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

September 2026 – Second Revised Edition

MUNICIPALITY OF ANCHORAGE

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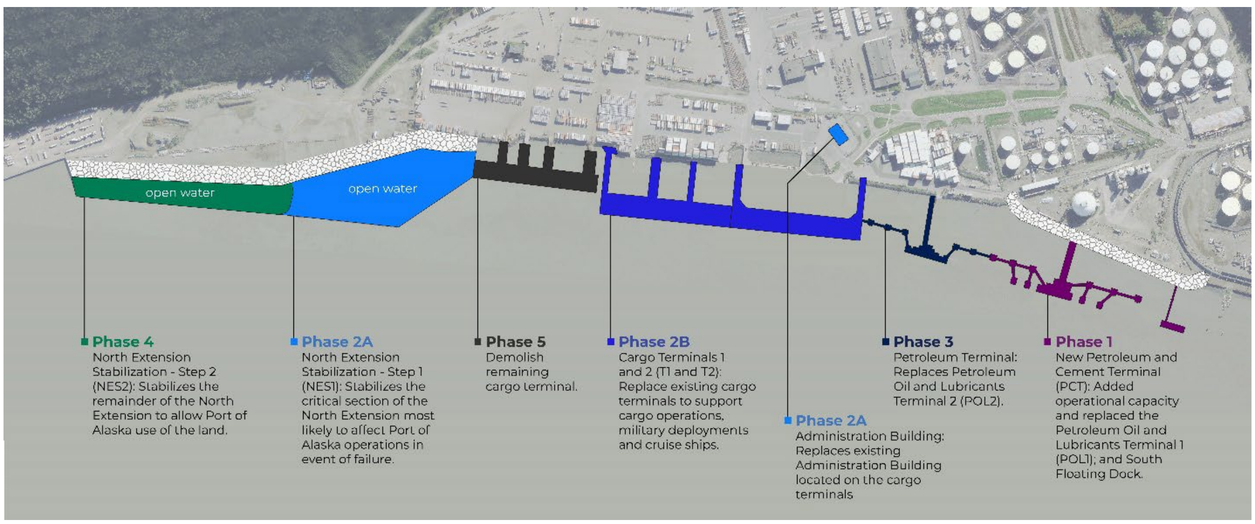
DATE: September 15, 2026

TO: Mayor Suzanne M. LaFrance
Anchorage Municipal Assembly Members

FROM: William D. Falsey, Municipal Manager
Lance Wilber, CFO

SUBJECT: Don Young Port of Alaska
Comprehensive Plan of Finance — Second Revised Edition
Port of Alaska Modernization Program (PAMP)



Executive Summary

This document is the Second Revised Edition of 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 legacy marine infrastructures have exceeded their intended life and must be replaced to ensure the continued reliable movement of cargo, fuel, cement and other essential commodities into Alaska.

The Plan is based on a PAMP design that reflects unanimous Assembly approval, POA user consensus, and the directive of the Program Advisory Board. The design incorporates terminal requirements necessary to accommodate projected demand and applies seismic and resiliency standards appropriate to the strategic importance of the POA.

Significant portions of the PAMP have now moved from planning and design into completed infrastructure and active construction. The **Petroleum and Cement Terminal (PCT)** is complete and operational. The **new Port Administration Building** is complete and occupied. **North Extension Stabilization Step 1 (NES1)** was completed in 2025, stabilizing the southern portion of the former Port Intermodal Expansion Project North Extension and making that area available to support ongoing POA operations and PAMP construction.

Attention is now focused on replacement of the POA's aging cargo infrastructure. **Cargo Terminal 1 (T1) is under construction.** Construction commenced March 16, 2026, with marine construction beginning during the 2026 construction season

Construction activity during 2026 also includes the **new PAMP electrical substation** at the North Extension, together with other supporting POA infrastructure improvements. These projects are being coordinated with T1 construction so that the electrical and landside infrastructure necessary to support the new cargo facilities is available as the terminal program progresses.

Cargo Terminal 2 (T2) remains the next major cargo-terminal component of the PAMP. Design and construction planning for T2 continue while T1 is constructed, with T2 construction intended to follow T1 in the overall modernization sequence. This phased approach allows the POA to replace its aging marine facilities while maintaining the uninterrupted cargo operations upon which Anchorage and communities throughout Alaska depend.

Construction of the two new cargo terminals represents one of the largest public-works projects in Alaska's history. The currently adopted Plan estimates the total cost of Cargo Terminals 1 and 2, including program management and administration; planning, design and permitting; construction; and contingency, at approximately **$2.027 billion**.

The POA will finance the cargo-terminals replacement project through a combination of state and federal grants, proceeds from the **MARAD litigation settlement,** and locally generated POA revenue bonds supported by the PAMP surcharge. The Plan continues to follow the principle that federal and state grants, settlement proceeds, and other lower-cost sources of funding will be used before additional long-term borrowing whenever practicable.

