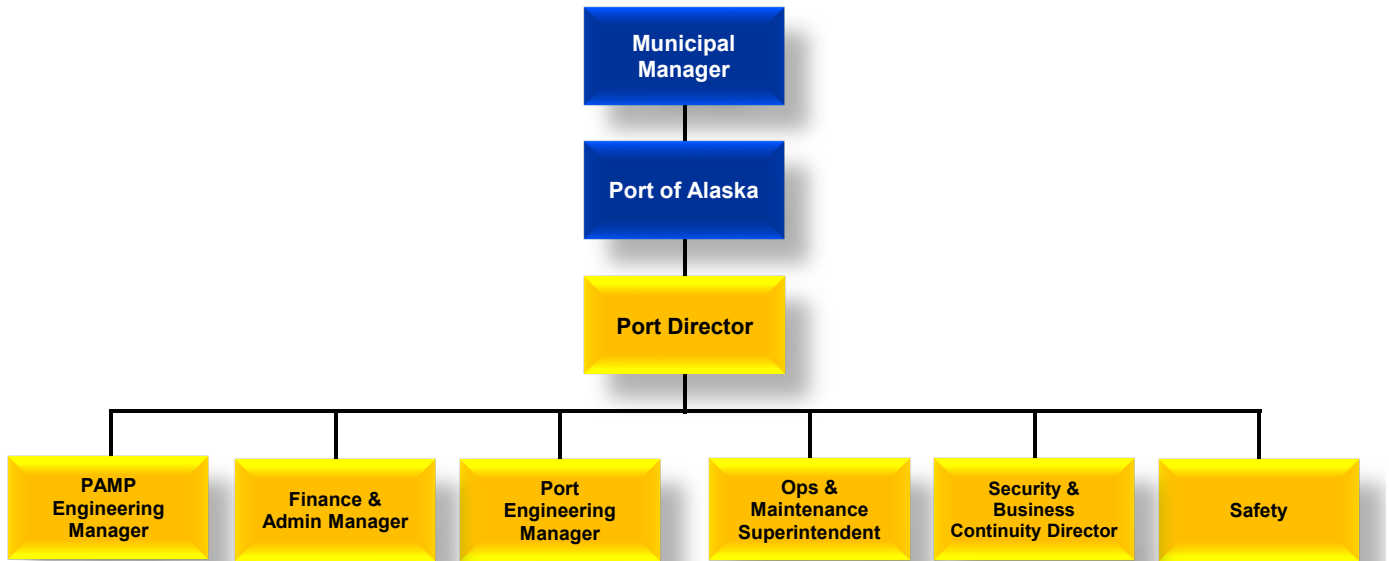


Port of Alaska



Port of Alaska Organizational Overview

The 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 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 to perform the day-to-day business functions supporting the Port and Municipality as required. Duties performed by the staff in this section include receptionist duties; accounts payable and receivable; financial management; and analysis of reports and budgets. The Finance & Administration Manager is also responsible for real estate management, grants management, and budgeting preparation for the Operating and the Capital Improvement Plan.



Photo taken by Andre Horton



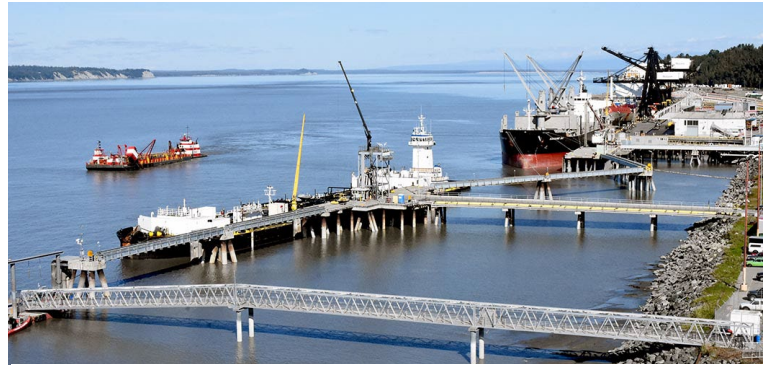
The Port Engineering Manager develops and oversees all aspects of the existing port's infrastructure engineering requirements; directs the activities of port consultants and contractors; oversees Port construction contracts, including the multi-year engineering services contract; leads the Port's capital budget planning; develops and maintains an engineering project tracking system; leads the Port's capital grant-related application

activities; 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; 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



Port of Alaska Docks

future business development opportunities and working with prospective new tenants to satisfy their business requirements; implementing the Port's marketing, educational and media outreach plans and materials; overseeing the Port's tour programs and special events; and acting as the Port's point of contact for news events and government/legislative liaison activities.

