PORT OF ALASKA MODERNIZATION PROGRAM

Don Young Port of Alaska Comprehensive Plan of Finance

Prepared for

Don Young Port of Alaska

1871 Anchorage Port Road
Anchorage, Alaska 99501

January 2025

MUNICIPALITY OF ANCHORAGE

Office of the Chief Fiscal Officer

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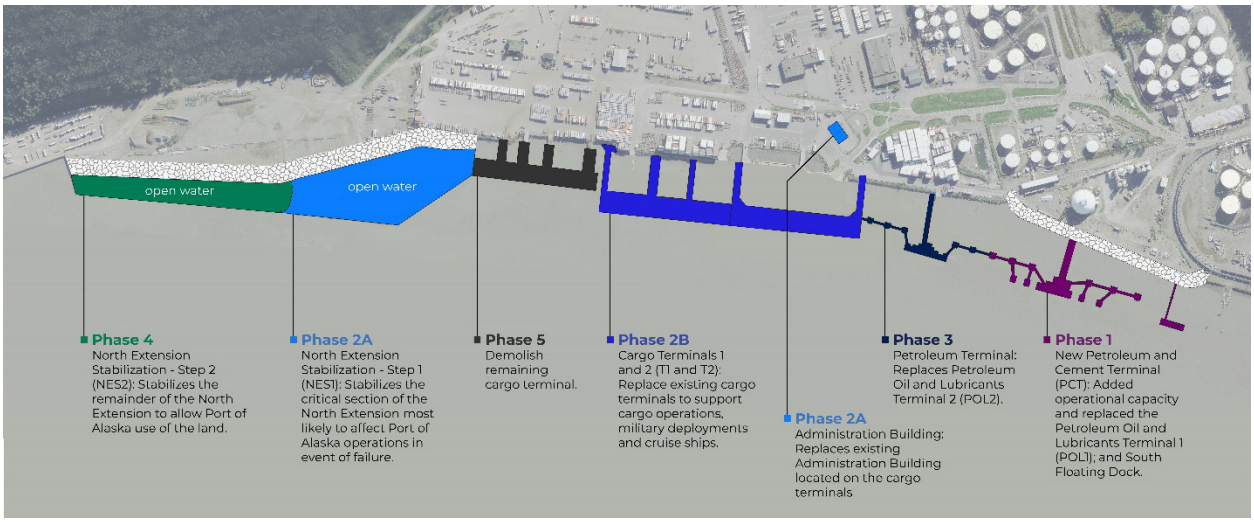
Philippe D. Brice, CFO

DATE: **January 24, 2025**

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)



Executive Summary

This document is the Comprehensive Plan of Finance (the Plan) for the Port of Alaska Modernization Program (PAMP). The Don Young Port of Alaska (POA) is perhaps Alaska's single most critical piece of transportation infrastructure. Yet, many of its facilities are past their intended life, and at risk of failure.

The Plan is based on a PAMP design that reflects unanimous Assembly approval, POA user consensus, and the directive of the Design Advisory Board. The design meets the needs of stakeholders, with updates to the scope of the terminals in 2023 to accommodate projected growth, and seismic standards that reflect the strategic importance of the POA. The PAMP spans multiple mayoral administrations and Assemblies. As a consequence of PAMP efforts to date, the POA has newly constructed, state-of-the-art facilities to ensure the state can dependably receive future shipments of petroleum products and cement.

Attention is now turning to cargo. To ensure that Alaska remains open for business, ensure food and economic security, and support the vital national-defense mission of Alaska's military installations, two new cargo terminals will next be constructed.

Construction of the two new cargo terminals will be one of the largest public-works projects in Alaska's history. The total cost of the new terminals (including program management and administration; planning, design and permitting; construction; and contingency) is presently estimated to be $1.7 billion.

The POA will fund the cargo-terminals replacement project by a combination of state and federal grants, and locally generated revenue bonds supported by a PAMP surcharge.

ES.1 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
Additional Federal support	*$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
Additional State support	*$481,833,501*
Total:	**$ 1,751,731,056**

The potential impacts of local PAMP surcharges to support a total of $562.9 million in revenue-bond borrowing (to generate $583.9 million in funds), based on current volumes and interest rates, , when fully online in 2033, are estimated to be as follows:

Potential Impact of PAMP Surcharge on Commodities in CY 2033 ($562.9 million in revenue bonds*)			
Commodity	**Weight (lbs)**	**Surcharge Per Ton**	**Impact**
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
40-lb Bag of Cement	40	$3.02	$0.060
Commodity	**Unit**	**Surcharge Per Barrel**	**Impact**
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.

lbs = pounds

ES.2 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:	
Locally Generated POA Revenue-Bond funds, supported by PAMP Surcharge	*$1,594,654,205*
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**

The potential impacts of local PAMP surcharges to support a total of $1.56 billion in revenue-bond borrowing (to generate $1.59B in funds), based on current volumes and interest rates, would be more than twice the joint-funding option when fully online in 2033, and are estimated to be as follows:

Potential Impact of PAMP Surcharge on Commodities in CY 2033 ($1.56 billion in revenue bonds*)			
Commodity	**Weight (lbs)**	**Surcharge Per Ton**	**Impact**
Gallon of Milk	8.6	$73.87	$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
40-lb Bag of Cement	40	$7.03	$0.141
Commodity	**Unit**	**Surcharge Per Barrel**	**Impact**
Gallon of Gasoline	1/42 of a Barrel	$1.66	$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.

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Contents

Appendices

Section 1. Background and Purpose

1.1 The Don Young Port of Alaska: A Critical Economic, Military and Transportation Facility

In October 2020 the McDowell Group prepared a report titled "The Logistical and Economic Advantages of Alaska's Primary Inbound Port" (the Report) for the Don Young Port of Alaska (POA). The Report identifies three critical functions that the POA serves. First, "it is Alaska's key cargo gateway, benefiting virtually every segment of Alaska's economy". Second, the POA is critical national defense infrastructure, playing an essential role in Department of Defense missions in Alaska and around the world." Third, the POA "provides a resilient transportation lifeline that supports routine movement of consumer goods, industrial development and disaster recovery."

The Report cites that ninety percent of Alaska's population, estimated to be 736,812 in 2023, is served by the POA. Eighty percent of total vans and containers shipped to Southcentral Alaska ports travel through the POA. This containerized freight is eventually distributed to every region in Alaska. Fifty percent of all freight shipped into Alaska by all modes (marine, truck and air) pass through the POA.

1.2 Deteriorated State and the Need for the Port of Alaska Modernization Project

Unfortunately, the POA's half-century-old docks are corroding away and need to be replaced or else they could eventually fail, particularly in the event of a large or long duration earthquake. The POA's aging infrastructure has far exceeded its economic and design life. The cargo terminals need to be modernized to efficiently handle most modern cargo container ships that are commonly used for West Coast and trans-Pacific shipping.

1.3 The Port of Alaska Modernization Project: Key Elements and Cost

The PAMP is not a port expansion project. It is a necessary reconstruction program that will:

- Enable safe, reliable, and cost-effective POA operations,
- Improve resiliency to enable facilities to survive extreme seismic events and Cook Inlet's harsh marine environment with minimal operation disruption,
- Update facilities to comply with current codes and standards, improve operational efficiency and sustainably accommodate modern shipping operations (e.g., support larger, deeper draft vessels),
- Optimize facilities to accommodate changing statewide economic and market needs (e.g., petroleum product shipments are increasing significantly faster than general cargo growth due to Flint Hills refinery closure in 2014), and
- Optimize project scope, schedule, and budget to deliver a practical, timely, and cost-effective port modernization program.

The PAMP will continue to utilize Alaska firms, as well as outside vendors, and employ approximately 300 Alaskan workers during the peak of construction in the various phases. Construction will continue to be phased and managed to enable continuous POA and tenant operations.