Revenue bonding remains the PAMP's last-choice option, because for each $1 raised, the Port will ultimately be required to pay bondholders both $1 in principal and approximately $1.50 interest over the life of the bonds—meaning that ***every $1 of third-party money received will reduce PAMP surcharge collections by approximately $2.50*** over the life of the PAMP.

ES.1 Joint-Funding Option

As of August 2026, the PAMP has progressed from its initial planning and early construction phases into the principal cargo terminal replacement program. 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):	**$2,026,609,001**
Funding Sources:	
Locally Generated POA Revenue Bond project proceeds, supported by PAMP Surcharge	$675,536,334
Federal Grants	
Housing & Urban Development (HUD) Award Congressionally-Directed Spending	$5,000,000
2024 MARAD - Port Infrastructure Development Program (PIDP) Grant	$50,000,000
2025 MARAD – CFP – Electrical Substation	$1,750,000
MARAD Litigation Settlement Funds	$191,300,000
Additional Federal support	*$427,486,334*
***State Grants**	
SOA FY2023 DLGP - PAMP $100M Grant to match Federal award (Secured)	$100,000,000
SOA FY2027 DLGP – PAMP $15M Grant/$10M contingent on Oil prices	$25,000,000
Additional State support	*$550,536,334*
Total:	**$ 2,026,609,001**
***For presentation and discussion purposes, POA assumes all State of Alaska grant funds support Phase IIB of the PAMP.**	

To date, $558.6 million POA Revenue Bond project proceeds have been financed which are supported by the PAMP surcharge. The potential impacts of local PAMP surcharges to support a total of $658.2 million in revenue-bond project proceeds, 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 ($675.5 million in revenue bond project proceeds*)				
Commodity	**Weight (lbs)**		**Surcharge Per Ton**	**Impact**
Gallon of Milk	8.6	0.0043	$32.20	$0.138
Loaf of Bread	1	0.0005	$32.20	$0.016
5,000 lb Pickup Truck	5,000	2.5	$32.20	$80.500
1/2 Inch Sheet of Plywood	40	0.02	$32.20	$0.644
8 foot 2 x 6	12	0.006	$32.20	$0.193
1/2" Standard Ultralight Drywall 4'x 8'	39.2	0.0196	$32.20	$0.631
Bundle of Architectural Shingles	70	0.035	$32.20	$1.127
Commodity	**Weight (lbs)**		**Surcharge Per Ton**	**Impact**
40 lb Bag of Cement	40	0.02	$3.12	$0.062
Commodity	**Unit**		**Surcharge Per Barrel**	**Impact**
Gallon of Gasoline	1/42 of a Barrel	0.02380952	$0.56	$0.0133

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

As of August 21, 2026

Note: These estimates are based on several assumptions, including: (1) that carriers (ex. Matson or TOTE) will pass on the surcharge to the their shippers (ex. retail stores): (2) that shippers will pass on the surcharge to their end-user customers; and (3) that the surcharge will be passed along on the same basis as it was imposed (i.e, by weight of volume). In practice, some amount of the surcharge will likely be borne directly be carriers and shippers, and/or passed through to customers on a different cost-basis. These figures, and those in the chart below should therefore be taken only as (likely higher end) estimates.

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):	**$2,026,609,001**
Funding Sources:	
Locally Generated POA Revenue-Bond project proceeds, supported by PAMP Surcharge	*$1,653,559,001*
Federal Grants	
Housing & Urban Development (HUD) Award Congressionally-Directed Spending	$5,000,000
2024 MARAD - Port Infrastructure Development Program (PIDP) Grant	$50,000,000
2025 MARAD – CFP – Electrical Substation	$1,750,000
MARAD Litigation Settlement Funds	$191,300,000
State Grants	
SOA FY2023 DLGP - PAMP $100M Grant to match Federal award (Secured)	$100,000,000
SOA FY2027 DLGP – PAMP Grant for Construction T1	$25,000,000
Total:	$2,026,609,001

The potential impacts of local PAMP surcharges to support a total of $1.653 billion in revenue-bond project fund proceeds, 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 ($1.653 billion in revenue bond project proceeds*)				
Commodity	**Weight (lbs)**		**Surcharge Per Ton**	**Impact**
Gallon of Milk	8.6	0.0043	$70.43	$0.303
Loaf of Bread	1	0.0005	$70.43	$0.035
5,000 lb Pickup Truck	5,000	2.5	$70.43	$176.075
1/2 Inch Sheet of Plywood	40	0.02	$70.43	$1.409
8 foot 2 x 6	12	0.006	$70.43	$0.423
1/2" Standard Ultralight Drywall 4'x 8'	39.2	0.0196	$70.43	$1.380
Bundle of Architectural Shingles	70	0.035	$70.43	$2.465
Commodity	**Weight (lbs)**		**Surcharge Per Ton**	**Impact**
40 lb Bag of Cement	40	0.02	$6.82	$0.136
Commodity	**Unit**		**Surcharge Per Barrel**	**Impact**
Gallon of Gasoline	1/42 of a Barrel	0.0238	$1.23	$0.0293