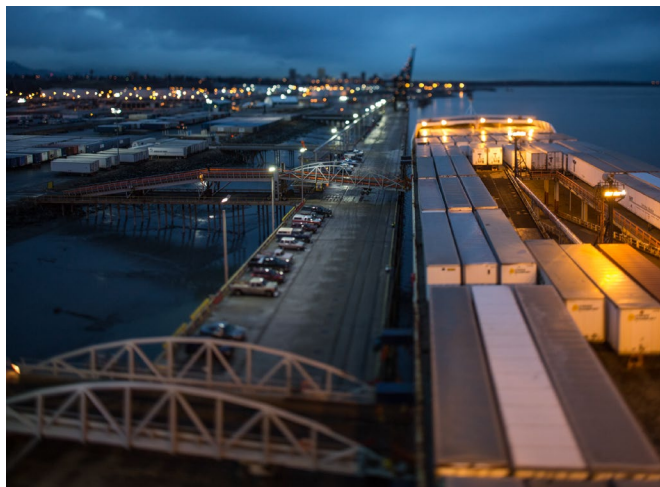


Photo taken by Andre Horton

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.



Port of Alaska Business Plan

Mission

The 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 of Alaska.

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 sufficient to cover operating and capital requirements.
- 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 cargo, and liquid bulk cargo to include petroleum products.
2. Provide seasonal maintenance of and access to the Ship Creek Small Boat Launch.
3. Plan, develop, and operate facilities to accommodate market growth and modernization.
4. Monitor the scheduling of all vessels that call on the Port.
5. Provide centralized Port and tenant security services and emergency management leadership.
6. As a landlord port, manage short-term permits (revocable use permits) and long-term leases of land and buildings.
7. Maintain and ensure uninterrupted 24/7/365 availability of Port owned facilities.
8. Ensure environmental quality of the land within the Port boundaries
9. Assess and manage the collection of all tariffs and user fees associated with vessels calling on the Port and land tenant operations.
10. Manage Foreign Trade Zone (FTZ) 160 and all FTZ applicants.
11. Coordinate U.S. Army Corps of Engineers dredging of channel, turning basin, and dock face dredging to provide for safe commerce.
12. 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. Overtime hours and pay compared to base compensation for current vs prior year.
2. Operating Net Income YTD for current vs prior year.
3. Occupational Safety and Health Administration (OSHA) reportable incidents for current vs prior year (# of incidents, loss of time & cost).

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

- Ongoing repair and enhancement of deteriorating dock pile and infrastructure.
- Continued maintenance of valve yard valves and piping through scheduled inspections and timely maintenance.
- Continued maintenance and repair of storm drain systems and Ship Creek Boat Launch.
- Inspect dock surface and common areas to ensure cranes, equipment and personnel can operate with minimal threat of damage.
- Oversee the Municipality designated Program Management Office's (PMO) execution of the cost and schedule associated with the Port of Alaska Modernization Project (PAMP).

Performance Measures

Progress in achieving goals will be measured by the following:

Measure #1: Overtime hours and pay compared to base compensation for current vs prior year.

	<u>2022</u>	<u>2023</u>
Total Hours	890	872
Total Cost	\$ 72,430	\$ 57,862

Measures #2: Operating Net Income year-to-date (YTD) for current vs prior year.

	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>%Growth/(Loss)</u>
*Net Operating Income	\$ (241,951)	\$ (3,972,121)	(1,542%)
Total Cash Flow	\$ 3,726,945	\$ 6,918,896	85%

** Unaudited

* Net Operating Income includes Depreciation (non-cash item) and Debt Service payments. Changes in Depreciation from 2022 to 2023 are as a result of the addition of the new Petroleum Cement Terminal to the Port of Alaska's asset list.