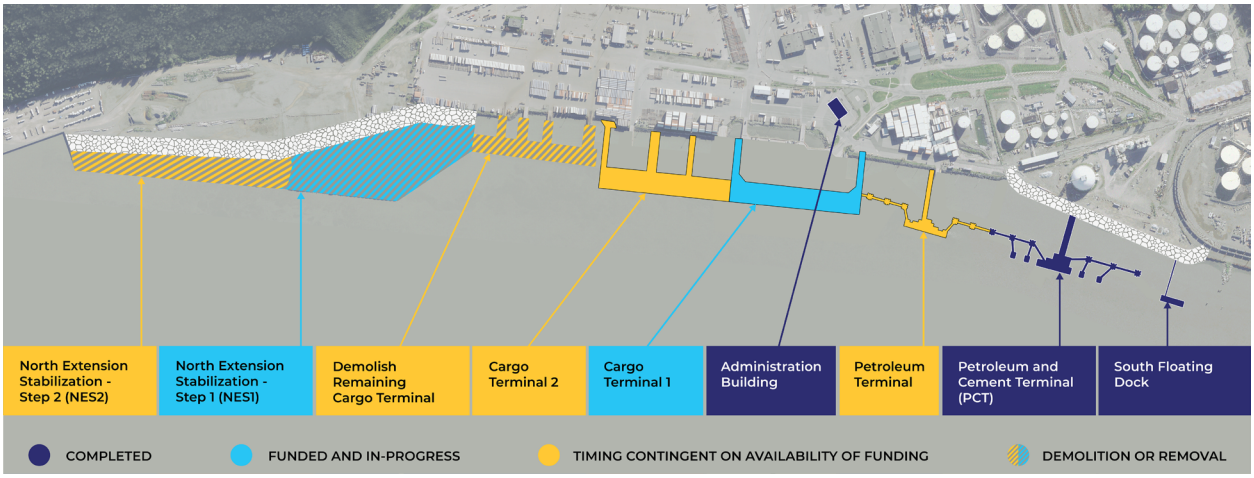
The PAMP consists of several discrete projects to be completed in various phases. The five numbered phases of the PAMP that follow the Initial Planning & Startup Phase are as depicted on the title page, and listed below:

- Initial Planning & Startup Phase
- Phase I Petroleum & Cement Terminal (PCT)
- Phase IIA Port Administration Building and North Extension Stabilization Step 1
- Phase IIB Cargo Terminals
- Phase III Second Fuels Infrastructure (Petroleum Terminal)
- Phase IV North Extension Stabilization Step 2
- Phase V Decommissioning and Demolition of Cargo Terminal 3

Appendix 3 shows the actual and projected costs of each phase, and locally generated and received funds that have been programmed to date.

1.4 Current Status: Phase I Complete

Phase I is now complete; Phase IIA is nearly complete; and Phase IIB, construction on the Cargo Terminals, is expected to commence in 2025.



1.5 Key Entities and Responsibilities

Jacobs Engineering Group (Jacobs) is the Program Manager for the PAMP. Cost estimates used in this Plan have been prepared and provided by Jacobs.

The Municipality of Anchorage Public Finance Division is primarily responsible for the development and maintenance of this Plan.

This Plan for the PAMP has also been reviewed and contributed to by the Municipality's Bond Counsel (K&L Gates) and Municipal Advisor (Masterson Advisors). Their contributions are based upon their many decades of experience and knowledge of plans of finance for other seaports with similar construction projects, some of which are their clients.

The Municipality's CFO is responsible for the implementation of the Plan.

Section 2. Comprehensive Plan of Finance

2.1 Purpose and Goal

The goal of this Comprehensive Plan of Finance (the Plan) is to secure financing for the remaining Phases of the PAMP using financing alternatives that provide the lowest cost of funds for each Phase and the entire PAMP.

To accomplish the goal, this Plan outlines approaches similar to those taken on by other major infrastructure construction projects of this magnitude, informed by best practices and prudent financial-management principles.

2.2 Sources of Funds

The POA has several sources of funds available, or potentially available, to finance the PAMP. They include:

- Legal recovery in *Anchorage v. United States*, No. 14-166C (Fed. Cir.), the Municipality's ongoing lawsuit against the United States Maritime Administration for the failed Port Intermodal Expansion Project[1]
- State grants
- Federal grants[2]
- Congressionally directed spending and Community Project Funding (formerly known as federal "earmarks")
- Unencumbered Port of Alaska funds (a.k.a. "Port Equity"), and
- PAMP Surcharge[3] supported borrowing.

2.3 Borrowing

Regarding the last fund source, the POA has several borrowing programs available, or potentially available, to finance the PAMP. They include:

- The federal government's "Transportation Infrastructure Finance and Innovation Act," or TIFIA loan program, which offers below-market financing for up to 33% of a project's total reasonably anticipated eligible project costs[4]
- The ability to issue revenue bonds on a tax-exempt or taxable basis
- A Short-Term Borrowing Program (STBP) in the form of a Direct Drawdown Purchase Placement (DDPP) Loan with a commitment amount of $40 million

2.4 Third-Party Participation

The POA has also explored, and remains open to further exploring, opportunities to economically completing the PAMP with participation from others, such as the Alaska Industrial Development and

1 Appendix 2.

2 Appendix 1.

3 Appendix 4.

4 https://www.transportation.gov/buildamerica/financing/tifia

Export Authority (AIDEA), Alaska Housing Finance Corporation (AHFC), or private parties via a Public Private Partnership (P3).

2.5 General Philosophy

Generally, this Plan anticipates that funds will be utilized to the degree available and in the manner that will result in the lowest overall total cost of funds for the PAMP.

2.6 Plan of Finance by Phase

As noted in the prior section, the PAMP is divided into five distinct Phases and includes an Initial Planning and Startup Phase, which is unnumbered. There is a financing plan for each Phase.

The Phases and their respective financing plans are described in the balance of this document, section by section.

Some funds are dedicated to specific projects. Other funds, such as revenue bond proceeds, may be used for projects related to more than one Phase or project of the PAMP.

2.7 Cross-Phase Benefits; Uniform Surcharge

The Plan is structured so that, when calculating PAMP Surcharges, all Phases of the PAMP receive the benefit of low-interest-rate loans and grants. All Phases of the PAMP also receive the benefit of revenue-bond proceeds and the associated required revenue requirements of the investors. In part, this derives from the structure of the uniform PAMP Surcharge, as outlined in Appendix 4.

2.8 Cash Flow

While this Plan is structured so that the benefit of grants and other low-cost funds are shared among the phases, public interest has been expressed in how grants have been programmed to particular Phases of the PAMP for cash-flow purposes. Appendix 3 provides that detail.

Section 3. Initial Planning and Startup Phase

The initial planning and start-up phase of the PAMP took place from 2014 to 2017 and included various program management and administration; planning design and permitting; and preliminary construction-related activities.

This early phase of the PAMP is complete and cost $22.8 million.

On a cash-flow basis, the cost of this phase was covered by a State of Alaska, FY2012 Designated Legislative Capital Grant, 12-DC-301_SB46.[5]

	Funding @8/28/24	**(2014 - 2017) Initial Planning & Startup**
Expense Categories:		
Program Management and Administration		$13,233,386
Planning, Design and Permitting		$3,752,949
Construction		$5,813,224
Total:		$22,799,559
Funding Sources:		
State Grants		
SOA FY2012 Designated Legislative Capital Grant 12-DC-301_SB46	$30,000,000	$22,799,559
Total:		$22,799,559

Table 3.0: Costs and Funding Sources for the PAMP Initial Planning and Startup Phase