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

As of August 21, 2026

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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 737,270 as of July 1, 2025, 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 Program

The POA's legacy marine infrastructure has substantially exceeded its original economic and design life. The remaining aging cargo and petroleum facilities are subject to continued deterioration and need to be replaced to reduce risk of failure, particularly in the event of a large or long-duration earthquake. The PAMP is progressively addressing these deficiencies. The Petroleum and Cement Terminal has been completed, and work has advanced into replacement of the aging cargo-terminal infrastructure. The new cargo terminals are being designed and constructed to improve seismic resilience, operational reliability, and the POA's ability to accommodate the vessels and cargo-handling requirements necessary to serve Alaska into the future.

1.3 The Port of Alaska Modernization Program: 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 utilizes Alaska firms, as well as specialized outside vendors, and expects to employ approximately 300 Alaskan workers during the peak of construction activity Construction is phased and managed to enable continuous POA and tenant operations.

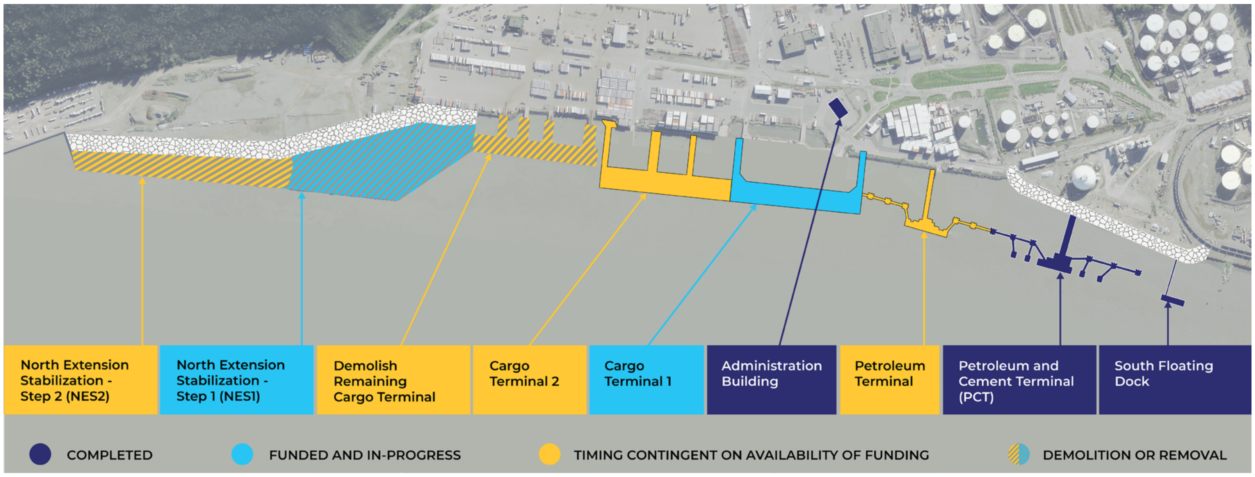
The PAMP consists of several discrete projects to be completed in various phases. The five numbered phases of the PAMP that follow the Initial Planning & Startup Phase are as depicted on the title page, and listed below:

- 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 — 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: Phases I and IIA Complete

Phase I and Phase IIA are now complete. For Phase IIB, construction on the Cargo Terminals commenced 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 (Orrick, Herrington and Sutcliffe LLP) 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 this goal, the Plan incorporates grants, litigation settlement proceeds, POA revenues, and short- and long-term borrowing, as appropriate, and applies financing approaches informed by best practices and prudent financial-management principles for major infrastructure projects of this magnitude.

The Plan is a living document. Financing requirements, borrowing schedules, and PAMP Surcharges will continue to be evaluated and updated as construction progresses, project costs and expenditure timing are refined, additional funding becomes available, and market conditions change.

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 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 POA funds (a.k.a. "Port Equity"), and
- PAMP Surcharge[3] supported borrowing.

The Plan prioritizes the use of grants, settlement proceeds, and other available lower-cost sources of funds before additional long-term borrowing whenever practicable.

The Municipality has an approximately **$191.3 million judgment award associated with the MARAD litigation** that is expected to be received in a reasonable timeframe. The Plan assumes these proceeds will be available to fund future PAMP expenditures that otherwise would require additional borrowing. Accordingly, the anticipated settlement proceeds reduce projected future Port revenue bond requirements rather than being used as a substitute for revenues pledged to debt that has already been issued.

Appendix 1 summarizes grant opportunities and funding. Appendix 2 provides additional information concerning the MARAD litigation and settlement proceeds. Appendix 4 describes the PAMP Surcharge.