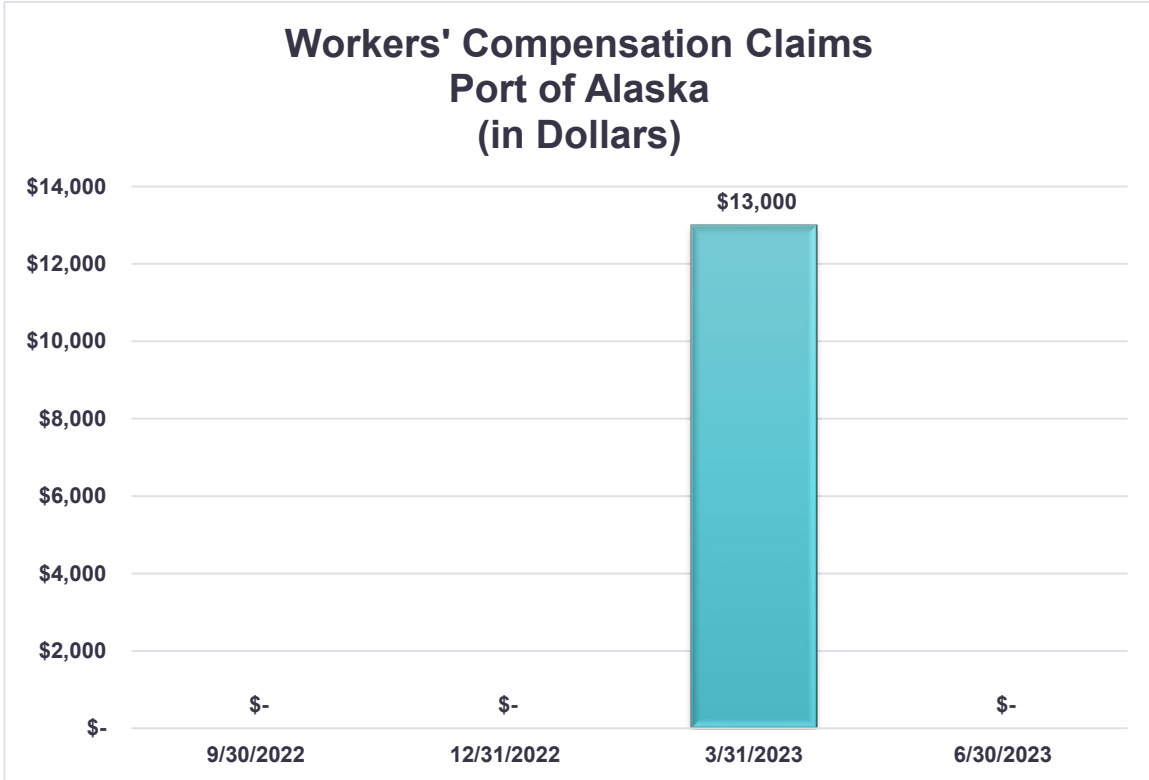
Measures #3: Occupational Safety and Health Administration (OSHA) recordable incidents for current vs prior year (# of incidents, loss of time, and cost).

	<u>2022</u>	<u>2023</u>
# of Incidents	2	1
Loss of Time	185 Days	0 days
Cost	\$ 133,652	\$ 0.00

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 Port of Alaska

History

The 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 transportation chain. This chain enables residents statewide, from Cordova to Barrow, 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 the five decades of operation. The Port is one of 17 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.

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 of Alaska 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 gantry crane and roll-on/roll-off capability
- 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
- One 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 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 reached their original design life and were not built to current engineering standards for operational and seismic performance. The initial phase involves construction of a joint-use Petroleum & Cement Terminal (PCT). The effort began in 2018 with landside improvements, and construction completion in 2022. The next steps are construction of the Port Administration building (planned completion in 2024) and a landside and waterside north end stabilization project (planned completion in 2024). In parallel with this has been the start of the design work for the next PAMP phase, which is construction of new cargo docks. The dates for this effort are dependent on securing sufficient funding.

Port of Alaska (907) 343-6200
2000 Anchorage Port Road, Anchorage AK, 99501
Visit the Port of Alaska's website at: www.portofalaska.com

Port of Alaska Highlights and Future Events

Port of Alaska Modernization Program (PAMP)

The Port's existing marine terminals have reached the end of their life span and suffer from severe corrosion on the wharf piling. 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 Petroleum/Cement Dock. 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 a harbor depth increase from 35 feet to 45 feet when needed. New ship-to-shore container cranes will increase reach for wider vessels. Completion of this program is critically important for the Port to continue to serve 90% of Alaska's population and to maintain its role as one of 17 designated Department of Defense Commercial Strategic Seaports.

