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## **Anchorage Port Commission Meeting Agenda**

Date: October 6, 2021

Time: 12pm – 1:30pm

Virtual Meeting (call: 907-519-0237, pin: 101179130# or use Microsoft Teams link)

### **I. Call to Order**

- A. Roll Call
- B. Self Introduction by those present

### **II. Port Safety Minute (Paul Rotkis)**

### **III. Approval of Agenda**

### **IV. Approval of July 28, 2021 Meeting Minutes**

### **V. Port Director's Comments**

### **VI. Informational Items**

- A. Operations and Maintenance – Shannon Martindale
- B. Engineering Matters – Brian Weigand
- C. Port Modernization Program – Sharen Walsh
- D. Finance Matters – Cheryl Beckham
- E. Business Continuity and Security – Jim Jager

### **VII. Old Business**

### **VIII. New Business**

- A. Annual PCT Debt Service Rate Assessment Report – Parrish-Blessing & Associates

### **IX. Commission Actions for Introduction and Consideration**

### **X. Public Comments**

### **XI. Port Director's Closing Comments**

### **XII. Commissioner Comments**

### **XIII. Meeting Schedule**

### **XIV. Adjourn**

**Port of Alaska**  
**Budget to YTD Actual Comparison - Unaudited**  
**@ 8/31/21**



	2021 Budget	2021 8/31/2021	2021 Budget vs Actual % Target 67%
<b>Revenues</b>			
Cruise Ship Head Tax (2021 Season)	-	66,755.00	0%
Reimbursed Cost	20,000.00	14,709.92	74%
Dockage	1,110,413.00	685,257.00	62%
Wharfage, Bulk Dry	172,029.00	139,746.09	81%
Wharfage, Bulk Liquid	2,435,067.00	2,023,976.88	83%
Wharfage, General Cargo	3,712,981.00	2,829,747.86	76%
Miscellaneous	233,025.00	57,696.57	25%
Office Rental	40,000.00	25,200.00	63%
Utilities, Water	44,704.00	15,995.38	36%
Crane Rental	56,500.00	76,902.76	136%
Pipe ROW Fee	173,000.00	139,826.00	81%
POL Value Yard Fee	291,696.00	249,138.76	85%
Security Fees	1,477,975.00	996,412.78	67%
Industrial Park Lease	4,273,135.00	3,385,038.00	79%
Ind Park Rental/Storage	697,781.00	219,161.59	31%
Cash & Const Investm Pool Int	203,791.00	76,356.43	37%
<b>Total Operating/Non-Operating Revenue:</b>	<b>14,942,097.00</b>	<b>11,001,921.02</b>	<b>74%</b>
<b>Expenses</b>			
Personnel Services	2,785,570.00	1,744,692.08	63%
Non-Labor	4,807,355.00	2,749,311.44	57%
<b>Total Operating Expenses:</b>	<b>7,592,925.00</b>	<b>4,494,003.52</b>	<b>59%</b>
Legal Services - General (PIEP Litigation)	3,045,000.00	2,572,505.94	84%
MESA & Dividend payments	2,044,244.00	1,700,787.38	83%
Debt Service	2,675,000.00	1,136,801.91	42%
Depreciation and Amortization	7,937,791.00	4,853,405.91	61%
<b>Total Non-Operating Expenses:</b>	<b>15,702,035.00</b>	<b>10,263,501.14</b>	<b>65%</b>
Charges from Depts (IGC)	1,414,288.00	697,145.45	49%
<b>Total Expenses:</b>	<b>24,709,248.00</b>	<b>15,454,650.11</b>	<b>63%</b>
<b>*Net Income:</b>		<b>(4,452,729.09)</b>	
Depreciation - Non Cash Item (Add back):		<u>4,853,405.91</u>	
<b>*Available Cash Flow @ 8/31/21</b>		<u><b>400,676.82</b></u>	
(* Unaudited)			