1 Appendix 2.

2 Appendix 1.

3 Appendix 4.

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 $100 million

2.4 Third-Party Participation

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

The PAMP Surcharge is reviewed annually based upon prior-year actual POA activity, updated PAMP project cost estimates, the timing of projected expenditures, available grant commitments, and PAMP construction costs financed or expected to be financed with POA revenue bonds. The surcharge is established at levels necessary to provide required revenues for debt service and applicable debt-service coverage requirements.

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

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 @8/28/26	**(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	$ 45,905,799	$ 45,905,799
Federal Grants		
2019 MARAD – Better Utilizing Investments to Leverage Development (BUILD) Grant	$ 18,913,843	$ 18,913843
2019 MARAD - Port Infrastructure Development Program (PIDP)	$ 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) Port Maintenance Complex
(5) Replacing Cargo Terminal 1 and Cargo Terminal 2 (the "Cargo Terminals") and Electrical Substation.

The entire estimated cost of Phase II is now $2.2 billion. The component projects of Phase II, and their expected costs are as follows:

- New Port Administration Building is complete and cost $13.7 million.
- North Extension Stabilization Step 1 (NES1) was completed in 2025 at a forecasted cost of $156.3 million with contract closeout items remaining.
- The demolition of the old Administration Building is expected to cost $5.2 million.
- The new Port Maintenance Complex is expected to cost $10 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 $977.9 million.
- New Electrical Substation to support POA electrical infrastructure and is forecasted to cost approximately $59.9 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 $988.9 million.

5.2 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 was demolished during Phase IIB of the PAMP. The new Administration Building was constructed for a cost of $13,669,240 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 grant 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 @8/28/26	(2023 - 2024) Phase IIA Admin Building
Expense Categories:		
Program Management and Administration		$ 1,000,000
Planning, Design and Permitting		$984,460
Construction		$ 11,684,780
Total:		**$ 13,669,240**
Funding Sources:		
State Grants		
SOA FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2022)	$25,000,000	$ 13,669,240
Total:		**$ 13,669,240**

Table 5.0: Costs and Funding Sources for Port Administration Building

5.3 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 stabilized the southern-most 1,500 linear feet of land at the North Extension of the POA (created by the failed Port Intermodal Expansion Project). The POA leases out some of that land for tenant storage and for POA maintenance and snow storage. The North Extension area was 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 stabilized the North Extension area while maximizing retention of the existing surface area used for storage.

The project was completed in 2025 at a forecasted cost of $156.3 million with contract closeout items remaining.

The picture below shows the completed NES1.

5.3.2 NES1 Plan of Finance

5.3.2.1 Source of Funds for Phase IIA – 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 a $100 million state grant in FY 2023, which was made available in two tranches, as well as a $100 million state grant to match federal awards, detailed below

	Funding @8/28/26	**(2023 - 2025 Phase IIA NES 1)**
Expense Categories:		
Program Management and Administration		$ 9,779,336
Planning, Design and Permitting		$ 8,802,812
Construction		$ 137,746,512
Total:		**$ 156,328,660**
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	$ 11,330,760
SOA FY2023 Designated Legislative Grant Program - PAMP (Available July 1, 2023)	$75,000,000	$75,000,000
SOA FY2023 Designated Legislative Grant Program – PAMP– (Federal Match Award)	$1,486,505	$ 1,297,900
Total:		**$ 156,328,660**

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

NES1 was completed in 2025. POA has sufficient funds available for the final expenses for NES1.

5.4 Phase IIB – Cargo Terminals

5.4.1 Background of the Cargo Terminals

The POA 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 $2,026,609,001.

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.

After lower-cost funds are exhausted, the primary source of funds for the Cargo Terminals is expected to be POA Revenue Bonds. The Municipal Assembly has passed ordinances authorizing the issuance of up to $1,755,640,000 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 POA Revenue Bonds.[6] The proposed debt will not be a general obligation of the Municipality.

Currently identified funding is outlined on the following page.

	Funding @8/28/26	**(2025 - 2033) Phase IIB Cargo Terminal 1 & Terminal 2**
Total:		$2,026,609,001
Funding Sources:		
Locally Generated POA Revenue Bond project proceeds, supported by PAMP Surcharge	$542,664,201	$ 512,894,201
MARAD Litigation Settlement (PIEP)	$191,300,000	$191,300,000
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
2026 MARAD – Port Infrastructure Development Program (PIDP) Grant	$1,750,000	$1,750,000
State Grants		
SOA FY2023 Designated Legislative Grant Program - PAMP $100M Grant to match Federal award (Secured)	$100,000,000	$100,000,000
SOA FY2027 Designated Legislative Grant Program – PAMP	$25,000,000	$25,000,000
Total:		$885,944,201
Funding to be Obtained from Grants and future PAMP-Surcharge Supported Borrowing:		**$1,140,664,800**

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 outstanding, the current 2026 Surcharge Concept Amount per ton for cargo is $8.05. This amount will increase to $22.76 per ton on January 1, 2027.