Construction of the Phase 1 Petroleum/Cement Terminal was completed in Fall 2021. Phase 2's cargo dock design activities are under way, with delivery of the 65% design for cargo terminal 1 due by the end of December 2023. Construction activities for stabilization of the north extension and for the Port administrative offices are under way with completion scheduled by the end of the 2024 construction season. 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. The recommendations in the Port's Capital Improvement Budget address items needing immediate attention outside of the PAMP. Those include but are not limited to replacement of aging Port equipment, Ship Creek Boat Launch Dredging and Repairs, 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 21.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 Lease

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 accommodations 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.

Preferential Use Agreements

The Municipality has reserved the right under Tariff 9.1 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 Expenses

Non-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 and expert witness fees incurred in connection with two broad categories. The majority of these expenses relate to ongoing litigation against the United States Maritime Administration, a division of the United States Department of Transportation. The lawsuit, commenced in 2013, seeks 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 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 expense relates 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 net book 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 in order to complete the PCT. 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 future debt service payments to complete the PCT. The Assembly approved the rates, terms and conditions of the Port's Terminal Tariff 9.0 and it was implemented on January 1, 2020. Tariff 9.0 increased all tariff fees as described in the table below. Additionally, commodity-specific rate increases for operating and debt service coverage on petroleum and cement were implemented as described below. The Commission will review the established tariff rates each year and revise as needed to meet operating and debt service coverage requirements. The entire Tariff 9.1 document (including individual rates) can be found at: [Microsoft Word - POA Terminal Tariff 9.1 \(portofalaska.com\)](#)

The Port's Tariff 9.0 was designed and approved to put in place a 10-year rate plan in support of not only continued Port operations, but also to pay debt service coverage requirements to complete construction of the PCT. Tariff 9.0 was created in a joint effort of the Port and Municipal administration, an independent professional port tariff consulting firm and provided an opportunity for public comment for the Port customers and users and the public concerning the recommended rates set for the Port to accomplish the goal of completed construction of the PCT. In March 1, 2022, changes were made to the Rules and Regulations section of the tariff, which prompted a change to its numeric designation. The Port's in-force Terminal Tariff is now numbered 9.1.

Tariff Setting Methodology

Tariff rates are established based on a revenue requirement methodology of having users pay for their facility improvements and operations. Costs related to common use facilities and Port CIP are charged ratably through the base tariff rates. Nothing prevents the Municipality from changing this methodology. See "Preferential Use Agreements" herein.

	<u>Approved Tariff 9.1 Rate Increases</u>									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum	23.81%	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Cement	23.81%	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Other	3.50%	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	-	-

	<u>Recap of Historical Rates per Ton (10 Years 2011 – 2020)</u>									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Tonnage	4,988	4,704	4,266	3,949	3,498	3,498	3,776	3,456	3,408	3,754
Total Rates/Ton	\$3.20	\$3.25	\$2.98	\$3.12	\$3.34	\$3.54	\$3.25	\$3.45	\$2.95	\$2.72

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

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 Port of Alaska as one of 17 Department of Defense – designated Commercial Strategic Seaports.

Unpredictability of State and Federal funding.

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

Port of Alaska Capital Overview

Capital Project Selection Process

The process of choosing funded projects for the existing 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 2024 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. This 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 2024 projects on the horizon are:

1. Cargo Terminals – completing Cargo Dock preliminary design for the PAMP
2. Administration Building – design and construction of a replacement Port of Alaska Administration Building
3. Port's North Extension Stabilization Step 1 – completing the design for and 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 assure safe navigation to the existing cargo docks while construction on the new cargo docks begins.

Impacts on Future Operating Budgets

Once revitalized and repaired, the ongoing maintenance and operating costs on the infrastructure will be less, however, the funds to complete these PAMP projects will potentially create debt service and will impact tariff/user fees charged for services at the Port. The amount of increase for user fees, as it directly correlates to debt service, are currently under consideration and will be presented to the Port Commission and ultimately the Assembly for enactment at some time in 2023.

