		
SOA FY2012 Designated Legislative Capital Grant 12-DC-301_5B46	\$30,000,000	\$7,200,441
SOA Legislative Expansion Grant 13-DC-633	\$48,500,000	\$48,500,000
SOA FY 2012 GO Bonds 13-GO-001	\$50,000,000	\$50,000,000
SOA FY2019 Designated Legislative Grant Program_19-DC-006_PhaseI_Petroleum & Cement Terminal	\$20,000,000	\$20,000,000
Total:		\$223,520,082
Funding Overage/(Shortfall):		-

Table 4.0: Costs and Funding Sources for Petroleum Cement Terminal



		(2014 - 2017)	(2018 - 2022)	(2023 - 2024)	(2023 - 2024)	(2024)	(2025 - 2033)	(2033 - 2035)			
	FUNDING	INITIAL PLANNING & STARTUP	PHASE I PCT	PHASE IIA Admin Building	PHASE IIA NES 1	PHASE IIB Admin Building Demo	PHASE IIB Cargo Terminal 1 & Terminal 2	PHASE III Petroleum Terminal 2	PHASE IV NES 2	PHASE V Terminal 3 Demo & Closeout	TOTAL COST
Total (including program management, design, permitting, construction, and contingency):		22,799,559	223,520,082	13,839,004	147,090,212	5,693,933	1,751,731,056	180,700,000	128,000,000	48,300,000	2,521,673,846
											REMAINING FUNDS
Funding Sources:											
Port Equity	13,000,000		13,000,000								-
MARAD Litigation	367,446,809										367,446,809
Revenue Supported Revenue Bond Proceeds Authorized to Date	200,485,000		39,819,641				160,665,359				-
Federal Grants											
2019 MARAD - Port Infrastructure Development Program (PIDP) Grant	25,000,000		25,000,000								-
2020 MARAD - Better Utilizing Investments to Leverage Development (BUILD) Grant	20,000,000		20,000,000								-
2022 MARAD - Port Infrastructure Development Program (PIDP) Grant	68,700,000				68,700,000						-
Housing & Urban Development (HUD) Award Congressionally-Directed Spending	5,000,000						5,000,000				-
2024 MARAD - Port Infrastructure Development Program (PIDP) Grant	50,000,000						50,000,000				-
State Grants											
SOA FY2012 Designated Legislative Capital Grant 12-DC-301_SB46	30,000,000	22,799,559	7,200,441								-
SOA Legislative Expansion Grant 13-DC-633	48,500,000		48,500,000								-
SOA FY 2012 GO Bonds 13-GO-001	50,000,000		50,000,000								-
SOA FY2019 Designated Legislative Grant Program_19-DC-006_PhaseI_Petroleum & Cement Terminal	20,000,000		20,000,000								-
SOA FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2022)	25,000,000			13,839,004	6,160,996	5,000,000					-
SOA FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2023)	75,000,000				72,229,216	693,933	2,076,851				-
SOA FY2023 Designated Legislative Grant Program - PAMP \$100M Grant to match Federal award (Secured)	73,700,000						73,700,000				-
SOA FY2023 Designated Legislative Grant Program - PAMP \$100M Grant to match Federal award (Pending)	26,300,000						26,300,000				-
Total:	1,097,685,000	22,799,559	223,520,082	13,839,004	147,090,212	5,693,933	307,742,210	-	-	-	367,446,809
Funding To Be Obtained:		-	-	-	-	-	(1,433,988,846)	(180,700,000)	(128,000,000)	(48,300,000)	(1,056,988,846)



Joint-Funding Option

Because the cargo terminals serve vital local, statewide, and national-defense purposes, an attendant potential scenario is that costs will be borne roughly equally by each benefiting government: one-third local; one-third state; one-third federal, as follows.

Terminal 1 & 2 Total Cost (Program management and administration; planning, design and permitting; construction; and contingency):	\$1,751,731,056
Funding Sources:	
Locally Generated PoA Revenue Bonds, supported by PAMP Surcharge	\$583,910,352
Federal Grants	
Housing & Urban Development (HUD) Award Congressionally-Directed Spending	\$5,000,000
2024 MARAD - Port Infrastructure Development Program (PIDP) Grant	\$50,000,000
<u>Additional Federal support</u>	\$528,910,352
State Grants	
SOA FY2023 Designated Legislative Grant Program (DLGP)- PAMP (Available July 1, 2023)	\$2,076,851
SOA FY2023 DLGP - PAMP \$100M Grant to match Federal award (Secured)	\$73,700,000
SOA FY2023 DLGP- PAMP \$100M Grant to match Federal award (Pending)	\$26,300,000
<u>Additional State support</u>	\$481,833,501
Total:	\$ 1,751,731,056



Potential Impact of PAMP Surcharge Commodities
 (\$562.9 million in revenue bonds*)