The amount of port revenue bond proceeds required to pay for PAMP expenses (largely for the expenses related to Cargo Terminal 1 and design for Terminal 2) through June 2027 are determined in the following chart and aggregates $358.8 million. This included repayment of the $73.8 million then outstanding under

[6] Refer to AO 2020-16, AO 2021-100, AO 2024-11(S), AO2025-47. 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.

the STBP and consideration of reimbursement of PAMP expenses by grants (if any) currently in place. The 2026 Port Revenue Bonds were sold in July 2026.

Calculation of 2026 Bond Proceeds Required for PAMP Thru Jun 2027

Quarter	PAMP Expenditures	PAMP Grant Reimbursement	PAMP Funds Required	STBP Repayment	Bond Proceeds Required
2026 Q3	$102,718,738	$0	$102,718,738	$73,800,000	$176,518,738
2026 Q4	$110,564,430	$0	$110,564,430		$110,564,430
2027 Q1	$37,787,099	$0	$37,787,099		$37,787,099
2027 Q2	$33,929,733	$0	$33,929,733		$33,929,733
Total	**$285,000,000**	**$0**	**$285,000,000**	**$73,800,000**	**$358,800,000**

5.4.5.3 The Surcharge Concept Amount

The PAMP Surcharge is reviewed annually based upon prior-year actual POA activity, updated PAMP project cost estimates and expenditure timing, available grant and other non-debt funding, and PAMP construction costs financed or expected to be financed with POA Revenue Bonds.

Leading up to the issuance of the 2026 Port Revenue Bonds and based upon 2025 actual POA activity and the updated PAMP financing requirements, the Anchorage Assembly approved Tariff 10.3, establishing the PAMP Surcharge rates effective January 1, 2027 and January 1, 2028 as shown below.

	Cement	Cargo	Petroleum
Current Surcharge Per Ton	$0.92	$8.05	$0.14
New Surcharge Jan 1, 2027	$2.20	$22.76	$0.40
New Surcharge Jan 1, 2028	$2.38	$24.63	$0.43

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

The 2027 surcharge reflects the debt-service requirements associated with the POA Revenue Bonds issued in July 2026. Although the Municipality anticipates receiving approximately $191.3 million from the MARAD litigation settlement, those proceeds cannot be substituted for surcharge revenues pledged to support bonds that have already been issued.

5.4.5.4 Tariff 10.3 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, “2026,” will be in place for the calendar year 2026. The second chart, “2027,” will be in place effective January 1, 2027 and thereafter, assuming no further adjustments to the Surcharge Concept Amount in 2025 due to prior year POA activity or additional debt issuance.

Tariff 10.2 Potential Surcharge Impact on Commodities Effective Jan 1, 2026			
Commodity	**Weight (lbs)**	**Surcharge Per Ton**	**Impact**
Gallon of Milk	8.6	$8.05	$0.035
Loaf of Bread	1	$8.05	$0.004
5,000-lb Pickup Truck	5,000	$8.05	$20.125
1/2 Inch Sheet of Plywood	40	$8.05	$0.161
8-ft 2' x 6' Lumber	12	$8.05	$0.048
1/2" Standard Ultralight Drywall 4'x 8'	39.2	$8.05	$0.158
Bundle of Architectural Shingles	70	$8.05	$0.282
40-lb Bag of Cement	40	$0.92	$0.018
Commodity	**Unit**	**Surcharge Per Barrel**	**Impact**
Gallon of Gasoline	1/42 of a Barrel	$0.14	$0.0033

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

Tariff 10.3 Potential Surcharge Impact on Commodities* Effective Jan 1, 2027			
Commodity	**Weight (lbs)**	**Surcharge Per Ton**	**Impact**
Gallon of Milk	8.6	$22.76	$0.098
Loaf of Bread	1	$22.76	$0.011
5,000-lb Pickup Truck	5,000	$22.76	$56.90
1/2 Inch Sheet of Plywood	40	$22.76	$0.455
8-ft 2' x 6' Lumber	12	$22.76	$0.137
½-Inch Standard Ultralight Drywall 4'x 8'	39.2	$22.76	$0.446
Bundle of Architectural Shingles	70	$22.76	$0.797
40-lb Bag of Cement	40	$2.20	$0.044
Commodity	**Unit**	**Surcharge Per Barrel**	**Impact**
Gallon of Gasoline	1/42 of a Barrel	$0.40	$0.010

*Assumes surcharge is wholly passed on to consumers

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

As of August 21, 2026

5.4.5.5 Future Port Revenue Bonds

Subsequent to the issuance of the 2026 Port Revenue Bonds, if the POA receives no additional state or federal funding, the Municipality will need to issue POA Revenue Bonds on or about July 1 every other year going forward, beginning again in 2028, until the PAMP Phase II is completely financed. The expectation is the MARAD settlement fund will replace the need to issue POA Revenue Bonds in 2027.