Port of Alaska 8 Year Summary

(\$ in thousands)

Financial Overview	2022	2023	2024	2025	2026	2027	2028	2029
	Actuals Unaudited	Proforma	Approved	Forecast				
Revenues	17,827	17,281	17,534	17,972	18,422	18,882	19,354	19,838
Expenses and Transfers ⁽¹⁾	20,866	26,606	30,043	30,343	30,647	30,953	31,263	31,575
Net Income(Loss)	(3,039)	(9,325)	(12,509)	(12,371)	(12,225)	(12,071)	(11,909)	(11,737)
Charges by/to Other Departments	1,215	1,409	1,423	1,451	1,480	1,510	1,540	1,571
Municipal Enterprise/Utility Service Assessment	1,391	1,240	1,551	1,567	1,582	1,598	1,614	1,630
Dividend to General Government	736	736	604	616	628	641	654	667
Transfers to General Government ⁽²⁾	3,342	3,385	3,578	3,634	3,691	3,749	3,808	3,868
Operating Cash	10,771	11,807	13,135	15,282	15,511	15,744	15,980	16,220
Restricted Cash - Debt Service	4,986	7,967	7,967	7,967	7,967	7,967	7,967	7,967
Construction Cash Pool	-	5,000	3,050	3,050	2,650	2,650	2,650	1,021,550
Restricted Cash	1,950	1,950	1,950	-	-	-	-	-
Total Cash	17,707	26,724	26,102	26,299	26,128	26,361	26,597	1,045,737
Net Position/Equity 12/31	280,304	289,726	300,063	313,723	327,790	344,926	359,990	375,343
Capital Assets Beginning Balance	174,526	348,768	353,768	356,818	359,868	362,518	365,168	367,818
Asset Additions Placed in Service	181,278	5,000	3,050	3,050	2,650	2,650	2,650	1,021,550
Assets Retired	-	-	-	-	-	-	-	-
Change Depreciation (Increase)/Decrease	(7,036)	-	-	-	-	-	-	-
Net Capital Assets (12/31)	348,768	353,768	356,818	359,868	362,518	365,168	367,818	1,389,368
Equity Funding Available for Capital	7,732	(995)	3,148	2,609	3,027	3,463	3,204	3,335
Debt								
New Debt - Bonds	-	-	-	-	-	-	-	-
New Debt - Loans or Other	-	-	-	-	-	-	-	-
Total Outstanding LT Debt	108,898	108,183	107,658	107,288	105,903	104,058	102,193	100,288
Total Annual Debt Service Payment	2,280	2,996	2,798	2,363	3,646	4,082	4,067	4,068
Debt Service Requirement	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Debt Service Coverage (Bond)	4	1.77	1.86	1.93	1.95	1.97	1.99	2.01
Debt Service Coverage (Total)	3.73	1.77	1.86	1.93	1.95	1.97	1.99	2.01
Debt/Equity Ratio	20/75	22/75	25/75	25/75	25/75	25/75	25/75	25/75
Tariff Wharfage Rates (01/15):								
1250 Petroleum, Bulk / Barrel	\$0.285	\$0.322	\$0.193	\$0.199	\$0.205	\$0.211	\$0.211	\$0.211
1250 Cement, Bulk / Ton	\$2.90	\$3.28	\$1.96	\$2.02	\$2.08	\$2.15	\$2.15	\$2.15
Statistical/Performance Trends:								
Tonnage (in thousands)	5,190	5,000	5,050	5,075	5,101	5,126	5,152	5,178
Operating Revenue/Ton	3.43	3.48	3.47	3.54	3.61	3.68	3.76	3.83

⁽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.