5 Appendix 3.

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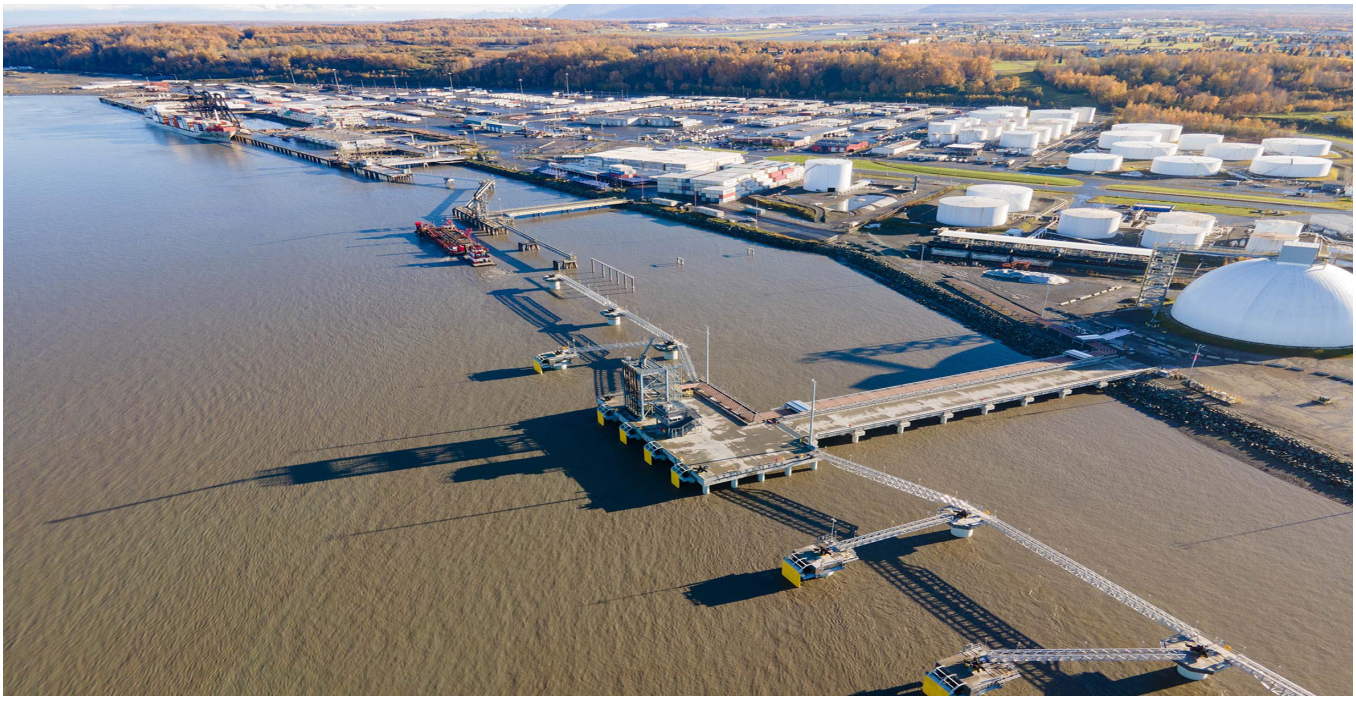
Section 4. Phase I – Petroleum and Cement Terminal

The Petroleum & Cement Terminal (PCT) is Phase I of the PAMP. This Phase was completed in 2024 and cost $223.5 million.

The picture below shows the new PCT in the foreground. The trestle to land holds six lines for a variety of refined petroleum products. This trestle also holds the single pneumatic line for bulk cement that moves into the white storage dome to the right.



4.1 Phase I PCT Plan of Finance

4.1.1 Financing Complete

On February 11, 2020, the Municipal Assembly passed AO No. 2020-16 approving the Plan of Finance for Phase I.

The February 2020 plan authorized the issuance of up to $100 million of debt for the purpose of refunding the POA's $40 million STBP, and providing additional funds for the completion of the PCT. The Municipality held a required Tax Equity & Fiscal Responsibility Act (TEFRA) Hearing for this debt on October 16, 2020.

Increased Tariff Rates, including the addition of a Surcharge Concept Amount for required revenue, for debt service on the bonds and to meet the debt service coverage ratios required by investors, were recommended by the Port of Alaska Commission to, and approved by, the Anchorage Municipal Assembly. The Surcharge Concept Amount was applied to the petroleum, cement and cargo Users.

In November 2020, the Municipality sold $65 million of long-term revenue bonds. The proceeds of this bond issue were used to i) refund the STBP's outstanding $40 million, ii) pay costs of issuance for selling the bonds, iii) fund a debt service reserve fund for the bonds and iv) place $20 million of 'new' money into a project account for expenditures related to the PCT. The Tariff Rates and the Surcharge Concept Amount

generated sufficient required revenue to cover the debt service on POA debt related to the PCT and met the debt service coverage requirements of the investors.

These bond proceeds, combined with previously awarded State of Alaska grants in a combined amount of $125.7 million; federal grants in a combined amount of $45 million ($25 million from the federal BUILD Program and $20 million from the federal PIDP Program); and Port Equity in the amount of $13 million completely funded Phase I.

	Funding	(2018 - 2022) Phase I
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_SB46	$ 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

Section 5. Phase II – Administration Building and North Extension Stabilization Step 1 and Cargo Terminals

5.1 Phase II Elements

Phase II of the PAMP consists of four main elements, which must be completed in sequence:

Phase IIA

(1) Construction of the new Port Administration Building
(2) Step 1 of the North Extension Stabilization (NES1)

Phase IIB

(3) Demolition of the old Administration Building
(4) Replacing Cargo Terminal 1 and Cargo Terminal 2 (the "Cargo Terminals")

The entire estimated cost of Phase II is now $1.918 billion. The component projects of Phase II, and their expected costs are as follows:

- New Port Administration Building is complete and cost $13.8 million.
- North Extension Stabilization Step 1 (NES1) is in process, nearly complete, and is expected to cost $147.1 million.
- The demolition of the old Administration Building is expected to cost $5.7 million.
- Terminal 1 (T1) will consist of a general-cargo terminal capable of supporting 'Lift On Lift Off' (LOLO) crane-facilitated operations, and is forecasted to cost approximately $764.1 million.
- Terminal 2 (T2) will consist of a general-cargo terminal capable of supporting both a 'Roll On Roll Off' (RORO) truck-operated facility and a LOLO facility, and is forecasted to cost approximately $987.6 million.

5.2 Section 5a Phase IIA – Port Administration Building

5.2.1 New Administration Building

Design and construction of the new Administration Building on the uplands was recently completed due to issues with the former Administration Building such as life safety and security concerns associated with occupying an office building supported by a seismically compromised foundation. The old administration building will be demolished during Phase IIB of the PAMP. The new Administration Building was constructed for a cost of $13,839,004 and is depicted in the picture below.

5.2.2 Administration Building Plan of Finance

5.2.2.1 Source of Funds for Phase IIA – Administration Building

For cash-flow purposes, the ultimate source of funds for the new Administration Building was a $25 million State of Alaska awarded to the POA in FY2023.

(For bridge financing, while the POA awaited receipt of the grant, the POA's STBP and 2020 Port Revenue Bond funds were used.)

	Funding @8/28/24	(2023 - 2024) Phase IIA Admin Building
Expense Categories:		
Program Management and Administration		$1,075,533
Planning, Design and Permitting		$984,460
Construction		$11,779,011
Total:		**$13,839,004**
Funding Sources:		
State Grants		
SOA FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2022)	$25,000,000	$13,839,004
Total:		**$13,839,004**

Table 5.0: Costs and Funding Sources for Port Administration Building

5.2.2.2 Sources of Revenues for Repayment of Phase II Debt – Administration Building

The Administration Building benefits all Port Users. Therefore, repayment of debt related to the Administration Building is paid for by all Port Users and is imbedded in the Tariff across all Port Users.

5.3 Section 5b Phase IIA – North Extension Stabilization Step 1

5.3.1 Scope and Status of NES1

The North Extension Stabilization Step 1 (NES1) is part of PAMP Phase II and will stabilize the southern-most 1,500 linear feet of land at the North Extension of the Port (created by the failed Port Intermodal Expansion Project). The POA leases out some of that land for tenant storage and for Port maintenance and snow storage. The North Extension area will be partially removed to address geotechnical, seismic stability, and navigational concerns. NES1 and North Extension Stabilization Step 2 (NES2, which is Phase IV), include ground improvements at the new shoreline location, removal of a sheet pile wall varying in height from 30 feet to 90 feet, excavation or dredging and disposal of approximately 2 million cubic yards of soil, and installation of armor stone along the new shoreline. This project will stabilize the North Extension area while maximizing retention of the existing surface area used for storage.