Forecasted debt issuance is noted in the chart below.

Forecasted Bond Issuances:	
Projected Bonds to be Sold in July 2027:	$0
Projected Bonds to be Sold in July 2028:	$60,430,000

Projected Bonds to be Sold in July 2029:	$186,305,000
Projected Bonds to be Sold in July 2030:	$196,870,000
Projected Bonds to be Sold in July 2031:	$298,860,000
Projected Bonds to be Sold in July 2032:	$321,750,000
Projected Bonds to be Sold in July 2033:	$220,440,000
Total Bonds:	**$1,284,655,000**

*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 POA 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.)

5.4.5.6 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. Surcharge amounts just to complete the cargo terminals (and not to proceed through Phases III-V of the PAMP) are 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
Surcharge effective Jan 1, 2024	$0.12	$ 0.59	$0.02
Surcharge effective Jan 1, 2025	$0.46	$ 4.80	$0.11
Surcharge effective Jan 1, 2026	$0.92	$ 8.05	$0.14
Surcharge effective Jan 1, 2027	$2.20	$22.76	$0.40
Possible Surcharge Jan 1, 2028	$2.38	$24.63	$0.43
Possible Surcharge Jan 1, 2029	$2.59	$26.76	$0.47
Possible Surcharge Jan 1, 2030	$3.36	$34.72	$0.60
Possible Surcharge Jan 1, 2031	$4.20	$43.36	$0.75
Possible Surcharge Jan 1, 2032	$5.45	$56.32	$0.98
Possible Surcharge Jan 1, 2033	$6.82	$70.43	$1.23

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

5.4.5.7 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. 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 – 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 – Petroleum Terminal Plan of Finance

6.1.1 Source of Funds for Phase III – Petroleum Terminal

As the Municipality of Anchorage (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 POA Revenue Bonds. The Municipal Assembly has passed ordinances authorizing the issuance of up to $1,755,640,000 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 POA 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 POA.

NES2 consists of the continued design, construction and stabilization of northern-most 1,500 linear feet of the North Extension of the POA, 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 POA Revenue Bonds. The Municipal Assembly has passed ordinances authorizing the issuance of up to $1,755,640,000 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 POA 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 POA 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 POA 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 2026 Legislative Award - $15 million awarded with $10 million contingent upon oil prices.

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.
- FY2025 POA was awarded $4,725,000 for Petroleum Terminal Planning and Design

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).

- FY2022 POA requests and receives $5.3 million BESS system administered by DCIP to support the Electrical substation construction.
- FY2023 POA requested and received $5 million to support PAMP
- FY2025 request to support POA security-related infrastructure project declined.
- FY2026 POA was awarded $1,750,000 for Electrical Substation construction administered by MARAD.

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 Project. The project failed, leaving the Municipality with incomplete and compromised marine infrastructure that ultimately required stabilization and replacement.

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.

Following remand, the Municipality and the United States resolved the remaining litigation. As a result, the Municipality now has a judgment award totaling approximately **$191.3 million**, consisting of approximately **$180 million associated with resolution of the remanded claims together with the approximately $11.3 million previously affirmed on appeal**. **The judgment award is expected to be paid through the federal Judgment Fund.**

Incorporation of the Judgment Funds into the Plan of Finance

The approximately **$191.3 million MARAD judgment award is now incorporated into the Comprehensive Plan of Finance as an anticipated source of funding for the PAMP**.

The timing of the judgment was important to the Municipality's 2026 financing. Work on the 2026 Port Revenue Bond transaction began in April 2026 so that the transaction could close during the final week of July and the Municipality could establish the PAMP Surcharge for the following calendar year. Although the judgment award can be incorporated into the Plan of Finance as an anticipated future source of funds, the Municipality could not use an assumption regarding receipt of those funds in the actual 2026 bond transaction or in calculating the revenues pledged to support the bonds until the funds were received.

Once Port Revenue Bonds have been issued, anticipated judgment proceeds also cannot be substituted for PAMP Surcharge revenues pledged to investors to support payment of those bonds. Accordingly, the

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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).

judgment proceeds do **not** reduce the debt-service requirements associated with the 2026 Port Revenue Bonds or the PAMP Surcharge established to support those obligations.

Instead, the Plan uses the judgment proceeds to **reduce future PAMP borrowing**.

Use of Judgment Funds to Reduce Future Debt

The current Plan of Finance assumes receipt of approximately **$191.3 million of MARAD judgment proceeds by April 2027** and applies those proceeds to future PAMP expenditures that otherwise would require additional Port Revenue Bond financing.

Under the current expenditure and borrowing schedule, this application of the MARAD judgment proceeds, together with available State matching grant funds, eliminates the need for the Port Revenue Bond issuance previously anticipated for July 2027.