Port of Alaska
Statement of Revenues and Expenses

	2022 Actuals Unaudited	2023 Proforma	\$ Change	2023 Revised	\$ Change	2024 Approved	24 v 23 % Change
Operating Revenue							
Dock Revenue	8,618,985	8,704,421	59,877	8,644,544	-	8,644,544	0.00%
Dock Revenue - Debt Service	1,431,493	1,635,998	781,755	854,243	-	854,243	0.00%
Industrial Park Revenue	1,683,165	4,856,901	3,406,628	1,450,273	86,233	1,536,506	5.95%
Security Fees	1,544,552	1,177,385	(300,590)	1,477,975	-	1,477,975	0.00%
Reimbursed Costs	52,889	17,204	(2,796)	20,000	-	20,000	0.00%
Miscellaneous	4,481,696	828,726	(3,357,842)	4,186,568	(86,233)	4,100,335	-2.06%
Total Operating Revenue	17,812,781	17,220,635	587,032	16,633,603	-	16,633,603	0.00%
Non Operating Revenue							
Pipeline Right-of-Way Fee	212,290	-	(173,000)	173,000	-	173,000	0.00%
Investment Income	(219,407)	29,103	(582,897)	612,000	115,000	727,000	18.79%
Other Income	21,281	30,902	30,902	-	-	-	0.00%
Total Non Operating Revenue	14,164	60,005	(724,995)	785,000	115,000	900,000	14.65%
Total Revenue	17,826,945	17,280,640	(137,963)	17,418,603	115,000	17,533,603	0.66%
Operating Expense							
Salaries and Benefits	2,555,554	2,248,731	(600,835)	2,849,566	106,570	2,956,136	3.74%
Overtime	72,430	89,674	16,253	73,421	-	73,421	0.00%
Total Labor	2,627,985	2,338,405	(584,582)	2,922,987	106,570	3,029,557	3.65%
Supplies	199,319	215,615	(19,685)	235,300	6,200	241,500	2.63%
Travel	13,244	27,815	8,020	19,795	935	20,730	4.72%
Contractual/Other Services	4,576,289	4,023,077	(1,075,113)	5,098,190	(458,993)	4,639,197	-9.00%
Equipment/Furnishings	47,634	19,834	(20,666)	40,500	(26,050)	14,450	-64.32%
Dividend to General Government	736,369	736,369	-	736,369	(132,195)	604,174	-17.95%
Manageable Direct Cost Total	5,572,855	5,022,710	(1,107,444)	6,130,154	(610,103)	5,520,051	-9.95%
Municipal Enterprise/Utility Service Assessment	1,390,551	1,239,640	-	1,239,640	311,541	1,551,181	25.13%
Depreciation/Amortization	7,083,726	13,837,791	-	13,837,791	-	13,837,791	0.00%
Non-Manageable Direct Cost Total	8,474,277	15,077,431	-	15,077,431	311,541	15,388,972	2.07%
Charges by/to Other Departments	1,214,922	1,408,502	(0)	1,408,502	14,819	1,423,321	1.05%
Total Operating Expense	17,890,039	23,847,049	(1,692,025)	25,539,074	(177,173)	25,361,901	-0.69%
Non Operating Expense							
Debt Issuance Costs	7,500	55,892	30,892	25,000	573,047	598,047	2292.19%
Interest on Bonded Debt	2,958,989	2,692,557	(1,953,443)	4,646,000	(573,047)	4,072,953	-12.33%
Lease Principle/Interest Expense	9,601	10,945	-	10,945	(933)	10,012	-8.52%
Total Non Operating Expense	2,976,089	2,759,394	(1,922,551)	4,681,945	(933)	4,681,012	-0.02%
Total Expense	20,866,128	26,606,443	(3,614,576)	30,221,019	(178,106)	30,042,913	-0.59%
Net Income (Loss)	(3,039,183)	(9,325,803)	3,476,613	(12,802,416)	293,106	(12,509,310)	-2.29%
Appropriation:							
Total Expense		26,606,443	(3,614,576)	30,221,019	(178,106)	30,042,913	-0.59%
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)		12,768,652	(3,614,576)	16,383,228	(178,106)	16,205,122	-1.09%

Port of Alaska Reconciliation from 2023 Revised Budget to 2024 Approved Budget

	Expenses	Positions		
		FT	PT	Temp/ Seas
2023 Revised Budget (Appropriation)	16,383,228	21	-	-
Transfers by/to Other Departments				
- Charges by Other Departments	14,819	-	-	-
- Municipal Enterprise Service Assessment (MESA)	311,541	-	-	-
- Dividend to General Government	(132,195)	-	-	-
Changes in Existing Programs/Funding for 2024				
- Salaries and Benefits Adjustments	106,570	-	-	-
- Reduce legal services and fees	(179,346)	-	-	-
2024 Continuation Level	16,504,617	21	-	-
2024 Proposed Budget Changes				
- Reduce lobbying costs	(25,000)	-	-	-
- Reduce legal services and fees	(125,000)	-	-	-
- Reduce professional services	(149,495)	-	-	-
2024 Approved Budget	16,205,122	21	-	-
2024 Budget Adjustment for Accounting Transactions (Appropriation)				
- None	-	-	-	-
2024 Approved Budget (Appropriation)	16,205,122	21	-	-
2024 Approved FTE				
		21.0	21.0	-
		21.0	21.0	-