The POA is required to stabilize this land that was created at the North Extension of the Port (the "North Extension") as it was compromised during the POA's former expansion program. The land created during the former expansion program is compromised, unstable and unsafe as a result of improper design and faulty construction.

At this time, the Municipality has contracted a design-build contractor to complete the project. The project is just finishing year two of the three years estimated to complete the work. NES1 is forecasted to cost $147.1 million to design, construct and stabilize the south half of the North Extension of the Port.

The picture below shows the NES1 underway. The dredging and removal of soil is underway and eventually the sheet pile walls will be removed and disposed of.

5.3.2 NES1 Plan of Finance

5.3.2.1 Source of Funds for Phase II – NES1

The source of funds for NES1 are a federal grant, and state funds awarded in FY2023.

As to the former, the POA was awarded a PIDP Grant in the amount of $68.7 million in federal fiscal year 2022 for NES1.

As to the latter, the POA was awarded $100 million state grant in FY 2023, which was made available in two tranches, as detailed below.

	Funding @8/28/24	**(2023 - 2024) Phase IIA NES 1**
Expense Categories:		
Program Management and Administration		$11,040,887
Planning, Design and Permitting		$8,947,453
Construction		$127,101,872
Total:		**$147,090,212**
Funding Sources:		
Federal Grants		
2022 MARAD - Port Infrastructure Development Program (PIDP) Grant	$68,700,000	$68,700,000
State Grants		
SOA FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2022)	$25,000,000	$6,160,996
SOA FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2023)	$75,000,000	$72,229,216
Total:		**$147,090,212**

Table 5.1: Costs and Funding Sources for the North Extension Stabilization Step 1

NES1 is nearly complete, and the POA has sufficient funds available for the final expenses for NES1.

5.3.2.2 Sources of Revenue for Repayment of Phase II Debt – NES1

The NES1 benefits all Port Users. Therefore, repayment of debt related to the NES1 is paid for by all Port Users and is imbedded in the Tariff across all Users.

5.4 Section 5c Phase IIB – Cargo Terminals

5.4.1 Background of the Cargo Terminals

The Port of Alaska currently has three existing general cargo terminals; as part of the PAMP, the three docks will be replaced by two new larger cargo terminals. The Cargo-Terminal Replacement (CTR) project includes demolition of existing cargo terminals T1 and T2. The existing petroleum, oil and lubricants terminal one (POL1) will be demolished as part of T1 construction. The existing Cargo Terminal 3 (T3) is planned to be demolished as Phase V of the PAMP. Phase II also includes ground improvement for shoreline stabilization, shoreline expansion and protection, onshore utilities, and replacement of storm drain outfall in support of the PAMP. The two new terminals will be located 140 feet seaward of the existing T1, T2, and T3. It is anticipated that the more seaward location of the new terminals will reduce sedimentation, improve room for handling of berthing ships, and allow construction of the new terminals. The existing terminals POL2 and T3 will remain in operation during all phases of construction of T1 and T2. The existing terminal T2 will remain in operation during all phases of construction of T1.

The picture below shows Matson using existing Terminal 2 with the three cranes, in the foreground, and TOTE Maritime Alaska (TOTE) using existing Terminal 3, with the RORO trestles in place, next to Terminal 2. (Nearly complete work on NES1 is shown in the background, aft of the TOTE vessel.)

The image on the following page depicts a rendering of the new, replacement cargo terminals.

5.4.2 Terminal 1 – Replacement of Lift-On / Lift-Off Terminal 2

New Terminal 1 will be designed to support LOLO-related cargo handling operations and other multi-purpose cargo operations, as well as cruise ship and military operations. The new T1 design consists of an 870-foot by 120-foot wharf accessed from the shore by two 36-foot-wide trestles. The southern trestle will be 270 feet long, and the northern trestle will be 318 feet long. A 144-inch-diameter mooring dolphin and catwalk will be constructed on the southern end of the terminal to help secure and control vessel movements while berthed. The Cargo Terminal will be a concrete structure founded on steel piles. This cargo terminal will accommodate container vessels up to 700 feet in length, with drafts of up to 36 feet. The terminal is scaled for the Alaska container cargo trade, customized to include those tenant improvements necessary to support forecasted tenant specific short and long-term operational requirements.

5.4.3 Terminal 2 – Replacement of Existing Terminal 3

New Terminal 2 will include structural, in-deck, and surface features to support existing TOTE-specific RORO and LOLO operations (rail-mounted gantry cranes and associated appurtenances for future users). Power, lighting, communications, signal infrastructure, and water utilities will be installed to support terminal operations. The current design concept for T2 consists of a 938-foot-long by 120-foot-wide wharf with three access trestles, each approximately 300 feet long. The southern and northern access trestles will be 54 feet wide. The middle trestle will be 75 feet wide to provide an additional vehicle access lane. The terminal will be a concrete structure founded on steel piles. The terminal will accommodate vessels up to 839 feet in length, with drafts of up to 36 feet.

The new T1 and T2 will be constructed 140 feet seaward of the existing cargo terminal. As previously noted, this will permit the current cargo carriers to access the existing cargo terminal without interruption to business.

5.4.4 Cargo Terminals Cost

New Cargo Terminals 1 and 2 are currently estimated to cost $1,751,731,056.

5.4.5 Cargo Terminals Plan of Finance

5.4.5.1 Source of Funds for Phase II – Cargo Terminals

As the Municipality has done in the past, the first funds to be used for any Phase or project will be grants. Once grant funds have been fully utilized, the Municipality will next use the funds that are the lowest cost to the Municipality and subsequently use other funds in order of lowest cost first.

On December 9, 2024 the Municipality received notice of a grant award of $50 million from the federal PIDP Program.

The Municipality is working annually with the State Legislature and Administration, discussing future authorization and approval of capital grants to fund certain portions of the PAMP. These grants could be from voter-authorized general obligation debt of the State of Alaska for the PAMP. Such grant funds are likely to be disbursed to the Municipality on a quarterly reimbursement basis without the expectation of repayment to the State.

The Municipality is also actively pursuing federal grant opportunities, and applying for a TIFIA loan, which could fund up to one-third of eligible CTR costs.

After lower-cost funds are exhausted, the primary source of funds for the Cargo Terminals is expected to be Port Revenue Bonds. The Municipal Assembly has passed ordinances authorizing the issuance of up to $652,905,000 of debt comprised of borrowing programs that includes flexibility for the CFO to utilize the most appropriate and most cost-effective source of funds which may include STBPs and Port Revenue Bonds.[6] The proposed debt will not be a general obligation of the Municipality.

Currently identified funding is outlined on the following page.

[6] Refer to AO 2020-16, AO 2021-100, and AO 2024-11(S). The majority of these bond authorizations are not yet PAMP Surcharge supported; the required PAMP Surcharge adjustments will be introduced if and when additional bonds are slated to be issued. Although not a source of funds, it is important to disclose that federal tax law requires the Municipality to hold a public hearing to protect the tax-exempt status of the Port's debt, in accordance with the Tax Equity & Fiscal Responsibility Act (TEFRA). Pursuant to Section 147(f) of the United States Internal Revenue Code of 1986, as amended, the Municipality is required to hold a public hearing on the issuance of obligations that will be private activity bonds, pursuant to published notice on the Municipality's website or in a newspaper of general circulation in the Municipality. A public hearing was noticed by the Chief Fiscal Officer's department and held on October 16, 2020, prior to the adoption of the $100 million bond ordinance AO No. 2020-16. A second TEFRA Hearing related to the proposed $165 million bond ordinance AO No. 2021-100 was held on October 8, 2021. A third TEFRA Hearing related to the proposed $250 million debt issue was held on October 1, 2024.