Current remaining PAMP expenditures from July 2027 through June 2036 are estimated at approximately **$1.788 billion**. The Plan identifies approximately **$316.3 million of committed grants and MARAD funds** available against those expenditures, resulting in approximately **$1.472 billion of projected future Port Revenue Bond proceeds** under the current financing assumptions.
The amount and timing of future borrowing will continue to be updated as actual PAMP expenditures, grant receipts, construction schedules, and other available sources of funding become known.

Effect on Future PAMP Surcharges

Using the MARAD judgment proceeds to reduce future borrowing has a direct effect on the amount of future debt service that must be supported by the PAMP Surcharge.

Without the judgment proceeds and assuming an additional debt issuance in 2027, the current financing model indicates that the Cargo Surcharge would increase from **$22.76 per ton in 2027 to approximately $31.53 per ton in 2028**, an increase of $8.77 per ton.

By applying the MARAD judgment proceeds to future PAMP expenditures and avoiding the projected 2027 debt issuance, the Cargo Surcharge increases instead to **$24.22 per ton in 2028**, an increase of only $1.46 per ton from the 2027 rate.

Under the current financing model, the net effect of using the MARAD judgment proceeds to reduce future borrowing is approximately **$6.90 per cargo ton in avoided PAMP Surcharge beginning in 2028 and each year thereafter**, compared with the modeled scenario in which the judgment proceeds are not available— all as reflected in the before-and-after glide paths below:

Forecasted Surcharges - April 2026 (Based on Feb 2026 Expenditures)											
	Actual - 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cement	0.92	2.20	3.07	3.79	4.67	5.51	6.82	8.21	9.15	9.79	10.14
Cargo	8.05	22.76	31.77	39.12	48.20	56.97	70.42	84.79	94.51	101.18	104.73
Petro	0.14	0.40	0.55	0.68	0.84	0.99	1.23	1.48	1.64	1.76	1.82

Forecasted Surcharges - Assuming the $191.3 million from MARAD arrived before April 2027											
	Actual - 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cement	0.92	2.20	2.34	2.59	3.36	4.20	5.45	6.82	7.77	8.42	8.78
Cargo	8.05	22.76	24.22	26.76	34.72	43.36	56.32	70.43	80.33	87.02	90.73
Petro	0.14	0.40	0.42	0.47	0.60	0.75	0.98	1.23	1.40	1.51	1.58

The use of the MARAD judgment proceeds therefore advances a fundamental objective of the Comprehensive Plan of Finance: **use available non-debt funding to reduce the amount of future Port Revenue Bonds, associated debt service, and the resulting PAMP Surcharge required to complete the modernization program.**

Appendix 3
Cashflow Summary

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									(2033 - 2035)			
	Funding @8/28/26	**(2014 - 2017) Initial Planning & Startup**	**(2018-2022) Phase 1 PCT**	**(2023 - 2024) Phase IIA Admin Building**	**(2023 - 2024) Phase IIA NES 1**	**(2024) Phase IIB Admin Building Demo**	**Port Maintenance Complex**	**(2025 - 2033) Phase IIB Cargo Terminal 1 & Terminal 2**	**Phase III Petroleum Terminal 2**	**Phase IV NES 2**	**Phase V Terminal 3 Demo & Closeout**	**TOTAL COST**
Expense Categories:												
Program Management and Administration		$ 13,233,386	$ 15,326,066	$ 1,000,000	$ 9,779,336	$ -		$ 52,428,937	$ 5,700,000	$ 3,400,000	$ 2,400,000	$ 103,267,725
Planning, Design and Permitting		$ 3,752,949	$ 17,730,803	$ 984,460	$ 8,802,812	$ 574,682		$ 46,800,423	$ 7,400,000	$ 5,500,000	$ 2,700,000	$ 94,246,129
Construction		$ 5,813,224	$ 190,463,213	$ 11,684,780	$ 137,746,512	$ 4,641,203	$ 10,000,000	$ 1,927,379,641	$ 167,600,000	$ 119,100,000	$ 43,200,000	$ 2,617,628,573
Total (Including program management, design, permitting, construction, and contingency):		$ 22,799,559	$ 223,520,082	$ 13,669,240	$ 156,328,660	$ 5,215,885	$ 10,000,000	$ 2,026,609,001	$ 180,700,000	$ 128,000,000	$ 48,300,000	**$ 2,815,142,427**
Funding Sources:												**REMAINING FUNDS**
Port Equity	$ 13,000,000		$ 13,000,000									$ -
Revenue Bond Project Proceeds Issued (Supported by PAMP Surcharge)	$ 558,800,000		$ 45,905,799					512,894,201				$ -
PAMP-Surcharge Supported Revenue Bonds Authorized, But not yet Issued	$ 1,185,955,000							1,157,178,585	$ 28,776,415			$ -
MARAD Litigation Settlement	$ 191,300,000							191,300,000				$ -
												$ -
Federal Grants												$ -
2019 MARAD - Better Utilizing Investments to Leverage Development (BUILD) Grant	$ 18,913,843		$ 18,913,843									$ -
2019 MARAD - Port Infrastructure Development Program (PIDP) Grant	$ 20,000,000		$ 20,000,000									$ -
2022 MARAD - Port Infrastructure Development Program (PIDP) Grant	$ 68,700,000				$ 68,700,000							$ -
2024 MARAD - Port Infrastructure Development Program (PIDP) Grant	$ 50,000,000							50,000,000				$ -
2025 MARAD - Port Infrastructure Development Program (PIDP) Grant	$ 4,725,000								$ 4,725,000			$ -
2026 MARAD - Port Infrastructure Development Program (PIDP) Grant	$ 1,750,000							1,750,000				$ -
Housing & Urban Development (HUD) Award Congressionally-Directed Spending	$ 5,000,000							5,000,000				$ -
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			$ 13,669,240	$ 11,330,760							$ -
SOA FY2023 Designated Legislative Grant Program - PAMP* (Available July 1, 2023)	$ 75,000,000				$ 75,000,000	$ -						$ -
SOA FY2023 Designated Legislative Grant Program - PAMP $100M Grant to match Federal award (Secured)	$ 100,000,000				$ 1,297,900	$ 5,215,885	$ 10,000,000	$ 83,486,215				$ -
SOA FY2027 Designated Legislative Grant Program - PAMP	$ 15,000,000							$ 15,000,000				$ -
SOA FY2027 Designated Legislative Grant Program - PAMP	$ 10,000,000							$ 10,000,000				$ -
Total:	$ 2,491,643,843	$ 22,799,559	$ 223,520,083	$ 13,669,240	$ 156,328,660	$ 5,215,885	$ 10,000,000	$ 2,026,609,001	$ 33,501,415	$ -	$ -	$ -
Funding To Be Obtained:		$ -	0.60	$ -	$ -	$ -	$ -	$ -	**$ (147,198,585)**	**$ (128,000,000)**	**$ (48,300,000)**	**$ (323,498,584)**