Port of Alaska 2024 Capital Improvement Budget

(in thousands)

Projects	Debt	State	Federal	Equity	Total
Port Equipment	-	-	-	550	550
Storm Drain Enhancements	-	-	-	2,500	2,500
US Army Corps of Engineers Permit Requirements	-	280	-	-	280
Wharf Pile Enhancements - Fenders	-	-	-	550	550
Total	-	280	-	3,600	3,880

Port of Alaska 2024 - 2029 Capital Improvement Program

(in thousands)

Projects	Year	Debt	State	Federal	Equity	Total
Equipment						
Port Equipment	2024	-	-	-	550	550
Port of Alaska Dock Enhancements						
Wharf Pile Enhancements - Fenders	2024	-	-	-	550	550
Port of Alaska Industrial Park Enhancements						
Storm Drain Enhancements	2024	-	-	-	2,500	2,500
	2025	-	-	-	2,500	2,500
	2026	-	-	-	2,500	2,500
	2027	-	-	-	2,500	2,500
	2028	-	-	-	2,500	2,500
		-	-	-	12,500	12,500
Port of Alaska Modernization Program (PAMP)						
US Army Corps of Engineers Permit Requirements	2024	-	280	-	-	280
	2025	-	280	-	-	280
	2026	-	280	-	-	280
	2027	-	280	-	-	280
	2028	-	280	-	-	280
		-	1,400	-	-	1,400
	Total	-	1,400	-	13,600	15,000

Port Equipment

Project ID POA2021001 **Department** Port of Alaska
Project Type New **Start Date** January 2023
District Tax: 1 - City/Anchorage **End Date** December 2024

Community Council

Description

Replace aging Port equipment - (Loader & Pickup Truck)

Version 2024 Approved

		2024	2025	2026	2027	2028	2029	Total
Revenue Sources	Fund							
Net Position	570800 - Port Operating Contributions	550	-	-	-	-	-	550
Total (in thousands)		550	-	-	-	-	-	550

Storm Drain Enhancements

Project ID POA2021002 **Department** Port of Alaska
Project Type Upgrade **Start Date** January 2020
District Tax: 1 - City/Anchorage **End Date** December 2028

Community Council

Description

Identify, evaluate, and repair as needed to ensure proper function of the storm drain system on the Port of Alaska.

Version 2024 Approved

		2024	2025	2026	2027	2028	2029	Total
Revenue Sources	Fund							
Net Position	570800 - Port Operating Contributions	2,500	2,500	2,500	2,500	2,500	-	12,500
Total (in thousands)		2,500	2,500	2,500	2,500	2,500	-	12,500

US Army Corps of Engineers Permit Requirements

Project ID POA2024001 **Department** Port of Alaska
Project Type New **Start Date** January 2024
District **End Date** December 2028

Community Council

Description

Memorandum of understanding between the Port of Alaska and US Army Corps of Engineers to provide priority permit review services for the Port of Alaska Modernization Program (PAMP) to expedite permit application review.

Comments

Ongoing through completion of the PAMP

Version 2024 Approved

		2024	2025	2026	2027	2028	2029	Total
Revenue Sources	Fund							
SOA Grant Revenue-Direct	570900 - Port Capital Grant	280	280	280	280	280	-	1,400
Total (in thousands)		280	280	280	280	280	-	1,400

Wharf Pile Enhancements - Fenders

Project ID POA2021003 **Department** Port of Alaska
Project Type Renovation **Start Date** January 2021
District Tax: 1 - City/Anchorage **End Date** December 2024

Community Council

Description

Repair and replace as required fenders and wharf piling on the dock face and under the dock at the Port of Alaska to accommodate aging infrastructure.

Version 2024 Approved

		2024	2025	2026	2027	2028	2029	Total
Revenue Sources	Fund							
Net Position	570800 - Port Operating Contributions	550	-	-	-	-	-	550
Total (in thousands)		550	-	-	-	-	-	550