	Funding @8/28/24	(2025 - 2033) Phase IIB Cargo Terminal 1 & Terminal 2
Total:		$1,751,731,056
Funding Sources:		
PAMP Surcharge-Supported Revenue Bond Proceeds	$200,485,000	$160,665,359
Federal Grants		
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 FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2023)	$75,000,000	$2,076,851
SOA FY2023 Designated Legislative Grant Program - PAMP $100M Grant to match Federal award (Secured)	$73,700,000	$63,700,000
SOA FY2023 Designated Legislative Grant Program - PAMP $100M Grant to match Federal award (Pending)	$26,300,000	$26,300,000
Total:		$317,742,210
Funding to be Obtained from Grants and PAMP-Surcharge Supported Borrowing:		**$1,433,988,846**

Table 5.2: Costs and Funding Sources for Cargo Terminals 1 and 2

5.4.5.2 Sources of Revenue for Repayment of Phase II Debt – Cargo Terminals

The source of revenue to pay for the required revenue for debt service on debt related to the Cargo Terminals will be from a uniform surcharge per cargo ton on cargo that crosses the wharf in either direction. To support issued bonds and debt, the current 2024 Surcharge Concept Amount per ton for cargo is $0.59. This amount will increase to $4.80 per ton on January 1, 2025, and (subject to then current volume estimates and market interest rates) further increase to approximately $8.06 per ton on January 1, 2026.

5.4.5.3 2024 Port Revenue Bonds

The POA currently needs cash to pay for PAMP expenses through December 2025, largely for the expenses related to Cargo Terminal 1. The amount of port revenue bond proceeds required is determined in the chart below and aggregates $180 million. This includes repayment of the $40 million currently outstanding under the STBP and consideration of reimbursement of PAMP expenses by grants currently in place. The 2024 Port Revenue Bonds were sold in December 2024.

Calculation of 2024 Bond Proceeds Required for PAMP Thru Dec 2025

Quarter	PAMP Expenditures	PAMP Grant Reimbursement	PAMP Funds Required	STBP Repayment	Bond Proceeds Required
2024 Q4	$39,544,694	$16,400,000			
2025 Q1	$28,868,112	$60,000,000			
2025 Q2	$76,003,832	$48,700,000			
2025 Q3	$60,259,284	0			
2025 Q4	$60,424,079	0			
Total	**$265,100,000**	**$125,100,000**	**$140,000,000**	**$40,000,000**	**$180,000,000**

5.4.5.4 The Surcharge Concept Amount

Based upon the current Surcharge Concept Amount, 2023 actual Port activity, and the issuance of approximately $191,385,000 in 2024 Port Revenue Bonds, the changes in the Surcharge Concept Amounts per ton for Cement and Cargo (per barrel for Petroleum) are noted below.

	Cement	Cargo	Petroleum
Current Surcharge Per Ton	$0.12	$0.59	$0.02
New Surcharge Jan 1, 2025	$0.46	$4.80	$0.11
New Surcharge Jan 1, 2026	$0.76	$8.03	$0.18

Note, these surcharges are designed to generate revenue to both pay debt-service obligations on the bonds, and maintain a required debt-service coverage ratio.

5.4.5.5 Tariff 10.1 Surcharge Impact on Commodities

The two charts below show the impact on various commodities if the Surcharge Concept Amount were to trickle down from the shippers perfectly to the consumer for these various commodities. In practice, carriers (for example, TOTE or Matson) may elect not to wholly pass charges through to their shippers (for example, Costco or Walmart, or B2B companies), and shippers may elect not to wholly pass on charges to end customers.

But the effect on consumer goods if the charges *were* wholly passed on can be estimated, as outlined below. The first chart, "2025," will be in place for the calendar year 2025. The second chart, "2026," will be in place effective January 1, 2026 and thereafter, assuming no further adjustments to the Surcharge Concept Amount in 2025 due to prior year Port activity or additional debt issuance.

Tariff 10.1 Potential Surcharge Impact on Commodities Effective Jan 1, 2025			
Commodity	**Weight (lbs)**	**Surcharge Per Ton**	**Impact**
Gallon of Milk	8.6	$4.80	$0.021
Loaf of Bread	1	$4.80	$0.002
5,000-lb Pickup Truck	5,000	$4.80	$12.000
1/2 Inch Sheet of Plywood	40	$4.80	$0.096
8-ft 2' x 6' Lumber	12	$4.80	$0.029
1/2" Standard Ultralight Drywall 4'x 8'	39.2	$4.80	$0.094
Bundle of Architectural Shingles	70	$4.80	$0.168
40-lb Bag of Cement	40	$0.46	$0.009
Commodity	**Unit**	**Surcharge Per Barrel**	**Impact**
Gallon of Gasoline	1/42 of a Barrel	$0.11	$0.0026

Source: Municipality of Anchorage Public Finance Division & Masterson Advisors LLC

Tariff 10.1 Potential Surcharge Impact on Commodities* Effective Jan 1, 2026			
Commodity	**Weight (lbs)**	**Surcharge Per Ton**	**Impact**
Gallon of Milk	8.6	$8.03	$0.035
Loaf of Bread	1	$8.03	$0.004
5,000-lb Pickup Truck	5,000	$8.03	$20.075
1/2 Inch Sheet of Plywood	40	$8.03	$0.161
8-ft 2’ x 6’ Lumber	12	$8.03	$0.048
½-Inch Standard Ultralight Drywall 4'x 8'	39.2	$8.03	$0.157
Bundle of Architectural Shingles	70	$8.03	$0.281
40-lb Bag of Cement	40	$0.76	$0.015
Commodity	**Unit**	**Surcharge Per Barrel**	**Impact**
Gallon of Gasoline	1/42 of a Barrel	$0.18	$0.0043

*Assumes no additional bonds until 3rd quarter 2026.

Source: Municipality of Anchorage Public Finance Division & Masterson Advisors LLC

5.4.5.6 Future Port Revenue Bonds

Subsequent to the issuance of the 2024 Port Revenue Bonds, if the POA receives no additional state or federal funding, the Municipality will need to issue Port Revenue Bonds on or about July 1 every other year going forward, beginning in 2026, until the PAMP Phase II is completely financed.

Forecasted debt issuance is noted in the chart below.

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.

(Again, this scenario assumes there are no further grants awarded to the Municipality for the PAMP Phase II and there are no other financing alternatives besides Port Revenue Bonds. If grants and low-cost loans are awarded to the POA in the future, those amounts will reduce the amount of revenue bonds needed.)

5.4.5.7 Possible Future Surcharge Amounts

If no additional state or federal grants are received, such that the POA 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 POA activity, as well as market conditions, project scope changes, and changes to costs in the future.

	Cement/ton	Cargo/ton	Petroleum/bbl
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

The potential impact of the possible surcharge listed above for Jan. 1, 2033 is as shown in the executive summary.

5.4.5.8 TIFIA Loan

The Municipality has delivered a Letter of Interest (LOI) to the Build America Bureau (the "BAB") of the US Department of Transportation indicating its desire to borrow under the TIFIA Loan Program for the construction of T1 and T2. Municipal staff, MARAD staff, and BAB staff are meeting regularly in order to stay on a schedule that would permit the Municipality to close a loan agreement with the BAB, possibly as early as fourth quarter 2025. Once a loan is closed between the Municipality and the BAB, the Municipality may draw funds as needed under the loan agreement to pay for capital expenses related to the projects identified in the project scope to be financed under the loan agreement. One of the requirements prior to drawing under the loan agreement, which represents two thirds of the dollar amount of the project scope, is that the Municipality must spend its two-thirds share first.

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Section 6. Phase III – Second Fuels Infrastructure (Petroleum Terminal)

While other potentially cost-saving alternatives continue to be explored,[7] Phase III of the PAMP presently consists of the design and construction of a Second Fuels Infrastructure (the "Petroleum Terminal") to replace the existing petroleum, oil and lubricants terminal 2 (POL2). A new Petroleum Terminal is forecasted to cost $181 million to design and construct.