Commodity Classification	2021 - YTD 8/31/21	2020	2019	2018
Freight NOS	18	689	1,167	2,199
Dry Bulk Goods	54,376	101,853	109,956	105,326
Petroleum, NOS (vessel fueling)	38,680	58,728	222,536	129,828
Vans/Flats/Containers	1,130,547	1,642,547	1,655,612	1,631,303
Petroleum, Shoreside	740,438	902,712	802,093	505,980
Petroleum, Bulk - Dockside	1,295,140	1,997,845	1,474,399	1,574,029
<b>Total Tonnage @ 8/31/21:</b>	<b>3,259,199</b>	<b>4,704,374</b>	<b>4,265,763</b>	<b>3,948,665</b>

YOY Tonnage Comparison for August	@8/31/21	@ 8/31/2020	@ 8/31/2019	@ 8/31/2018
Freight NOS	18	653	1,162	738
Dry Bulk Goods	54,376	52,084	79,862	78,705
Petroleum, NOS (vessel fueling)	38,680	38,110	106,114	47,545
Vans/Flats/Containers	1,130,547	1,099,903	1,132,985	1,081,409
Petroleum, Shoreside	740,438	553,499	540,785	400,990
Petroleum, Bulk - Dockside	1,295,140	1,268,965	897,763	973,339
<b>Total Tonnage @ August YOY Comparison:</b>	<b>3,259,199</b>	<b>3,013,214</b>	<b>2,758,671</b>	<b>2,582,727</b>



# Port of Alaska Tariff Service Review

## October 6, 2021





## Purpose of Meeting

- The Anchorage Municipal Assembly approved the Port Commission recommendation which set Petroleum and Cement Terminal Tariff rates as well as baseline tariff and PUA rates beginning January 1, 2020 through December 31, 2029
- In conjunction with this approval, the Assembly passed ordinance AO No. 2019-141 which requires:
  - The Port of Alaska and Administration shall report annually in September to the Assembly on the overall financial status of the Port, the sufficiency of the rate increases approved by this Resolution to finance the capital projects of the Port of Alaska Modernization Program, including savings toward intended capital projects, summary of revenue received and projected, Port users' reactions or response, availability of other financing, grants, or litigation settlement revenues. The Port and Administration shall also invite comments from the Port Commission and users' group and include them in the annual report.
- This meeting represents the required update for September 2021

## Summary of Original Financial Conditions that must be met

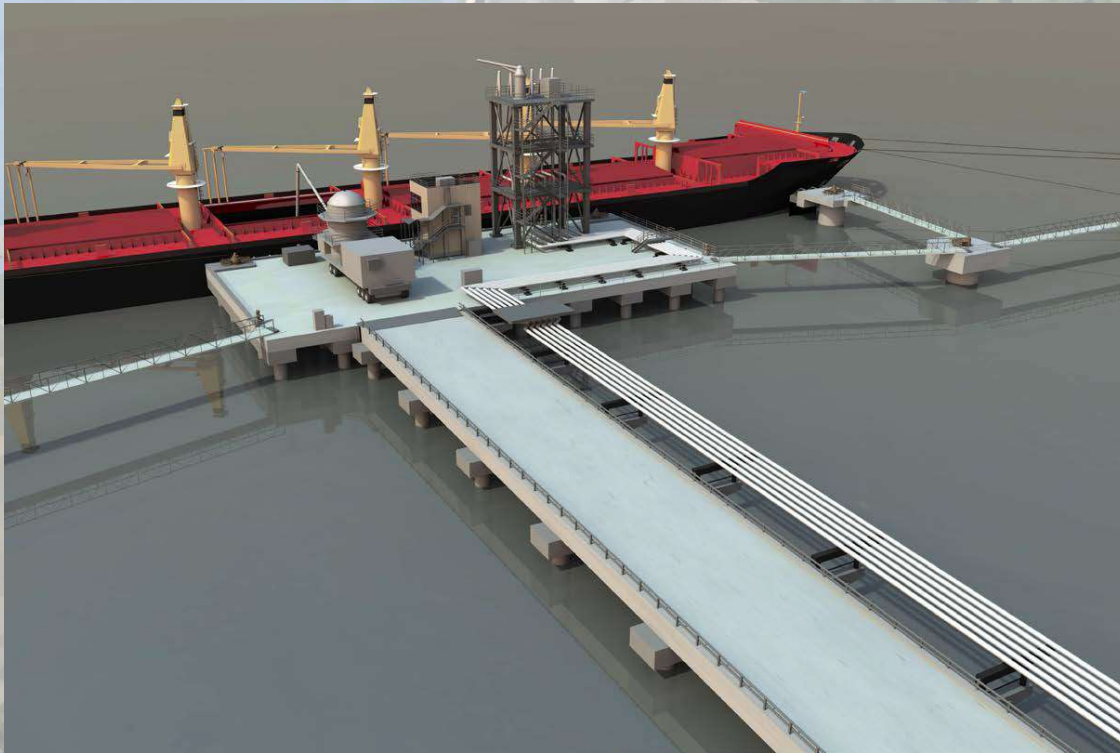
1. Debt service must be 1.30 or greater
2. Cash Operating Reserve 90 days or greater
3. Capital Reserve sufficient for bond covenants
4. By 2029, PCT user rates fully cover debt costs