Appendix 4
The Tariffs and the Uniform Surcharge Concept

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Appendix 4. The Tariffs and the Uniform Surcharge Concept

Uniform Surcharge Concept

The Port has 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.

Historical Surcharge Amounts

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.

On September 23, 2025, the Anchorage Assembly passed Assembly Ordinance No. 2025- 99, adopting Tariff 10.2 to be effective January 1, 2026. The only change in Tariff 10.2, from Tariff 10.1, 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 became effective January 1, 2026.

Table 4D. Approved Surcharge in Tariff 10.2, Item 272

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum[(1)]	NA	NA	NA	NA	$0.02	$0.11	$0.14	$0.14	$0.14	$0.14
Cement[(2)]	NA	NA	NA	NA	$0.12	$0.46	$0.92	$0.92	$0.92	$0.92
Cargo[(2)]	NA	NA	NA	NA	$0.59	$4.80	$8.05	$8.05	$8.05	$8.05

Source: Don Young Port of Alaska

(1) Petroleum user rates are per barrel.

(2) Cargo and cement user rates are per ton.

On April 22, 2026, current Tariff 10.3 was developed and approved by the Anchorage Assembly, pursuant to Assembly Ordinance 2026-57, for a January 1, 2026 implementation. The entire Tariff 10.3 document (including individual rates) can be found at this link: http://www.muni.org/Lists/AssemblyListDocuments/Attachments/1379731/AO%202026-057.pdf

The chart below shows the Uniform Surcharge Concept Amount that will go into effect on January 1, 2027.

Table 4E. Approved Surcharge in Tariff 10.3, Item 272

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum[(1)]	NA	NA	NA	NA	$0.02	$0.11	$0.14	$0.40	$0.43	$0.43
Cement[(2)]	NA	NA	NA	NA	$0.12	$0.46	$0.92	$2.20	$2.38	$2.38
Cargo[(2)]	NA	NA	NA	NA	$0.59	$4.80	$8.05	$22.76	$24.63	$24.63

Source: Don Young Port of Alaska

(3) Petroleum user rates are per barrel.

(4) Cargo and cement user rates are per ton.

If no further third-party funding for PAMP is realized, such that all remaining PAMP costs must be paid for through surcharge supported revenue bonding, projected surcharges (based on current estimates and timing of expenditures, expected interest rates, and shipping volumes) would be as follows:

Forecasted Surcharges - Assuming the $191.3 million from MARAD arrived before April 2027											
	Actual - 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cement	0.92	2.20	2.34	2.59	3.36	4.20	5.45	6.82	7.77	8.42	8.78
Cargo	8.05	22.76	24.22	26.76	34.72	43.36	56.32	70.43	80.33	87.02	90.73
Petro	0.14	0.40	0.42	0.47	0.60	0.75	0.98	1.23	1.40	1.51	1.58

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%		$1,980,385,639	83.05%
Total Terminals	100.00%			**$2,384,605,721**	**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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