6.1 Phase III – Second Fuels Infrastructure (Petroleum Terminal) Plan of Finance

6.1.1 Source of Funds for Phase III – Petroleum Terminal

As the Municipality has done in the past, the first funds to be used for any Phase or project will be federal and state grants. Once grant funds have been fully utilized, the Municipality will next use the funds that are the lowest cost to the Municipality and subsequently use other funds in order of lowest cost first.

An additional source of funds may be PAMP-surcharge supported low-interest-rate loans from the federal government or other sources, if received.

The main source of funds for the Petroleum Terminal may be Port Revenue Bonds. The Municipal Assembly has passed ordinances authorizing the issuance of up to $652,905,000 of debt comprised of borrowing programs that includes flexibility for the CFO to utilize the most appropriate and most cost-effective source of funds which may include STBPs and Port Revenue Bonds. The proposed debt will not be a general obligation of the Municipality.

6.1.2 Sources of Revenues for Repayment of Phase III Debt

The Petroleum Terminal would benefit the Petroleum Users. Therefore, repayment of debt related to Phase III would be in the Surcharge Concept Amount specifically for the Petroleum Users.

[7] An option of adding fuel transfer capability to the new Cargo Terminal 1 is currently being evaluated with the goal of reducing the capital cost associated with constructing a new petroleum terminal.

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Section 7. Phase IV – North Extension Stabilization Step 2

At this time, the North Extension Stabilization Step 2 (NES2) has a conceptual design. The Municipality expects that the design solution will be similar to the NES1, and the cost estimates are a projection of NES1 design details. This solution is forecasted to cost $128 million to design, construct and stabilize the northern half of the North Extension of the Port.

NES2 consists of the continued design, construction and stabilization of northern-most 1,500 linear feet of the North Extension of the Port, to ensure safe usage of the area. The North Extension area will be partially removed to address geotechnical, seismic stability, and navigational concerns. NES1 and NES2 include ground improvements at the new shoreline location, removal of a sheet pile wall varying in height from 30 feet to 90 feet, excavation or dredging and disposal of approximately 2 million cubic yards of soil, and installation of armor stone along the shoreline. This project will stabilize the North Extension area while maximizing retention of the existing surface area used for storage.

7.1 NES2 Plan of Finance

7.1.1 Source of Funds for Phase IV – NES Step 2

As the Municipality has done in the past, the first funds to be used for any Phase or project will be federal and grants. Once grant funds have been fully utilized, the Municipality will next use the funds that are the lowest cost to the Municipality and subsequently use other funds in order of lowest cost first.

An additional source of funds may be PAMP-surcharge supported low-interest-rate loans from the federal government or other sources, if received.

The main source of funds for the NES2 may be Port Revenue Bonds. The Municipal Assembly has passed ordinances authorizing the issuance of up to $652,905,000 of debt consisting of borrowing programs that includes flexibility for the CFO to utilize the most appropriate and most cost-effective source of funds which may include STBPs and Port Revenue Bonds. The proposed debt will not be a general obligation of the Municipality.

7.1.2 Sources of Revenues for Repayment of Phase IV Debt

The NES2 benefits all Port Users. Therefore, repayment of debt related to the NES2 is paid for by all Port Users and would be imbedded in the Tariff across all Port Users.

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Section 8. Phase V – Decommissioning and Demolition of Terminal 3

8.1 Design Status

At this time, the Municipality has a conceptual design for the decommissioning and demolition of Terminal 3 which was constructed during the 1970s. Terminal 3 demolition includes 24,000 square feet of concrete trestle deck from four trestles, 63,000 square feet of concrete wharf deck, and removal of 550 steel piles in the water. The piles will be cut off at the mudline and the upper portion removed with the concrete deck. Such conceptual design is forecasted to cost $48 million.

8.2 Decommissioning and Demolition of Terminal 3 Plan of Finance

8.2.1 Source of Funds for Phase V – Demolition of Terminal 3

As the Municipality has done in the past, the first funds to be used for any Phase or project will be federal and grants. Once grant funds have been fully utilized, the Municipality will next use the funds that are the lowest cost to the Municipality and subsequently use other funds in order of lowest cost first.

An additional source of funds may be PAMP-surcharge supported low-interest-rate loans from the federal government or other sources, if received.

A further source of funds for Phase V is anticipated to be Port equity in the form of tariffs collected by the Port from all Port Users, possibly prior to the anticipated demolition date.

The main source of funds for the T3 Demolition may be taxable Port Revenue Bonds.

8.2.2 Sources of Revenue for Repayment of Phase V Debt – Demolition of Terminal 3

Phase V benefits all Port Users. If debt is used to finance Phase V, repayment of debt related to the Phase V would be paid for by all Port Users and would be imbedded in the Tariff across all Port Users.

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Section 9. Conclusion

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.

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Appendix 1
Summary of Grant Opportunities

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Appendix 1. Summary of Grant Opportunities

Don Young Port of Alaska (POA) and Municipality of Anchorage (MOA) staff, consultants, political officials and other stakeholders carefully track and pursue state and federal grant opportunities to help finance Port of Alaska's Modernization Program (PAMP).

Grant tracking and application is time-consuming and expensive process that, when successful, provides significant PAMP-related funding. POA continuously monitors and studies agency notices of funding opportunity (NOFO) to assess its chances of winning an award by considering PAMP project alignment with grant program goals, available funding, grant and project timing, likely competition for awards, and other factors. POA identifies which opportunities have a high likelihood of success and then commits resources needed to pursue successful applications. POA conserves resources by passing on writing applications that are unlikely to succeed until it identifies better funding opportunities for those projects.

POA works to maximize application success by selecting a single, best project when multiple POA/MOA projects may be eligible to compete for a single funding opportunity or program. This strategy demonstrates POA/MOA fund-raising priority to reviewers and avoids expending scarce local and agency resources on applications that are unlikely to succeed.

POA avoids submitting grant applications that are incomplete or untimely because they generally fail and waste grant writing resources. They also waste reviewers' time and risk poisoning future POA/MOA grant applications. Federal agencies generally have small, resource-constrained grant review teams that are incentivized to simplify and accelerate review processes. Consequently, reviewers are likely to remember problematic past applications and projects and dismiss new applications that recycle rejected projects and/or sponsors.

When possible, POA tries to leverage grant dollars by using State of Alaska grant funds to provide required non-federal match for federal grant funds. POA generally tries to improve the likelihood of grant award by targeting multiple federal funding sources with strong applications for a single PAMP project. This tactic is useful because many federal grant reviewers evaluate projects for multiple grant programs (e.g., several USDoT representatives serve on PIDP, INFRA, MEGA and/or MPDG grant review committees, and the same Secretary of Transportation sets priorities that these reviewers follow and approves final awards for all USDoT grant programs). Submitting multiple applications for a single project demonstrates POA/MOA funding priorities and gives USDoT options for funding projects that officials like. It also costs fewer POA resources to repurpose one project application to target several funding opportunities instead of starting every application from scratch, and it helps Alaska's Washington delegation better support PAMP project funding.

Federal grant opportunities vary from year to year depending upon fund availability, administration and agency policy goals, and other factors. POA continuously monitors grant opportunities and breaks PAMP tasks into carefully defined projects that have independent utility needed to align with prevailing state and federal policy goals and NOFO terms while also preserving future PAMP-related grant opportunities.

State of Alaska Funding

- In 2022 Alaska's Legislature appropriated $100 million ($25 million in SOA FY 2023 and $75 million in SOA FY 2024) for the PAMP.
- In 2022 Alaska Legislature appropriated and additional $100 million to match federal grant to support PAMP project. To date, this $100 million has been fully matched with combination of:
  - $68.7 million FY2022 PIDP award
  - $5 million FY2022 Congressionally Directed Spending Award
  - $50 million FY2024 PIDP award.
- State of Alaska 2025 Legislative Request – pending.