## Summary of Updated Financial Conditions that must be met

1. Senior Lien debt service must be 1.35 or greater
2. Subordinate Lien debt service must be 1.15 or greater
3. Cash Operating Reserve 90 days or greater
4. Capital Reserve sufficient for bond covenants
5. By 2029, PCT user rates fully cover debt costs



**Scenario recommended by the Port Commission and approved by the Anchorage Assembly  
December 2019:  
\$81.0 Million Tariff Contribution for the Completion and Commissioning of the PCT**



- **\$81 Million with smoothed tariff rates**
  - \$25 Million Build grants
  - \$56 Million Revenue Bonds
    - \$42 Million in 2021
    - \$14 Million in 2022
- **PCT Rates increased to cover debt by**
  - 20.31% in 2020 through 2021
  - 9.94% in 2022 through 2026
  - 5.64% in 2027 through 2029
- **Total increases by 2029**
  - Petroleum \$0.1642/barrel to \$0.5630
  - Cement \$1.6700/ton to \$5.7260

## 2021 Update

### \$83 Million Tariff Contribution for the Completion and Commissioning of the PCT



	<u>Original</u>	<u>Updated</u>
Total Cost	\$81m	\$85m
Grant Contributions	\$25m	\$37m
Revenue Bonds	\$56m	\$48m
- 2020	\$0m	\$22m
- 2021	\$0m	\$0m
- 2022	\$42m	\$0m
- 2023	\$14m	\$0m
- 2024	\$0m	\$26m



## 2021 Update Debt Service Assumptions



	<u>Original</u>	<u>Updated</u>
Premium	100%	108%
Interest Rate	4.30%	2.00%
Term (Years)	40	30
Senior Debt Coverage	1.30	1.35
Subordinate Debt Coverage	N/A	1.15
Debt Reserve	1 Year	1 Year



## 2021 Update Percent Petroleum and Cement Rate Increases



<u>Year</u>	<u>Original</u>	<u>Updated</u>
2020	20.31%	20.31%
2021	20.31%	20.31%
2022	9.94%	9.94%

Note – Rate increases shown are limited to PCT tariffed rates only. Across the Board tariff increases are not shown on this slide.

## 2021 Update Petroleum and Cement Rate Increases


<u>Year</u>	<u>Petroleum Rates (per Barrel)</u>		<u>Cement Rates (per Ton)</u>	
	<u>Approved</u>	<u>Updated</u>	<u>Approved</u>	<u>Updated</u>
2020	\$0.2033	\$0.2033	\$2.0676	\$2.0676
2021	\$0.2526	\$0.2526	\$2.5688	\$2.5688
2022	\$0.2853	\$0.2853	\$2.9015	\$2.9015

Note – Slide shows the impact of both PCT specific and across the board tariff increases.



## Results and Recommendations

- In the interim, leave rates at existing levels
  - Even with updated costs PCT rates do not become compensatory until 2029
  - Port equity continues to subsidize PCT rates to keep them “smoothed”
- Continue to monitor costs; re-examine annually
  - In 2020, Port revenues exceeded forecast.
  - If revenues continue to exceed forecasts, the need for rate increases may be reduced.



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