<u>Commodity</u>	<u>Weight (lbs)</u>	<u>Surcharge Per Ton</u>	<u>Impact</u>
Gallon of Milk	8.6	\$31.74	\$0.136
Loaf of Bread	1	\$31.74	\$0.016
5,000-lb Pickup Truck	5,000	\$31.74	\$79.350
1/2 Inch Sheet of Plywood	40	\$31.74	\$0.635
8-ft 2' x 6' Lumber	12	\$31.74	\$0.190
1/2" Standard Ultralight Drywall 4'x 8'	39.2	\$31.74	\$0.622
Bundle of Architectural Shingles	70	\$31.74	\$1.111
<u>Commodity</u>	<u>Weight (lbs)</u>	<u>Surcharge Per Ton</u>	<u>Impact</u>
40-lb Bag of Cement	40	\$3.02	\$0.060
<u>Commodity</u>	<u>Unit</u>	<u>Surcharge Per Barrel</u>	<u>Impact</u>
Gallon of Gasoline	1/42 of a Barrel	\$0.71	\$0.0169

**Estimated PoA Revenue Bonds are preliminarily structured using current market rates. Each bond issue is subject to changes in market rates at the time of the borrowing.*



Alternative local option: Larger Surcharges

If no additional federal or state support is forthcoming, additional PAMP-surcharge supported revenue bonds will be issued, as follows:

Terminal 1 & 2 Total Cost (Program management and administration; planning, design and permitting; construction; and contingency):	\$1,751,731,056
Funding Sources:	
<u>Locally Generated PoA Revenue-Bond funds, supported by PAMP Surcharge</u>	<u>\$1,594,654,205</u>
Federal Grants	
Housing & Urban Development (HUD) Award Congressionally-Directed Spending	\$5,000,000
2024 MARAD - Port Infrastructure Development Program (PIDP) Grant	\$50,000,000
State Grants	
SOA FY2023 Designated Legislative Grant Program (DLGP)- PAMP (Available July 1, 2023)	\$2,076,851
SOA FY2023 DLGP - PAMP \$100M Grant to match Federal award (Secured)	\$73,700,000
SOA FY2023 DLGP- PAMP \$100M Grant to match Federal award (Pending)	\$26,300,000
Total:	\$1,751,731,056



Potential Impact of PAMP Surcharge Commodities
 (\$1.56 billion in revenue bonds*)

<u>Commodity</u>	<u>Weight (lbs)</u>	<u>Surcharge Per Ton</u>	<u>Impact</u>
Gallon of Milk	8.6	<u>\$73.87</u>	\$0.318
Loaf of Bread	1	\$73.87	\$0.037
5,000-lb Pickup Truck	5,000	\$73.87	\$184.675
1/2 Inch Sheet of Plywood	40	\$73.87	\$1.477
8-ft 2' x 6' Lumber	12	\$73.87	\$0.443
1/2" Standard Ultralight Drywall 4'x 8'	39.2	\$73.87	\$1.448
Bundle of Architectural Shingles	70	\$73.87	\$2.585
<u>Commodity</u>	<u>Weight (lbs)</u>	<u>Surcharge Per Ton</u>	<u>Impact</u>
40-lb Bag of Cement	40	<u>\$7.03</u>	\$0.141
<u>Commodity</u>	<u>Unit</u>	<u>Surcharge Per Barrel</u>	<u>Impact</u>
Gallon of Gasoline	1/42 of a Barrel	<u>\$1.66</u>	\$0.0395

**Estimated PoA Revenue Bonds are preliminarily structured using current market rates. Each bond issue is subject to changes in market rates at the time of the borrowing.*



Forecasted Bond Issuances:

Projected Bonds to be Sold in July 2026:	\$401,325,000
Projected Bonds to be Sold in July 2028:	275,450,000
Projected Bonds to be Sold in July 2030:	478,690,000
Projected Bonds to be Sold in July 2032:	408,270,000
Total Bonds:	\$1,563,735,000

**Estimated PoA Revenue Bonds are preliminarily structured using current market rates. Each bond issue is subject to changes in market rates at the time of the borrowing.*

Possible Future Surcharge Amounts

If no additional state or federal grants are received, such that the Port is required to fund the balance of its cargo-terminals replacement project with revenue bonds, then, based upon the forecasted debt issuance, the Surcharge Concept Amounts will have to be adjusted upward, and as forecasted in the chart below.

Additionally, the Surcharge Concept Amounts below are forecasts only and are subject to change based upon prior year Port activity, as well as market conditions, project scope changes, and changes to costs in the future.

	<u>Cement/ton</u>	<u>Cargo/ton</u>	<u>Petroleum/bbl</u>
Current Surcharge	\$0.12	\$ 0.59	\$0.02
New Surcharge Jan 1, 2025	\$0.46	\$ 4.80	\$0.11
Projected Surcharge Jan 1, 2026	\$0.76	\$ 8.03	\$0.18
Possible Surcharge Jan 1, 2027	\$2.37	\$24.93	\$0.56
Possible Surcharge Jan 1, 2029	\$3.48	\$36.53	\$0.82
Possible Surcharge Jan 1, 2031	\$5.40	\$56.69	\$1.27
Possible Surcharge Jan 1, 2033	\$7.03	\$73.87	\$1.66



Timing

Generally, the Port will aim to have Tariff and the PAMP Surcharge adjustments related to the PAMP take affect January 1, to align with carriers' commercial agreements.

Further, to afford maximum time for the respective industry to react to PAMP Tariff and Surcharge Amount changes, the Port will endeavor to finalize changes to take effect January 1 by no later than August 31 of the prior year.



This Comprehensive Plan of Finance for the PAMP is a living document that can be found on the Port of Alaska's website at: <https://www.portofalaska.com>.

It will be updated regularly.