Federal Funding

PIDP (Port Infrastructure Development Program)

In 2021 Congress appropriated $230 million to USDoT's Maritime Administration (MARAD) to fund PIDP grants to improve safety, efficiency, and reliability of U.S. port infrastructure. PIDP funds are awarded as competitive discretionary grants. PIDP awards are made annually at varying amounts and may change award criteria each year.

- POA applied for $68.7 million in May 2022 and received a $68.7 million award in November 2022
- In 2023 POA applied for $102.5 million for Cargo Terminal 1 construction and did not receive any Federal PAMP-related award.
- POA reapplied for $102.5 million in 2024 for Cargo Terminal 1 construction and notified in November 2024 of $50 million award.
- POA's 2025 application will be subject to new NOFO that is expected in early 2025.

MPDG, INFRA and MEGA Opportunities

USDoT Multimodal Projects Discretionary Grant (MPDG) program combines three discretionary grant programs into one application process to simplify Bipartisan Infrastructure Law funding for major surface transportation projects. The Mega (National Infrastructure Project Assistance) program supports large, complex projects that are difficult to fund by other means and likely to generate national or regional economic, mobility, or safety benefits. The INFRA (Nationally Significant Multimodal Freight & Highway Projects) program awards competitive grants for multimodal freight and highway projects of national or regional significance to improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas. And the Rural (Rural Surface Transportation Grant) program supports projects to improve and expand surface transportation infrastructure in rural areas.

- POA applied for $68.7 million in 2022 and did not receive an award (won PIDP award) 2022
- POA submitted combined MPDG/INFRA/MEGA application for $102.5 million in 2023 and did not receive an award
- POA did not submit a FY2024 MPDG/INFRA/MEGA application due to poor project BCA (Benefit Cost Analysis) score
- FY2025 application will be subject to new NOFO that is expected in early 2025.

PROTECT Opportunities

USDoT's Federal Highway Administration PROTECT (Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation) grant program supports surface transportation resilience.

- POA is preparing application for FY2025 PROTECT program requesting for approximately $25 million to support PAMP T1 alternative fuel system project.

RAISE (Rebuilding American Infrastructure with Sustainability and Equity)

PAMP funding needs have not recently aligned with RAISE grant program goals. POA continues to monitor the program but is not currently applying for funds.

Direct Federal Funding

POA requested and received $5 million in direct federal funding in FY2023 to support the PAMP via a HUD allocation. Congress occasionally directly allocates project support funds (process is call "Congressionally Directed Spending" in the Senate and "Community Project Funding" in the House).

- FY2023 POA requested and received $5 million to support PAMP.
- FY2024 POA requested and received $5 million to support intermodal rail loading infrastructure.
- FY2025 request to support POA security-related infrastructure project declined.

FEMA Pre-Disaster Mitigation Grant Program

PAMP funding needs have not recently aligned with FEMA Pre-Disaster Mitigation Grant Program opportunities. POA continues to monitor the program but is not currently applying for PAMP-related funds.

USDoT/MARAD Marine Highway Program (USMHP)

PAMP funding needs have not recently aligned with USMHP grant opportunities. POA continues to monitor the program but is not currently applying for PAMP-related funds.

Grant Reimbursement Status

POA staff and consultants are primarily responsible for preparing grant applications and requests. Completed grant applications are authorized by Mayor's administration officials for submission. Grant award agreements are negotiated by POA and MOA officials, who are then responsible for grant management, tracking and reporting. Submission for reimbursement requests for most federal grant agreements are permitted monthly and requests for most State of Alaska grants are permitted quarterly. Narrative progress reports for grants are typically written by program manager must be submitted on a quarterly basis to State of Alaska and federal agencies. POA and Jacobs staff typically prepare reimbursement requests under grant programs as soon as permitted by award agreements.

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Appendix 2
Summary of the MARAD Litigation Judgment Funds

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Appendix 2. Summary of the MARAD Litigation Judgment Funds

Background on the MARAD Lawsuit: The Port Intermodal Expansion Project

Prior to undertaking the Port of Alaska Modernization Program, the Municipality entered into two contracts with the United States Maritime Administration (MARAD) to implement a Port Intermodal Expansion Program. The program failed.

The Lawsuit

In 2014, Anchorage filed suit against the United States in the Court of Federal Claims, alleging that MARAD had breached contracts.[8]

The Trial Court Award: $367 million

The Court of Federal Claim held that MARAD had breached express duties owed to the Municipality. and awarded the Municipality $367,446,809.[9]

MARAD Appeals and the Court of Appeals Remands

The United States appealed the Court's award.[10] On appeal, the United States Court of Appeals for Federal Circuit affirmed Anchorage's entitlement to $11,279,059, but vacated the remainder of the trial court's damages award. The Court remanded the case for further proceedings.

Next Steps

The litigation remains acting, and the Municipality is evaluating its options.

Use of Funds

While the Municipality maintains its entitlement to $367,446,809, use of funds recovered in the lawsuit is not yet specifically programmed in this Plan of Finance, given that it is unlikely that they will be received imminently.

If and when received, it is anticipated that the funds will be unrestricted and could be used for any portion of the PAMP and/or to endow a fund to pay for future capital needs.

8 Refer to *Anchorage vs. United States*, No. 1:14-cv-00166-EJD (Fed. Cl. Feb. 28, 2014).

9 Refer to id., 2022 WL 577669 (Fed. Cl. Feb. 24, 2022).

10 Refer to *Anchorage v. United States*, No. 2022-1719 (Fed. Cir. Dec. 16, 2024).

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Appendix 3
Cashflow Summary

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	Funding @8/28/24	(2014 - 2017) Initial Planning & Startup	(2018 - 2022) Phase I PCT	(2023 - 2024) Phase IIA Admin Building	(2023 - 2024) Phase IIA NES 1	(2024) Phase IIB Admin Building Demo	(2025 - 2033) Phase IIB Cargo Terminal 1 & Terminal 2	(2033 - 2035)			Total Cost
								Phase III Petroleum Terminal 2	Phase IV NES 2	Phase V Terminal 3 Demo & Closeout	
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**
Funding Sources:											**Remaining Funds**
Port Equity	13,000,000		13,000,000								-
MARAD Litigation	367,446,809										367,446,809
PAMP Surcharge-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)**

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Appendix 4
The Tariffs and the Uniform Surcharge Concept

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Appendix 4. The Tariffs and the Uniform Surcharge Concept

Tariffs

Pursuant to Anchorage Municipal Code 11.50.030(B), the Don Young Port of Alaska Commission (the "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 the Federal Maritime Commission. Dock revenue rates for the Port are established in the Port's Terminal Tariff No. 10.0 and through contractual Preferential Usage Agreements. Changes to the tariff require approval by the Commission and are subject to final approval by the Assembly.

Tariff Setting Methodology

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. Additionally, commodity-specific rate increases for operating and debt service coverage on petroleum and cement were implemented. The Commission will review the established tariff rates each year and revise as needed to meet operating expenses and required revenue for debt service coverage requirements.

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 provide for required revenue for debt service coverage requirements to complete construction of the PCT. Tariff 9.0 was created in a joint effort of the Port and Municipality 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 completing construction of the PCT.

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. The required revenue for debt service on debt that benefits all Port Users is also imbedded across the entire Tariff.

The chart below identifies the rate increases in Tariff 9.0 for the cargo, cement and petroleum Users of the Port.

Table 4A. Approved Tariff 9.0 Rate Increases

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum[1]	23.81%	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	-	-
Cement[2]	23.81%	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	-	-
Other[2]	3.50%	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	-	-

Source: Don Young Port of Alaska
(1) Petroleum user rates are per barrel.
(2) Cargo and cement user rates are per ton.

Uniform Surcharge Concept

The Port of Alaska subsequently adopted a Uniform Surcharge Concept to provide for the required revenue for debt issued for the phases of the PAMP related to cargo, cement and petroleum.

Uniform Surcharge Amount Setting Methodology

In 2023, the current Tariff 10.0 was developed and approved by the Commission and the Anchorage Assembly. The notable change to Tariff 10.0 was the addition of "Section 2/Item 272, Port of Alaska Modernization Program" assessing a surcharge fee in order to provide for required revenue to meet debt service and debt service coverage ratios for Port Revenue Bonds issued to finance the PAMP. This was approved by the Anchorage Assembly in AO 2023-34 on July 25, 2023, and implemented January 1, 2024. The entire Tariff 10.0 document (including individual rates) can be found at this link: https://www.portofalaska.com/wp-content/uploads/POA_Terminal_Tariff_10.0_AO_2023-34-S.pdf.

The chart below shows the Uniform Surcharge Concept Amount that went into effect on January 1, 2024.

Table 4B. Approved Surcharge in Tariff 10.0, Item 272

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum[1]	NA	NA	NA	NA	$0.02	$0.02	$0.02	$0.02	$0.02	$0.02
Cement[2]	NA	NA	NA	NA	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12
Cargo[2]	NA	NA	NA	NA	$0.59	$0.59	$0.59	$0.59	$0.59	$0.59

Source: Don Young Port of Alaska
(1) Petroleum user rates are per barrel.
(2) Cargo and cement user rates are per ton.

On November 6, 2024, the Anchorage Assembly passed Assembly Ordinance No. 2024-98(S) adopting Tariff 10.1 to be effective January 1, 2025. The only change in Tariff 10.1, from Tariff 10.0, was the modification of "Section 2/Item 272, Port of Alaska Modernization Program" changing the Surcharge Amount in order to provide for the additional required revenue to meet debt service and debt service coverage requirements for the 2024 Bonds.

The chart below identifies the Uniform Surcharge Concept Amount for the cargo, cement and petroleum Users that becomes effective January 1, 2025.

Table 4C. Approved Surcharge in Tariff 10.1, Item 272

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum[1]	NA	NA	NA	NA	$0.02	$0.11	$0.19	$0.19	$0.19	$0.19
Cement[2]	NA	NA	NA	NA	$0.12	$0.46	$0.79	$0.79	$0.79	$0.79
Cargo[2]	NA	NA	NA	NA	$0.59	$4.80	$8.29	$8.29	$8.29	$8.29

Source: Don Young Port of Alaska
(1) Petroleum user rates are per barrel.
(2) Cargo and cement user rates are per ton.

Liability Percentage

The net practical effect of the Surcharge is that cargo carriers will pay for allocated costs related to the cargo terminals; cement users will pay for allocated costs related to a portion of the petroleum and cement terminal; and petroleum users will pay for allocated costs related to petroleum facilities, However, the allocated costs of a single project (such as the Petroleum Cement Terminal) will not be finalized until the *whole* PAMP is concluded (as the receipt of future grants will change the debt-supported costs of the whole PAMP). This means that new debt incurred to complete the new Cargo docks will result in adjustments to Petroleum and Cement Surcharges, as well (as the Surcharge-supported costs of the PAMP come "online" as additional debt is incurred). In order to fairly calculate the Surcharge, we first calculate the liability share for each terminal User. At present the current debt allocation / liability percentage is as follows:

Calculation of PAMP Current Debt Allocation / Liability Percentage					
Terminal User	**PCT 1 User Allocation ***	**Petro & Cargo User Allocation**	**Total Cost of PCT 1**	**Allocated Cost**	**Liability Percentage**
Cement - PCT 1	7.00%		$223,520,082	$15,646,406	0.72%
Petro 1 - PCT 1	93.00%		$223,520,082	$207,873,676	9.62%
Petro 2		100.00%		$180,700,000	8.36%
Cargo		100.00%		$1,757,424,989	81.30%
Total Terminals	100.00%			**$2,161,645,071**	**100.00%**
Petro 1 and Petro 2 are the same Users					
** The PCT 1 allocation is based on a previously determined calculation set forth in Tariff 9.1*					

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.

Tariffs and Uniform Surcharge Concept Summary

The Tariff includes a calculation to generate the required revenue for debt related to all Port Users and is imbedded across the entire Tariff on all Port Users.

The Uniform Surcharge Concept is designed to generate the required revenue from Users of the cargo, cement, and petroleum terminals for debt related to those three terminals. In the Uniform Surcharge Concept all Users of a particular terminal pay the same rate.

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prepared for

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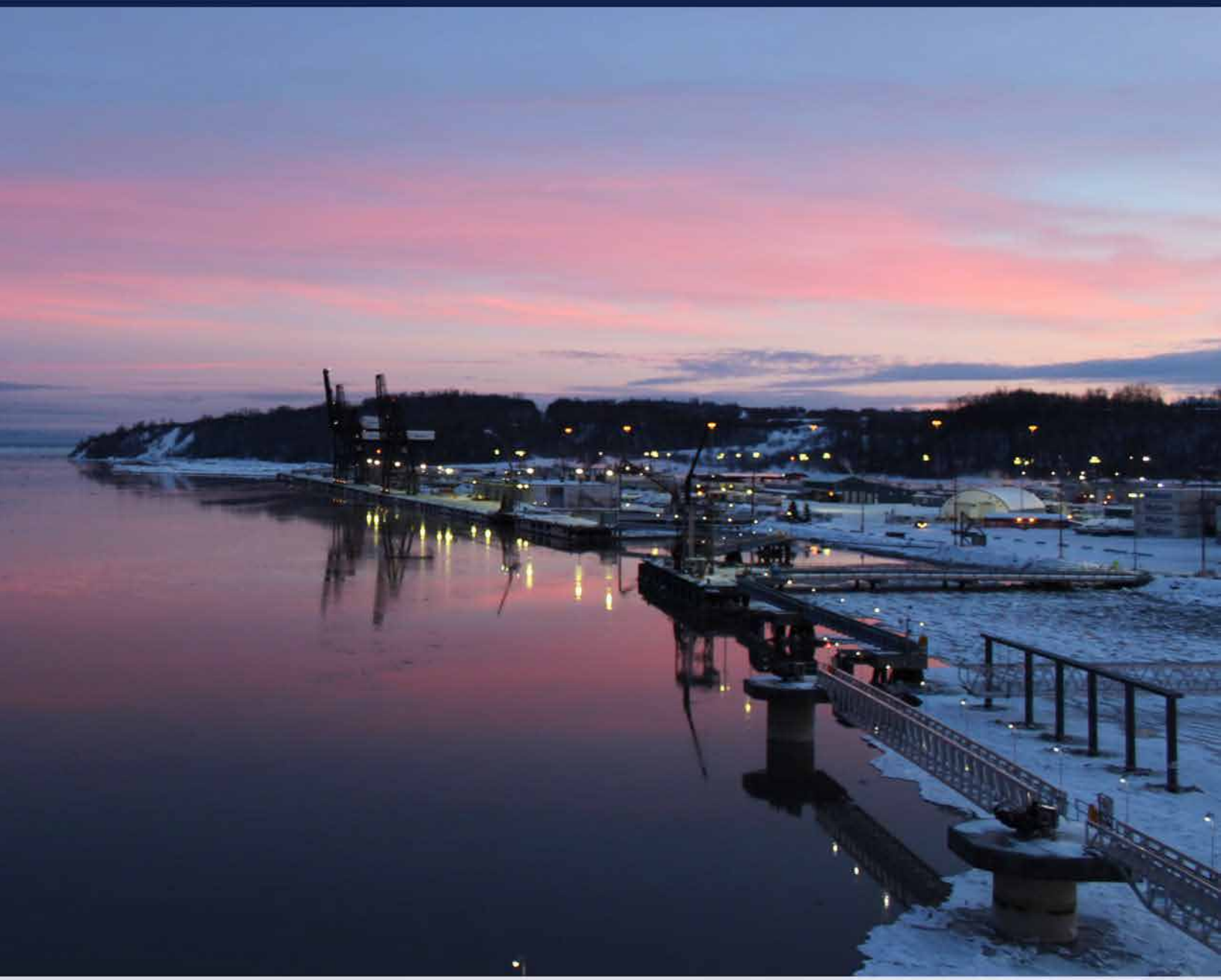

Port of Alaska
Modernization Program
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